Placement Document **Serial No: ________**

Not for circulation

Dewan Housing Finance Corporation Limited

(Incorporated in the Republic of India with limited liability under the Companies Act, 1956 with registration number 11-32639)

Dewan Housing Finance Corporation Limited (the "**Company**", "**Issuer**" or "**DHFL**") is issuing 16,012,231Equity Shares of face value of Rs. 10 each ("**Equity Shares**") at a price of Rs. 141.0 per Equity Share, including a premium of Rs. 131.0 per Equity Share, aggregating to Rs. 2,257.7 million (the "**Issue**").

ISSUE IS IN RELIANCE UPON CHAPTER XIII-A OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000

THE OFFERING AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE UPON CHAPTER XIII-A OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS AMENDED (THE "SEBI GUIDELINES"). THIS PLACEMENT DOCUMENT (THE "PLACEMENT DOCUMENT") IS PERSONAL TO EACH ELIGIBLE INVESTORS, AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS OTHER THAN SUCH ELIGIBLE INVESTORS TO WHOM IT IS PROVIDED.

Invitations, offers and sales of Equity Shares shall only be made pursuant to the Preliminary Placement Document, Confirmation of Allocation Note and the Application Form. For details, please see "Placement Procedure" on page 92 of this Placement Document. The distribution of this Placement Document or the disclosure of its contents without our prior consent, to any person, other than Qualified Institutional Buyers (QIBs) (as defined in the SEBI Guidelines) and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each Eligible Investor, by accepting delivery of this Placement Document agrees to observe the foregoing restrictions, and to make no copies of this Placement Document or any documents referred to in this Placement Document.

This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Investments in equity and equity-related securities involve a degree of risk and Eligible Investors should not invest any funds in this Issue unless they are prepared to take the risk of losing all or part of their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. Each Eligible Investor is advised to consult its advisers about the particular consequences to it of an investment in the Equity Shares being issued pursuant to this Placement Document.

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

All of the Company's outstanding Equity Shares are listed on the Bombay Stock Exchange (BSE") and the National Stock Exchange ("NSE"). Applications shall be made for the listing of the Equity Shares on the BSE the NSE (collectively the "Stock Exchanges"). The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THE PLACEMENT DOCUMENT TO ANY OTHER PERSON OR (2) REPRODUCE SUCH PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SEBI GUIDELINES OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of this Placement Document has been delivered to the Stock Exchanges. A copy of this Placement Document will be filed with the Stock Exchanges. A copy of the Placement Document will also be delivered to the Securities and Exchange Board of India (the "SEBI") for record purposes.

This Placement Document has been prepared by our Company solely for providing information in connection with the proposed Issue of the Equity Shares described in this Placement Document.

The Equity Shares have not been nor will be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). Accordingly, the Equity Shares are being offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S and to qualified institutional buyers as defined in rule 144A of the Securities Act.

"THIS PLACEMENT DOCUMENT WILL NOT BE CIRCULATED OR DISTRIBUTED TO THE PUBLIC IN INDIA AND DOES NOT CONSTITUTE A PUBLIC OFFER TO ANY PERSON IN INDIA TO PURCHASE EQUITY SHARES OF THE COMPANY AND IS BEING ISSUED FOR THE SOLE PURPOSE OF INVITING BIDS FOR THE EQUITY SHARES BEING OFFERED PURSUANT TO THIS ISSUE."

This Placement Document is dated July 6, 2009.

LEAD MANAGER AND SOLE BOOK-RUNNER

MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED

Registration No. INM000011005
113/114, Bajaj Bhawan, 11th Floor,
Nariman Point, Mumbai 400 021, India
Tel: +91 22 3980 4380 Fax: +91 22 3980 4315
Email: dhfl@motilaloswal.com
Website: www.motilaloswal.com
Contact Person(s): Mr. R. Anand / Mr. Nitin Gera

NOTICE TO INVESTORS

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

The Lead Manager and Sole Book-Runner has not separately verified the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Lead Manager and Sole Book-Runner nor any member, employee, counsel, officer, director, representative, agent or affiliate of the Lead Manager and Sole Book-Runner makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Lead Manager and Sole Book-Runner, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the Lead Manager and Sole Book-Runner nor on any person affiliated with the Lead Manager and Sole Book-Runner in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares. Eligible Investors should not construe anything in this Placement Document as legal, business, tax, accounting or investment advice.

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

The Equity Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or the securities commission of any non-U.S. jurisdiction or any other U.S. or non-U.S. regulatory authority. None of these authorities has passed on or endorsed the merits of this offering or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The distribution of this Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Lead Manager and Sole Book-Runner which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For more details, please see Section "Selling Restrictions" on page 100 of this Placement Document.

In making an investment decision, investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither our Company nor the Lead Manager and Sole Book-Runner is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Chapter XIII-A of the SEBI Guidelines and is not prohibited by the SEBI from buying, selling or dealing in securities. Each purchaser of Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

The information on the Company's website www.dhfl.com or the website of the Lead Manager and Sole Book-runner does not constitute nor forms part of this Placement Document.

This Placement Document contains summaries of certain terms of certain documents, but reference is made to the actual documents, copies of which will be made available upon request during the offering period for physical inspection at the Registered Office, subject to applicable confidentiality restrictions. All such summaries are qualified in their entirety by this reference.

REPRESENTATIONS BY INVESTORS

By purchasing any Equity Shares under the Issue, you are deemed to have acknowledged and agreed as follows:

- You are a qualified institutional buyer as defined in Clause 1.2.1(xxiv a) of the SEBI Guidelines ("QIB") and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter XIII-A of the SEBI Guidelines;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from Allotment, sell the Equity Shares so acquired otherwise than on the floor of the Stock Exchanges;

- You are aware that the Equity Shares have not been and will not be registered under the SEBI regulations or under any other law in force in India. The Preliminary Placement Document has not been verified or affirmed by SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Preliminary Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of the Company and the Stock Exchanges;

- You are entitled to subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;

- You are entitled to subscribe to the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Preliminary Placement Document) and will honour such obligations;

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

- Neither the Company nor the Lead Manager and Sole Book-Runner is making any recommendation to you, advising you regarding the suitability of any transactions you may enter into in connection with the Issue; your participation in the Issue is on the basis that you are not and will not be a client of the Lead Manager and Sole Book-Runner and that none of the Lead Manager and Sole Book-Runner have any duties or responsibilities to you for providing the protection afforded to its clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity;

- You are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the same shall be on a discretionary basis;

- You have made, or been deemed to have made, as applicable, the representations set forth under "Transfer Restrictions";

- You have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety including, in particular, the section titled "Risk Factors"

- That in making your investment decision, (i) you have relied on your own examination of the Group and the terms of the Issue, including the merits and risks involved, (ii) you have made your own assessment of the Group, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) you have consulted your own independent advisors or otherwise have satisfied yourself concerning without limitation, the effects of local 1aws, and (iv) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares;

- You have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company and the Lead Manager and Sole Book-Runner for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- The no Lead Manager and Sole Book-Runner has provided you with any tax advice or otherwise made any representations regarding the tax consequences of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Lead Manager and Sole Book-Runner when evaluating the tax consequences in relation to the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against the Lead Manager and Sole Book-Runner with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

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

- You are not a Promoter and are not a person related to the Promoters, either directly or indirectly and your bid does not directly or indirectly represent the Promoter or Promoter group of the Company;

- You have no rights under a shareholders agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of Directors of the Company other than the acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

- You have no right to withdraw your Bid after the Bid Closing Date;

- You are eligible to Bid and hold Equity Shares so allotted and together with any Equity Shares held by you prior to the Issue. You further confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable law or regulation;

- The Bids made by you would not eventually result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the “**Takeover Code**”);

- To the best of your knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control as you, the allotment under the present Issue shall not exceed 50 per cent of the Issue. For the purposes of this statement:

  a. the expression ‘belongs to the same group’ shall derive meaning from the concept of ‘companies under the same group’ as provided in sub-section (11) of Section 372 of the Companies Act, 1956 (the “**Companies Act**”); and

  b. ‘Control’ shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

- You shall not undertake any trade in the Equity Shares credited to your depository participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- You are aware that applications have been made to the Stock Exchanges for in-principle approval for listing and admission of the Equity Shares to trading on the Stock Exchanges' market for listed securities and such in-principle approval has been received;

- You are aware and understand that the Lead Manager and Sole Book-Runner will have entered into a placement agreement with the Company whereby the Lead Manager and Sole Book-Runner has, subject to the satisfaction of certain conditions set out therein, undertaken severally, and not jointly or jointly and severally, to use its reasonable endeavors as agents of the Company to seek to procure placement for the Equity Shares;

- That the contents of this Placement Document are exclusively the responsibility of the Company and that neither the Lead Manager and Sole Book-Runner nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Lead Manager and Sole Book-Runner or the Company or any other person and neither of the Lead Manager and Sole Book-Runner nor the Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- That the only information you are entitled to rely on and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Lead Manager and Sole Book-Runner or the Company and the Lead Manager and Sole Book-Runner will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- You agree to indemnify and hold the Company and the Lead Manager and Sole Book-Runner harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this paragraph. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- That the Company, the Lead Manager and Sole Book-runner, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are irrevocable;

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

- That you are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time ("Security Regulations"), and have not been prohibited by the SEBI from buying, selling or dealing in securities;

- You understand that the Lead Manager and Sole Book-Runner have no obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by the Company of any of its respective obligations or any breach of any representations or warranties by the Company, whether to you or otherwise;

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

- That each of the acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment of the Equity Shares.

OFF-SHORE DERIVATIVE INSTRUMENTS (P-NOTES)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, ("**FII Regulations**") foreign institutional investors as defined under the FII Regulations, or their sub-accounts (together referred to as "**FIIs**"), including FII affiliates of the Lead Manager and Sole Book-Runner are permitted to issue, deal or hold, off-shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities (all such off-shore derivative instruments are referred to herein as "**P-Notes**"), listed or proposed to be listed on any stock exchange in India subject to the satisfaction of the following conditions:

- the P-Notes are issued only to persons who are regulated by an appropriate foreign regulatory authority; and

- the P-Notes are issued after compliance with "know your client" norms.

In terms of the FII Regulations, on and from 22 May 2008, no sub account of an FII is permitted to, directly or indirectly, issue P-Notes.

P-Notes have not been and are not being offered or sold pursuant to this Placement Document. Neither this document nor the Placement Document contains or will contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of the Company and do not constitute any obligations of, claim on, or interests in the Company. The Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to the Company. The Company does not make any recommendation as to any investment in P-Notes and does not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Lead Manager and Sole Book-Runner and do not constitute any obligations of, or claim on, the Lead Manager and Sole Book-Runner.

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

NOTICE FOR NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under chapter 421-b of the new hampshire revised statutes ("RSA 421-B") with the state of new hampshire nor the fact that a security is effectively registered or a person is licensed in the state of new hampshire constitutes a finding by the secretary of state of new hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. it is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by professional organizations and analysts, data from other external sources and our knowledge of our markets in which we compete. The statistical information included in this Placement Document relating to the housing finance industry has been reproduced from various trade, industry and government publications and websites. Industry publications and sources wherefrom we have used such data generally state that the information that they contain have been obtained from sources believed to be reliable but the accuracy and completeness of such information cannot be guaranteed. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analyses and estimates, so we rely on internally developed estimates. While we have compiled, extracted and reproduced this data from external sources, including third parties, trade, industry or general publications, however, neither we nor the Lead Manager and Sole Book-Runner have independently verified this data and neither we nor the Lead Manager and Sole Book-Runner make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Lead Manager and Sole Book-Runner can assure Eligible Investors as to their accuracy.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

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

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document
2. warrant that this Company's Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or
3. take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

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

TABLE OF CONTENT

DEFINITIONS

Definitions of Certain Capitalized Terms used in this Placement Document

The following list of defined terms is intended for the convenience of the reader only and is not exhaustive**.**

In this Placement Document, unless the context otherwise indicates, all references to "Dewan Housing Finance Corporation Limited", "DHFL", "our Company", "Our Company", "we", "our" and "us" are to Dewan Housing Finance Corporation Limited, a company incorporated under the Companies Act, 1956, with its registered office at Warden House, Sir P. M. Road, Fort, Mumbai - 400 001, India.

General Terms

Term	Description
Articles / Articles of Association	Articles of Association of Dewan Housing Finance Corporation Limited
Auditors	The statutory auditors of our Company, M/s. B. M. Chaturvedi & Co., Chartered Accountants
Board of Directors / Board	Board of Directors of Dewan Housing Finance Corporation Limited
Civil Code	The Code of Civil Procedure, 1908 of India
Committee	Committee of Board of Directors of our Company authorized to take decisions on matters related to this Placement
Companies Act	Indian Companies Act, 1956, as amended
Designated Stock Exchange	Bombay Stock Exchange Limited
Directors	Directors of Dewan Housing Finance Corporation Limited, as may be changed from time to time
Equity Shares	Equity Shares with full voting rights of Dewan Housing Finance Corporation Limited of face value of Rs.10 each unless otherwise specified in the context thereof
Equity Shareholders / Shareholders	Persons holding equity shares of Dewan Housing Finance Corporation Limited, unless otherwise specified in the context thereof
Financial Year / Fiscal Year / FY	The twelve months ended March 31 of a particular year
Memorandum / Memorandum of Association	The Memorandum of Association of Dewan Housing Finance Corporation Limited
Non-Resident Indian(s)	An individual/individuals of Indian nationality or origin residing outside India
Rs., Rupees, INR or Indian Rupees	The official currency of India
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

Issue Related Terms

Term	Description
Allocated / Allocation	The number of Equity Shares / amount proposed to be allotted by the Company, pursuant to inviting Application Forms from Eligible Investors, in consultation with the Lead Manager and Sole Book-Runner and in compliance with Chapter XIII-A of the SEBI Guidelines.
Allotment / Allotted / Allot	Unless the context otherwise requires, the allotment of Equity Shares pursuant to this Placement.
Application Forms	The form (including any revisions thereof) pursuant to which an Eligible Investors applies for the Equity Shares under this Placement.

Banker to the Issue	Axis Bank Limited
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to QIB investors who have been allocated Equity shares at Issue Price
Cut-off Price	The Issue Price of the Equity Shares which shall be finalised by our Company in consultation with the Lead Manager and Sole Bookrunner.
Depository Participant	A depository participant as defined under the Depositories Act, 1996.
Eligible Investors	Investors that are Qualified Institutional Buyers as defined in clause 1.2.1(xxiv a) of the SEBI Guidelines to whom a serially numbered Preliminary Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue.
Escrow Collection Account	Account opened with the Escrow Collection Bank for the Issue and in whose favour the QIB Investor will issue cheques or drafts in respect of the applicable amount.
Escrow Collection Bank	The banks, which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened, in this case Axis Bank Limited.
Floor price	Price calculated as per SEBI Guidelines on NSE closing– Rs. 140.49 per Equity Share.
Government (GOI)	Government of India, unless otherwise specified in the context thereof.
Issue/Placement	The present issue of Equity Shares to the QIBs
Issue Closing Date	The date after which no applications will be accepted from QIBs in this case being June 30, 2009
Issue Opening	The date from which applications will be accepted from QIBs in this case being June 29, 2009
Issue Period	Period between the Issue Opening date and the Issue Closing date inclusive of both days and during which prospective QIB investors can submit their application forms.
Issue Price	The final price at which the Equity Shares will be allocated to the QIBs
Issue Size	16,012,231 Equity Shares of Rs.10 each to be issued to QIB Investors at the Issue Price of Rs. 141 per Equity Share
Lead Manager and Sole Book-Runner	Lead manager and sole book-runner to this Qualified Institutions Placement of Equity Shares of Dewan Housing Finance Corporation Limited, in this case being Motilal Oswal Investment Advisors Private Limited
Pay-In Date	Issue Closing date or the last date specified in the CAN sent to Eligible QIBs, as applicable.
Preliminary Placement Document	The preliminary placement document dated June 29, 2009 issued by the Company in accordance with Chapter XIII-A of the SEBI Guidelines.
Promoters	Mr. Rakesh Wadhawan, Mr Kapil Wadhawan and Mr. Sarang Wadhawan
Promoter Group	The individual and body corporate forming part of “Promoter Group” as defined in the DIP Guidelines
"Qualified Institutional Placement", "QIP", "Placement" or "Issue"	Qualified Institutional Placement of Equity Shares to QIBs pursuant to Chapter XIII-A of SEBI (Disclosure and Investor Protection) Guidelines, 2000 of Dewan Housing Finance Corporation Limited**.**
“Qualified Institutional Buyers”, “QIB”	Public Financial Institutions as specified in Section 4A of the Companies Act, Scheduled Commercial Banks, Mutual Funds, Foreign Institutional Investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual; Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA), Provident Funds with a minimum corpus of Rs. 250 million, Pension Funds with a minimum corpus of Rs. 250 million and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
Registered Office of our Company	Warden House, Sir P. M. Road, Fort, Mumbai - 400 001, India.
Registrar	Link Intime India Private Limited
SEBI	Securities and Exchange Board of India

SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997, as amended
"Wadhawan Group", "Group"	Promoters of our Company, namely Shri Rakesh Kumar Wadhawan, Shri Kapil Wadhawan and Shri Sarang Wadhawan, Persons Acting in Concert, Companies / Entities / Persons forming part of the group under clause 6.8.3.2 (m) of SEBI Guidelines.

Abbreviations

Term	Description
AED	United Arab Emirates Dirham
AGM	Annual General Meeting
AS / Accounting Standards	Accounting Standards as issued by the Institute of Chartered Accountants of India
BOLT	BSE's online trading facility
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CDSL	Central Depository Services (India) Limited
ECB	External Commercial Borrowing
EGM	Extra-ordinary General Meeting
EPS	Earnings per Share
ESOS	Employee Stock Option Scheme
EU	European Union
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FI	Financial Institution
FII(s) / Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors Regulations, 1995) registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Practices
GATT	General Agreement on Tariffs and Trade
GBP	Great Britain Pound
GDP	Gross Domestic Product
HUF	Hindu Undivided Family
I.T. Act	Income Tax Act, 1961, as amended from time to time
IAS	International Accounting Standards
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
IP	Intellectual Property
J&K	Jammu & Kashmir
LIBOR	London Interbank Offered Rate
NAV	Net Asset Value
NEAT	National Exchange for Automated Trading
NR	Non Resident as defined under FEMA
NRIs	Non-Resident Indians, as defined under FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit before Tax
PBDT	Profit Before Depreciation and Tax
PBDIT	Profit Before Depreciation Interest and Tax
PBIT	Profit before Interest and Tax
P/E Ratio	Price to Earnings Ratio
RONW	Return on Net Worth

RBI	Reserve Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956 of India
STT	Securities Transaction Tax
US or USA	United States of America, its territories and its possessions and the District of Columbia
US$ OR US Dollar	The official currency of the United States of America

Industry Related Terms

Term	Description
ALMC	Asset Liability Management Committee
CAR	Capital Adequacy Ratio
CARE	Credit Analysis and Research Limited
CRISIL	Credit Rating And Information Services of India Limited
DSA	Direct Selling Agents
EMI	Equated Monthly Installments
FITCH	Fitch Ratings India Private Limited
HFC	Housing Finance Company
IIR	Installment to Income Ratio
NHB	National Housing Bank
NIM	Net Interest Margin
NPA	Non Performing Assets
PEMI	Pre Equated Monthly Installments
Private Sector	Part of the economy which is controlled / owned by private individuals, either directly or through stock ownership
RBI	Reserve Bank of India
SARFAESI Act	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Company publishes its financial statements in Rupees. The Company‘s financial statements included herein have been prepared in accordance with Indian GAAP. Unless otherwise indicated, all financial data in this Placement Document are derived from the Company‘s financial statements prepared in accordance with Indian GAAP. Indian GAAP differs in certain significant respects from International Financial Reporting Standards (“IFRS”).

The Company‘s fiscal year commences on 1 April of each year and ends on 31 March of the succeeding year, so all references to a particular fiscal year are to the twelve-month period ended on 31 March of that year. The audited consolidated financial statements of the Company for the years ended 31 March 2007, 31 March 2008 and 31 March 2009 and were prepared in accordance with Indian GAAP, are included in this Placement Document and are referred to herein as the “Financial Statements”.

In this Placement Document, unless otherwise indicated or the context otherwise requires, all references to "Dewan Housing Finance Corporation Limited," "DHFL," the "Company," "we," "our," "us," or similar terms are to Dewan Housing Finance Corporation Limited, and references to "you" are to the Eligible Investors in the Equity Shares. References in this Placement Document to "India" are to the Republic of India and the "Government" are to the Governments of India, Central or State, as applicable. All references to “Rupees” or “Rs.” are to the lawful currency of India. All references to “U.S. dollars”, “dollars”, “$”, “USD” and “US$” are to the currency of the United States of America.

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

Unless specifically stated in the Placement Document, the financial information for the fiscal 2007, 2008 and 2009 provided in the Placement Document are on a consolidated basis.

For additional definitions, please refer to the section titled "Definitions" beginning on page 10 of this Placement Document.

FORWARD-LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Placement Document regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Regulatory changes pertaining to the 'Housing Finance' industry in India and our ability to respond to the same;
- Monetary and fiscal policies of India;
- Performance of financial markets in India and globally;
- Inflation, deflation and unanticipated fluctuations in interest rates;
- General economic and political changes and changes in laws and regulations that apply to the Indian and global Housing Finance industry, including with respect to direct / indirect taxes or environmental regulations;
- Company's ability to successfully implement our strategy, our growth and expansion plans;
- The market prices and demand for our products and services;
- Government and business conditions globally and in India;
- Changes in interest rates, and in exchange rates;
- Maintain minimum capital adequacy ratio of 12% to our total risk-weighted assets;
- Our ability to prevent increase in our level of non performing assets;
- Inability of our customers to meet their financial obligation in a timely manner at reasonable price;
- Our ability to foreclose on collateral when borrowers default on their obligations to us;
- Our ability to maintain growth of our loan portfolio;
- Our ability to obtain the financing needed and to repay maturing obligations and also to fund our expansion in a timely manner and on satisfactory terms and conditions; and
- The other risk factors discussed in this Placement Document, including those set forth under "Risk Factors" on page 18 of this Placement Document.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry" and "Business."

Investors can generally identify forward-looking statements by terminology such as "may," "will," "could," "should," "would," "expect," "plan," "propose," "seek," "target," "intend," "anticipate," "aim," "believe," "can," "contemplate," "estimate," "predict," "potential" or "continue" and the negative of such terms or other comparable terminology. Except as required by law, we undertake no obligation to update or revise any forward-looking statements after the date of this Placement Document or to conform these statements to actual results or to changes in our expectations.

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Substantially all of our Company's Directors and senior management are residents of India and a substantial portion of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, of India on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except:

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

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44 A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A, but the United States has not been so declared. A judgment of a court of a country which is not a reciprocating territory may be enforced only by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within two years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Execution of a judgment or repatriation outside India of any amounts received is subject to the approval of the RBI. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

RISK FACTORS

Investing in the Equity Shares offered hereby involves a high degree of risk. You should carefully consider the following factors, as well as other information contained in this Placement Document (including the financial statements and related notes thereto included elsewhere in this Placement Document), before making an investment in the Equity Shares. The occurrence of any of the following events could have a material adverse effect on our business, financial condition, results of operation and prospects and cause the market price of the Equity Shares to fall significantly.

INTERNAL RISK

1. ***Our business has been growing rapidly in the past, any inability to manage this rapid growth may affect our results of operations.***

   Our revenue grew at a CAGR of 43.5% and profit after tax has grown at a CAGR of 34.3% over last three financial years. However, there can be no assurance that we will be able to execute our strategy of increasing our client base in the future as well as effectively service our client's requirements. Any failure on our part to scale our infrastructure and management to meet the challenges of rapid growth could cause disruptions to our business and future performance.

2. ***We will be impacted by volatility in interest rates in our operations, which could cause our net interest margins to decline and adversely affect our profitability.***

   We will be impacted by volatility in interest rates in our operations. Interest rates are highly sensitive due to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

   When interest rates decline, we are subject to greater re-pricing and prepayment risks as borrowers take advantage of the attractive interest rate environment. In periods of low interest rates and high competition among lenders, borrowers may seek to reduce their borrowing cost by asking lenders to re-price loans. If we are required to restructure loans, it could adversely affect our profitability. If borrowers prepay loans, the return on our capital may be impaired as any prepayment premium we receive may not fully compensate us for the costs of utilizing funds elsewhere. If interest rates rise we may have greater difficulty in maintaining a low effective cost of funds compared to our competitors, who may have access to lower cost funds.

3. ***If the level of non-performing assets in our loan portfolio were to increase, our financial condition would be adversely affected.***

   As of March 31, 2009, we had Gross NPAs of Rs. 856.1 million, which forms 1.48% of our loan assets, and pursuant to provisions towards the same our Net NPAs form 1.03% of our loan assets. The provisioning has been made in terms of prudential norms laid down internally by us. If we are not able to prevent increases in our level of non performing assets, our business and our future financial performance could be adversely affected.

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

   The National Housing Bank requires a minimum capital adequacy ratio of 12% to our total risk-weighted assets. We must maintain this minimum capital adequacy level to support our continuous growth. Our Capital Adequacy Ratio, calculated in accordance with Indian GAAP, was 16.21% on March 31, 2009. Our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to or have difficulty accessing the capital markets.

5. ***M/s. Caledonia Investment Plc. London (hereinafter referred to as "Investors") have rights under a shareholders' agreement with our Company. These rights may be detrimental to the Company's interests as majority shareholders of our Company.***

   During fiscal 2007, our Company issued 70,65,456 Optionally Convertible Preference Shares of Rs.25/- each to M/s. Caledonia Investment Plc. London. M/s. Caledonia Investment Plc. London have exercised the option of conversion of these preference shares in to Equity Shares and currently own 11.67% of the total shareholding of our

Company. They have also appointed one Nominee director on our board to monitor any development in our Company. As per the Shareholders agreement, the Investors have a number of affirmative rights which may be restrictive to the interests of the Company and affect our results of operations. However, our Company is in strict compliance with all restrictions and we do not foresee any events that would trigger any special rights, the Company cannot assure that this may not happen in the future.

6. ***We have significant exposure to various borrowers and if these exposures become non-performing, the quality of our asset portfolio may be adversely affected.***

As of March 31, 2009, we have disbursed housing and non-housing loans aggregating to an amount of Rs. 61,358.5 million across India. Any negative trends or financial difficulties particularly among our borrowers could increase the level of non-performing assets in our portfolio and adversely affect our business and financial performance. If our customer's are unable to meet their financial obligation in a timely manner at reasonable price could adversely affect our results of operation.

7. ***We may be unable to foreclose on collateral when borrowers default on their obligations to us, which may result in failure to recover the expected value of collateral security.***

Loans provided by the Company are secured by, in addition to the primary security created by way of equitable mortgage/registered mortgage of the property and assets financed, assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security considered good. Although there has been recent legislation which may strengthen the rights of creditors and lead to faster realization of collateral in the event of default, we cannot guarantee that we will be able to realize the full value of our collateral, due to, among other things, delays on our part in taking immediate action, delays in bankruptcy foreclosure proceedings, stock market downturns, defects in the perfection of collateral and fraudulent transfers by borrowers. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed.

8. ***Our growth in profitability is dependant on the continued growth of our loan portfolio.***

Our results of operations depend to a great extent on our net interest revenues. During fiscal 2009, net interest revenue, calculated as interest on loans less interest payments stood at Rs. 1,605.4 million, up 48.3% over Rs. 1,082.7 million in fiscal 2008. Changes in market interest rates could affect the interest rates charged on our interest-earning assets differently from the interest rates paid on our interest-bearing liabilities and also affect the value of our investments. This difference could result in an increase in interest expense relative to interest revenue, leading to a reduction in our net interest revenue and net interest margin. In addition, a rise in interest rates could negatively affect demand for our loans and other products.

Our disbursements have grown at a CAGR of 24.0% in last three financial years from Rs. 14,728.7 million in fiscal 2007 to Rs. 22,660.2 million in fiscal 2009. If we are unable to continue to maintain or grow our loan portfolio, in particular, during periods of sustained interest rate declines, our growth in profitability may be adversely affected.

9. ***We may not be able to secure the requisite amount of financing for, or manage our growth and this could adversely affect our business, financial condition and results of operations.***

Our continued growth will depend, among other things, on our ability to secure requisite financing, to manage our expansion process, to make timely capital investments, to control input costs and to maintain sufficient operational control. Our inability to secure the requisite financing or to manage the expansion process could have an adverse effect on our business, financial condition and results of operations.

Our asset growth will be primarily funded by the issuance of preference shares, debentures and borrowings. We may have difficulty in obtaining funding on attractive terms. Adverse developments in the Indian credit markets, such as the recent increase in interest rates, may significantly increase our borrowing costs and the overall cost of our funds. Any inability to manage our growth effectively on favorable terms could have a material adverse effect on our business and financial performance and the price of our Equity Shares.

10. ***Our business of operation carry certain risks which, to the extent they materialize, could adversely affect our business and result in our loans and investments declining in value.***

Our business consists primarily of lending Housing loans to various customers across India. These risks are generally out of our control, and include:

1. political, regulatory and legal actions that may adversely affect project viability;
2. changes in government and regulatory policies;
3. adverse changes in market demand or change in rate of interest
4. the willingness and ability of consumers to repay their obligation;
5. potential defaults under financing arrangements with borrowers and customers;
6. failure of third parties to perform on their contractual obligations;
7. adverse developments in the overall economic environment in India;
8. interest rate or currency exchange rate fluctuations or changes in tax regulations;
9. economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located or in the markets they are intended to serve; and
10. the other risks discussed below under "External Risk Factors".

To the extent these or other risks relating to the projects we finance materialize, the quality of our loan portfolio and our profitability may be adversely affected.

11. ***We have contingent liabilities as on March 31, 2009***

As of March 31, 2009, our contingent liability consists of guarantees provided by our Company amounting to Rs.108.5 million and as of March 31, 2008 it was Rs.21.5 million. In the event that any of these contingent liabilities materialize, our financial condition may be affected to that extent. For further details, see section titled "Financial Statements" beginning on page 148 of this Placement Document.

12. ***Outstanding Litigations/disputes/cases pending against the Company***

The Company is involved in certain legal proceedings, incidental to its business and operations, which if determined against the Company, could have an adverse impact on the results of its operations and financial condition. The Summary of the litigations filed against the Company is as follows:

Sr. No	**Particulars**	**No. of cases/disputes**	**Approx.amount involved where quantifiable (Rs. in million)**
Against the Company			
1	Civil Cases	3	Not quantifiable
2	Consumer Protection Act	21	3.1
3	Appeals under Consumer Protection Act	5	0.5
3	Debt Recovery Tribunal (DRT)	4	Not quantifiable
4	Income Tax Act	6	Not quantifiable

For more information please refer to "Legal Proceedings" commencing on page no. 116 of this Placement Document.

13. ***Our Business is dependent on relationships established through our branches with our clients; any events that harm these relationships including closure of branches or the loss of our key branch personnel may lead to decline in our revenue and profits.***

Our business is dependent on the key branch personnel who directly manage client relationships. We encourage dedicated branch personnel to service specific clients since we believe that this leads to long-term client relationships, a trust based business environment and over time, better cross-selling opportunities. While no branch manager or operating group of managers contributes a meaningful percentage of the business, the business may suffer materially if a substantial number of branch managers either become ineffective or leave the organization. Such an event could be detrimental to our business and profits.

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

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of these agreements contain restrictive covenants, including, but not limited to, requirements that we obtain written consent from lenders prior to incurring further debt, creating further encumbrances on our assets, disposing of assets outside the ordinary course of business, effecting any scheme of amalgamation or restructuring, undertaking guarantee obligations, declaring dividends, incurring capital expenditures beyond certain limits. We may also be required to maintain security coverage. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are required to operate and grow our business. Certain of our loans may be called at any time by our lenders pursuant to terms of the relevant agreements. Furthermore, a default on some of our loans may also trigger cross-defaults under some of our other loan agreements. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us. Further, we have under some of our loan documents, agreed to abide and comply with onerous clauses under loan agreements signed with other lenders.

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

15. ***We are dependent on our management team for our success.***

Our success largely depends on the continued services and performance of our team and other key employees. The need for capable senior management in our industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of our Promoters and other senior members of our management could seriously impair our ability to continue to manage and expand our business efficiently. Further, the loss of any other member of our senior management or other key personnel may adversely affect our business, results of operations and financial condition.

16. ***Significant fraud, system failure or calamities could adversely impact our business.***

We seek to protect our computer systems and network infrastructure from physical break-ins as well as fraud and system failures. Computer break-ins and power and communication disruptions could affect the security of information stored in and transmitted through our computer systems and network infrastructure. We employ security systems, including firewalls and password encryption, designed to minimize the risk of security breaches. Although we intend to continue to implement security technology and establish operational procedures to prevent fraud, break-ins, damage and failures, there can be no assurance that these security measures will be adequate. A significant failure of security measures or operational procedures could have a material adverse effect on our business and our future financial performance. Although we take adequate measures to safeguard against system-related and other frauds, there can be no assurance that it would be able to prevent frauds.

In the event of a regional disaster, such as an earthquake, it is possible that both systems could be simultaneously damaged or destroyed. Although we have established a remote disaster recovery site that replicates our network and certain applications currently based in Mumbai, and believe that we will be able to retrieve critical applications within an optimal time frame, it would still take some time to make the system fully operational in the event of a disaster.

17. ***We are subject to the risk of fraud being committed by our employees.***

We are exposed to many types of operational risks, including the risk of fraud or other misconduct by employees, unauthorized transactions by employees etc. Though we carefully recruit all our employees, we have in past been held liable for the fraudulent acts committed by our employees adversely impacting our business. Our reputation could be adversely affected by significant frauds committed by employees, customers or outsiders.

18. ***We depend on the accuracy and completeness of information about customers and counterparties.***

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operations and cash flows of the customer. Our financial condition and results of operations could be negatively affected by relying on financial statements that do not comply with generally accepted accounting principles or other information that is materially misleading.

19. ***New product/services offered by us may not be successful.***

We propose to introduce new products/services to explore new business opportunities. We cannot provide any assurance that all our new products/services will gain customer acceptance and this may result in our incurring pre-operative expenses and launching costs. Further, our inability to group in new business area could adversely affect our business and financial performance.

20. ***You will be subject to market risks until the Equity Shares credited to your demat account are listed and permitted to trade.***

You can start trading the Equity Shares Allotted to you only after they have been credited to your demat account are listed and permitted to trade.

Since our Equity Shares are currently traded on the Stock Exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date trading approval is granted for the same. Further, there can be no assurance that the Equity Shares Allocated to you will be credited to your demat account or that trading in the Equity Shares will commence, in a timely manner. This risk factor is for the information of investors and it does not in any way dilute the right of investors and our obligations.

21. ***Our Company is exposed to many operational risks which could materially impact our business and results of operations.***

Our Company is exposed to many types of operational risks. Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. We attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Any failure to mitigate such risks could adversely affect our business and results of operations.

22. ***We may face significant competition from a number of sources.***

The Housing Finance Industry in India is highly competitive with a large number of players mainly public & private Banks and Financial Institutions. We expect the competition to intensify and increase from a number of sources. We believe that the principal competitive factors in our markets are rate of interest, sourcing of finance. There are many players in India, which are present across the value chain and hold a commanding position in the industry; such companies pose a threat to our Company. Such competition in the Housing Finance industry could have an adverse impact on the performance of our Company.

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

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

EXTERNAL RISK

1. ***A slowdown in economic growth in India may adversely affect the Company's business and results of operations.***

The Company's financial performance and the quality and growth of the Company's business depend significantly on the health of the overall Indian economy. The Indian economy has grown significantly in recent years, with real gross domestic product ("GDP") having grown by 6.7 per cent in fiscal 2009, 9.1 per cent. in fiscal 2008 and 9.7 per cent in fiscal 2007. Any slowdown in the Indian economy, could adversely affect the Company's business, its financial performance and the trading price of the Equity Shares.

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

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

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

3. ***Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. For example in May 2006, the Indian Stock Exchanges witnessed substantial volatility. The BSE and NSE halted trading on May 22, 2006 after the respective indices fell more than 10%. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

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

We are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE and NSE halted trading due to this daily circuit breaker on October 17, 2007 after it crossed the threshold of such circuit breaker. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

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

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

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

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in

India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India. For more information, see *"Taxation"* in this Placement Document.

7. A slowdown in economic growth in India could cause our business to suffer.

Any slowdown in the Indian economy or volatility of global commodity prices, in particular, oil and steel prices, could adversely affect our borrowers and contractual counter parties. Because of the importance of our commercial banking operations for retail customers and the increasing importance of our agricultural loan portfolio to our business, any slowdown in the growth of the housing, automobiles, textiles and agricultural sectors could adversely impact our business, including our ability to grow our asset portfolio, the quality of our assets, our financial performance, our shareholders' funds, our ability to implement our strategy and the price of our Equity Shares.

8. A significant change in the Central and State Governments' economic liberalisation and deregulation policies could disrupt the Company's business.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. The Company's business, and the market price and liquidity of the Equity Shares, may be affected by interest rates, changes in Indian Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

In recent years, India has been following a course of economic liberalisation and the Company's business could be significantly influenced by economic policies followed by the Central Indian Government. The current coalition-led central Indian Government, which came to power in May 2009, is expected to take initiatives supporting economic reform policies that have been pursued by previous Indian Governments.

However, the present Indian Government is a multi-party coalition, so there can be no assurance that it will be able to generate sufficient cross-party support to continue to implement any liberalisation policies adopted by the previous central Indian Government or that such policy will continue in the future. Indian Government corruption, scandals and protests against privatisations, which have occurred in the past, could slow the pace of liberalisation and deregulation. The pace of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and, as a majority of the Company's assets are located in India, the Company's business in particular.

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

The Indian financial markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. The Indian economy has not remained isolated from financial turmoil in Asia, Latin America, Russia, the United States and elsewhere in the world in recent years. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. This, in turn, could negatively impact the movement of exchange rates and interest rates in India. In short, any significant financial disruption could have an adverse effect on the Company's business, its future financial performance and the trading price of the Equity Shares.

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

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

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

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

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

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

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

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

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

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

15. ***The Indian securities markets are more volatile than certain other securities markets.***

    The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies, and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

SUMMARY OF BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with the more detailed information and the financial statement that may appear elsewhere in this Placement Document. In addition, you should carefully consider the risks discussed under the chapter titled "Risk Factors" for an understanding of the risks associated with the purchase of our Equity Shares.

Overview

DHFL is promoted by the Wadhawan Group since 1984 with the prime objective of meeting the financing needs of the middle and lower income segments by providing adequate financial resources to fulfill their housing requirements. DHFL has evolved in to one of the largest private sector HFC's in India.

Our Company has received approvals from the Reserve Bank of India to be recognized as a Housing Finance Company ("HFC") in April, 1986. Subsequently, our Company received a Certificate of Registration from the National Housing Bank ("NHB") to carry on the business of a housing finance institution on 31st July 2001.

As on March 31, 2009, DHFL is present at 298 locations across India via its captive network covering 188 locations, 25 locations covered via its subsidiary DHFL Vysya Housing Finance Limited, and 85 locations via tie-ups with Public Sector Banks. We also have our international representative offices located in London and Dubai.

Our Company has received P1+ credit rating from CRISIL for the short term debt which indicates strong capacity for timely payment of our financial commitments. Our Company enjoys CARE AA+ (FD) credit rating for our Fixed Deposits and Non Convertible Debentures indicating 'high safety'. Our Company also enjoys a CARE AA rating for our Redeemable Preference Shares and for our subordinate debts.

During the year 2003-04, as part of our growth strategy to boost our pan-India presence, our Company and our Promoters together acquired a 91.22% equity stake in Vysya Bank Housing Finance Limited, a housing finance Company registered with the NHB having operations in the States of Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra. The acquired entity became a subsidiary of our Company and was renamed DHFL Vysya Housing Finance Limited on and presently covers 25 locations in Southern India.

DHFL has set up a Venture Capital Fund named DHFL Venture Capital Fund (The Fund) which has received the registration from the Securities and Exchange Board of India (SEBI). The Company has also promoted DHFL Venture Capital India Pvt Ltd., i.e. Asset Management Company (AMC) being the Investment Manager of the Fund and DHFL Ventures Trustee Company Private Limited, the Trustee Company for the Fund. The Fund invests in Real Estate projects. DHFL owns a 45% stake in the AMC and has contributed 35% of the fund's capital.

Our Consolidated Operational Income and Profit after Tax (PAT) for the financial year ending March 31, 2009 is Rs. 7,356.6 million and Rs. 970.5 million respectively and Standalone Operational Income and Profit after Tax (PAT) for the year ending March 31, 2009 is Rs. 6,935.9 million and Rs. 917.6 million respectively. Our Company's revenue and Profit after tax has grown at a CAGR of 43.5% and 34.3% respectively from fiscal 2007.

Operational & Financial Parameters (Standalone)	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Capital Adequacy Ratio (%)	13.3%	14.1%	16.7%	16.2%
Debt Equity ratio	8.4	9.0	11.3	10.7
Net Interest Margin	3.08	2.97	3.02	2.93
Asset Book (Rs. Mn.)	22,887.5	33,019.7	41,580.7	58,066.3
RoAA (%)	1.91	1.60	1.63	1.70
Dividend Payout Ratio (%)	25.0	25.0	25.0	25.0
Net NPA (%) *	1.25	1.23	1.17	1.03
Borrowings (Rs. Mn.)	22,696.0	32,147.1	39,694.3	58,763.8

** 90 days basis*

Our Products

DHFL has introduced various products and value added services including:

1. Home Loans for

i. Plots
ii. Construction
iii. Purchase of Flats
iv. Improvement Loans
v. Extension Loans
vi. Home Loans for women, and

2. Other Loans including

i. Lease Rental Financing
ii. Mortgage Loans
iii. Non Resident Property Loans, and
iv. Reverse Mortgage Loans

Competitive Strengths

1. Extensive industry experience

DHFL has been in the housing finance business since 1984. We believe that our experience helps us in providing value added advantages to our customers and manifests in our ability to identify housing finance requirements and address them with flexible products to suit the financing requirements of our customers. DHFL has, in the past, tied up with corporate clients, co-operative societies to cater to the housing finance needs of their employees / members. As of March 31, 2009, nearly 91.2% our total outstanding assets comprised of home loans.

2. Strong network coverage

As on March 31, 2009, DHFL is present at 298 locations across India via its captive network covering 188 locations, 25 locations covered via its subsidiary DHFL Vysya Housing Finance Limited, and 85 locations via tie-ups with Public Sector Banks. We also have our international representative offices located in London and Dubai.

3. Unique business model

Unlike other HFCs and Banks which operate on the Direct Selling Agents (DSA) model, DHFL relies on its employees to build customer relationships which, we believe, translates into better understanding of customer financing requirements, greater brand awareness and consequently, improved credit appraisal mechanisms. As on March 31, 2009, we had 136,971 borrowers.

4. Niche Marketing Strategy

DHFL concentrates on lending to the Middle and Lower Middle Income ("LMI") segments. We have developed robust credit appraisal mechanisms to target unconventional class of customers including the likes of entrepreneurs, traders, rurally employed professionals, etc. Stemming from the scarce presence of other Banks and HFC's who are more focused on the conventional class of customers including organized, salaried-class and Mid to High-Income customer segments whose credit quality is relatively easier to assess, and who have greater access to various forms of financing.

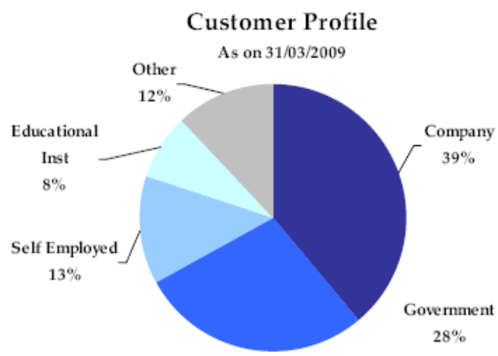
Therefore, DHFL's primary competition stems from Local moneylenders, who charge higher interest rates, and co-operative banks who have localized presence and slack nature of operations.

DHFL believes that this segment presents a huge potential going forward as Government focus turns towards inclusive growth to broad base the effects of economic prosperity.

5. Strong Asset Quality

Improvement in our asset quality has been consistent and significant in the last few years. Our Company has taken substantial measures to augment recovery and contain NPAs. Our Company has implemented the provisions of SARFAESI Act to our advantage for recovery of NPAs. These efforts have yielded results and Net NPAs have been successfully brought down over the last three years.

We concentrate on financing to individuals. DHFL has lent over 75% of its assets to salaried individuals, who by their stable nature of income, result in lower delinquencies. The following graph details the customer profile of our Company as on 31st March, 2009.



6. Professional management

Our Company has a professionally managed Board which oversees and guides our strategy and operations. Our Board has constituted several sub-committees such as the Risk Management Committee, Shareholders'/Investors' Grievance Committee, etc, for timely decision making and to ensure effective governance. The members of our management team and our employees share our common vision of excellence in execution and exhibit a diverse set of backgrounds with substantial experience including credit evaluation, risk management, treasury, technology and marketing. The diversity of experience helps us adapt a creative and cross-functional approach. For further details on our Board and Senior Management see the section titled "Board of Directors and Senior Management" beginning on page 77 of this Placement Document.

7. Centralized and modern technology platform

Our Branch offices are electronically linked to a central server resulting in improved operational efficiency and cost effective services. We have upgraded our existing information technology systems with newer applications packages which have enhanced connectivity resulting in the development of a centralized credit information database which can be accessed online on a real time basis resulting in increased efficiency. An increased focus on marketing, together with upgrades in technology and expansion of our centralized network allows us to intensify and focus on our products

Our Business Strategy

Our Company is systematically implementing the following business strategy to expand our business which is described below:

1. Maintain strong asset quality through disciplined risk management

We have maintained high quality loan and investment portfolios through careful targeting of our customer base, a comprehensive risk assessment process and diligent risk monitoring and remediation procedures. Our ratio of net non-performing assets to customer assets was 1.03% as of March 31, 2009 as per Indian GAAP. We believe we can maintain strong asset quality appropriate to the loan portfolio composition, while achieving growth.

2. Focus on high earnings growth coupled with low volatility

Our total income has grown at a compound average rate of 43.5% during the period FY ’07 to FY ‘09 and our net profit grew at a compound average rate of 34.3% during the same period. We intend to maintain our focus on steady earnings growth through conservative risk management techniques and low cost funding. In addition, we aim not to rely heavily on revenue derived from trading so as to limit earnings volatility.

3. Strengthening the Brand

Being one of the foremost HFC’s in India, DHFL enjoys considerable brand loyalty within its target market with 136,971 serviced customers to date. DHFL has a strong word-of-mouth presence in its target segments. We plan to boost our market share by continuing to focus on our competitive strengths, expanding our service network, and exploiting cross selling opportunities to boost our business.

4. Expanding network and connectivity

DHFL plans to expand its operations across India in a phased manner in order to increase its share of the housing finance business by tapping underserved segments of the Indian economy. Our management believes that this would result in optimum utilization of the skills that DHFL has attained by operating in a niche segment for over two decades. We believe that we will be able to staff the organization with individuals capable of driving this growth by enabling them with greater delegation of authority and de-centralizing our decision making processes.

DHFL is expanding its pan-India presence by setting up new offices across regions where we have been hitherto not present including Northern, Eastern and North Eastern India. The Company is bolstering its presence in hitherto untapped locations via tie-ups with Public Sector banks which provides us with infrastructure and a readily available client portfolio.

To support our growth, DHFL has an integrated branch network which has resulted in optimization of our operational costs and has improved our delivery mechanism. The Company has linked all branch offices to a central database which helps in periodic assessment of our portfolio and provides specific advantages in terms of efficiency and cost savings.

5. Tapping new Segments

DHFL has successfully exploited niche segments. However, our Company perceives huge potential amongst the non-salaried class including small entrepreneurs, traders etc. These are largely not within the radar of Banks and HFCs due to irregular income flows. Our Company has entrusted our subsidiary DHFL Vysya Housing with the responsibility to evolve techniques to measure credit for this segment as well as run a pilot funding programme to evaluate behavioral trends and credit performance in such segments. We expect that we will be able to exploit latent opportunities in this segment to our advantage.

6. Customization of Products and Services

Some of our Company’s current products and services are specially designed to suit the needs of specific segments of customers and we continuously emphasize on the development of more new products in this category. Our Company is running a Reverse Mortgage scheme called “Saksham” for the first time in India. “Saksham” helps senior citizens of the country in monetization of their residential property which they own and use as a primary place of residence.

In addition, our Company is planning to selectively offer other forms of consumer finance to our existing borrowers who display steady credit quality and improvement in their disposable incomes.

7. Reduction of funding costs

Our Company has utilized various sources of funding to optimize our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. We have sourced our funding primarily from banks, refinance from NHB, public deposits, and Non Convertible Debentures (NCDs). We have diversified our resources profile by accessing funds from multilateral agencies at competitive rates.

DHFL has a credit rating of AA+ from CARE which allows it to access debt finance at competitive rates of interest. Based on its improved ratings, DHFL expects to source increased funding at competitive rates from the capital markets and reduce its proportion of bank finance to bring down our funding costs.

8. Optimizing cost of operations

We expect to reduce our operating costs as a percentage of top-line via efficient implement and utilization of our technical resources and optimal utilization of our manpower and infrastructure. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity.

Our Company utilizes the services of its employees for business origination, which enables us to maintain high asset quality. The lower levels of NPAs experienced by our Company results in savings on recovery costs.

9. Inorganic growth by acquisitions

DHFL is planning strategic alliances and acquisitions as a part of its growth strategy. Our management believes that such strategies will help in immediate expansion of our geographic presence and customer base.

SUMMARY OF THE ISSUE AND THE INSTRUMENT

The following is a general summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information appearing elsewhere in this Placement Document, including under "Issue Procedure", "Description of the Shares" and "Placement". This information contained in Description of Shares shall prevail in the event of any inconsistency with the terms set out in this section.

Issuer	Dewan Housing Finance Corporation Limited
Issue Size	16,012,231 Equity Shares of our Company of Rs.10 each
Issue Price	Rs. 141.0 per Equity Share
Floor Price	The Floor Price of the Issue calculated in accordance with Clause 13.A.3.1 of Chapter XIII-A of SEBI Guidelines is Rs. 140.49 per Equity Share and the relevant date was June 29, 2009.
Authority for the Issue	The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company adopted on June 4, 2009 and approved by the shareholders on June 27, 2009.
Eligible Investors	QIBs as defined in clause 1.2.1(xxiv a) of the SEBI Guidelines
Equity Shares outstanding immediately prior to and after the Issue	60,522,975 Equity Shares are issued and outstanding immediately prior to the Issue. Immediately after the Issue, 76,535,206 Equity Shares will be issued and outstanding.
Dividends	For more information, see “Description of the Equity Shares”, “Dividends and Dividend Policy” and “Taxation”.
Indian Taxation	The Indian Income Tax Act, 1961 (the “Income Tax Act”) is the law relating to taxes on income in India. For more information, see “Taxation”.
Voting Rights of Holders of Shares	Shareholders may attend and vote at shareholders’ meetings on the basis of one vote for each Share held. For more information, see “Description of the Shares”.
Listing	Our Company has made shall make applications to each of the Stock Exchanges to obtain in-principle approval for the listing of the Equity Shares on the Stock Exchanges.
Transferability Restriction	▪ This Issue and sales of shares will be subject to certain restrictions. ▪ Pursuant to SEBI Guidelines the Equity Shares being allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on the floor of a recognized stock exchange in India. See "Placement", “Placement Procedures” “Transfer Restrictions”, “Transfer Restrictions and Selling Restrictions” for other transfer restrictions relating to offers and sales of the Equity Shares. The Company cannot be certain that these restrictions will not have any impact on the price of shares.
Closing Date	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about June 30, 2009 (the "Closing Date")
Ranking	The Equity Shares being issued shall be subject to the provisions of our Company's Memorandum & Articles of Association and Listing Agreement with the Stock Exchanges and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the date of Issue, in compliance with the Companies Act. Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. For details see “Description of the Equity Shares”.
Governing Law:	The Placement Agreement will be governed by Indian law.
Listing and Trading Markets	The only trading markets are BSE and NSE.
Use of Proceeds	The net proceeds of this Issue (after deduction of fees and commissions) are expected to be approximately Rs. 2,192 million. We intend to use the net proceeds received from the Issue towards housing finance and general corporate purposes. See "Use of Proceeds" for further details.

Lock up	Our Company has agreed not to issue equity or equity linked securities for a period of 60 days from the date of the Placement Document subject to exceptions. Each member of the Promoter Group has also entered into a lock up agreement in form similar to the Company. For details see “Placement”.
Placement Procedure	The Issue is being made to QIBs only, in reliance on Chapter XIII-A of the SEBI Guidelines. For details see “Placement Procedure”.
Risk Factors	Prior to making an investment decision, Eligible Investors should consider carefully the matters discussed under the section titled "Risk Factors".
Security Codes:	
ISIN	INE-202B01012
NSE Code	DEWANHOUS
BSE Code	511072

Note:

- Under clause 13A.2.2 of the SEBI Guidelines a minimum of 10% of the specified securities issued shall be allotted to Mutual Funds. However, if no Mutual Fund is agreeable to take up the minimum portion mentioned above or any part thereof, such minimum portion or part thereof may be allotted to other QIBs;

- For each placement under this Placement Document, there shall be at least two allottees for an issue of size up to Rs.2.5 billion and at least five allottees for an issue size in excess of Rs.2.5 billion. Further, no single allottee shall be Allotted Equity Shares in excess of 50% of the Issue Size;

- Investors shall not be allowed to withdraw their Bids / Applications after closure of the Issue;

- The aggregate funds that can be raised through QIP's in one financial year shall not exceed five times of the net worth of the Company at the end of its previous financial year. This Placement shall not exceed five times of the Company's net worth at the end of its previous financial year;

- The shareholders resolution approving this Issue, passed under sub-section (1A) of Section 81 of the Companies Act will remain valid for a period of twelve months from the date of passing of the resolution. There shall be a gap of at least six months between each placement in case of multiple placements of equity shares pursuant to authority of the same shareholders’ resolution; and

- A copy of the Placement Document shall be filed with SEBI for record purpose within 30 days of the allotment of the Equity Shares

MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed on the BSE since February 11th, 1985 and the NSE since September 27th, 2002. As our Equity Shares are actively traded on BSE and the NSE, our stock market data are given separately for each of these Stock Exchanges.

The table set forth the reported high and low prices of our Company's Equity Shares and also the volume of trading activity on BSE and NSE for fiscal year 2007, 2008 and 2009.

Year ending March 31,	Date of High	High	Volume on date of High (no of shares)	Date of Low	Low	Volume on date of Low (no of shares)
2009	21-May-08	131.45	194,164	27-Oct-08	37.05	11,181
2008	11-Jan-08	252.35	348,063	5-Apr-07	57.05	21,311
2007	1-Jun-06	101.80	7,241,029	24-Jul-06	51.00	197,889

(Source BSE Website)

Year ending March 31,	Date of High	High	Volume on date of High (no of shares)	Date of Low	Low	Volume on date of Low (no of shares)
2009	21-May-08	131.50	236,417	27-Oct-08	38.50	15,838
2008	11-Jan-08	254.00	341,285	3-Apr-07	57.00	26,672
2007	1-Jun-06	101.80	11,376,443	24-Jul-06	51.00	159,714

(Source NSE Website)

Monthly high and low prices and also the volume of trading activity on BSE and NSE for the six months preceding period from July, 2009 till the date of filing of the Placement Document.

Month	Date	High (Rs)	Volume (No of shares)	Date	Low (Rs)	Volume (No of shares)	Average Closing (Rs)
Dec '08	22-Dec-08	93.95	6,507	3-Dec-08	59.00	3,596	80.92
				2-Dec-08	59.00	2,005	
Jan '09	5-Jan-09	92.50	2,272	27-Jan-09	62.00	1,941	74.88
				23-Jan-09	62.00	11,115	
				21-Jan-09	62.00	32,761	
Feb '09	4-Feb-09	75.30	32,404	26-Feb-09	50.05	67,407	62.83
Mar '09	23-Mar-09	61.95	38,053	6-Mar-09	45.10	128,209	53.39
Apr '09	22-Apr-09	87.35	720,407	1-Apr-09	54.95	14,580	68.70
May '09	29-May-09	131.15	412,416	4-May-09	70.20	20,700	89.55
Jun '09	29-Jun-09	164.70	304,211	9-Jun-09	123.00	80,203	141.38

(Source BSE Website)

Month	Date	High (Rs)	Volume (No of shares)	Date	Low (Rs)	Volume (No of shares)	Average Closing (Rs)
Dec '08	22-Dec-08	94.75	29,933	2-Dec-08	59.95	12,179	81.12
Jan '09	13-Jan-09	94.35	14,726	30-Jan-09	61.10	5,507	74.73
				28-Jan-09	61.10	6,500	
Feb '09	9-Feb-09	76.50	45,349	26-Feb-09	50.05	120,827	63.07
Mar '09	24-Mar-09	63.35	29,484	6-Mar-09	45.15	184,869	53.57
Apr '09	22-Apr-09	88.70	933,686	1-Apr-09	54.10	20,723	68.67
May '09	29-May-09	130.60	768,435	7-May-09	71.10	29,358	90.09
Jun '09	30-Jun-09	165.00	223,930	9-Jun-09	121.50	155,484	141.36

(Source NSE Website)

Market Price on the first working day following the Board Meeting approving the Qualified Institutional Placement, in this case, June 4, 2009.

Date	Open	High	Low	Close
5-Jun-09	139.85	151.85	138.10	140.30

(Source BSE Website)

Date	Open	High	Low	Close
5-Jun-09	140.00	152.00	138.75	141.40

(Source NSE Website)

Details of the total volume of equity shares traded on BSE during the last six months from the date of filing of the Placement Document with the Stock Exchange.

Month	Volume
Dec '08	131,211
Jan '09	180,184
Feb '09	1,450,229
Mar '09	691,279
Apr '09	1,570,373
May '09	1,937,212
Jun '09	3,745,449

(Source BSE Website)

Details of the total volume of equity shares traded on NSE during the last six months from the date of filing of the Placement Document with the Stock Exchange.

Month	Volume
Dec '08	350,817
Jan '09	319,999
Feb '09	2,082,633
Mar '09	1,056,274
Apr '09	2,122,856
May '09	3,484,041
Jun '09	5,845,143

(Source NSE Website)

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar) based on the reference rates released by the Reserve Bank of India. In 1994, the Rupee was permitted to float fully for the first time. The exchange rate as at 31 March 2009 was Rs. 50.95 = U.S. $1.00. (Source: Reference rate as released by the Reserve Bank of India). No representation is made that the Rupee amounts actually represent such amounts in U.S. dollars or could have been or could be converted into U.S. dollars at the rates indicated, any other rates or at all.

Rupees per US dollar	**Year ended 31st December**			
	Period End	**Average**	**High**	**Low**
2003……………	45.61	46.15	47.46	45.27
2004……………	43.58	45.33	46.46	43.39
2005……………	45.07	44.11	46.33	43.30
2006……………	44.23	45.33	46.95	44.07
2007……………	39.41	41.29	44.61	39.27
2008……………	48.45	43.42	50.52	39.27
	Quarter (3 months) ending			
Mar '08	39.97	39.78	40.77	39.27
Jun '08	42.95	41.73	43.15	39.89
Sep '08	46.94	43.75	46.94	41.89
Dec '08	48.45	48.76	50.52	46.88
Mar '09	50.95	49.76	52.06	48.37
Jun ‘09	47.87	48.67	50.53	46.84

Source: Reserve Bank of India

USE OF PROCEEDS

The total proceeds of the Issue will be Rs. 2,257.7 million. After deducting Management and Placement fees, but before deducting other associated expenses, the net proceeds of the Issue are estimated to be approximately Rs. 2,192 million.

Subject to compliance with applicable laws, rules and regulations, our Company intends to use the net proceeds received from the Issue towards disbursement of housing and related loans and for general corporate purposes.

In accordance with the policies set up by the Board, the management can exercise flexibility in deploying the proceeds received by us from this Issue. Pending utilization for the purposes described above, the Company intends to use the proceeds temporarily to invest in Mutual Funds. Such investments would be in accordance with the investment policies approved by the Board of Directors of the Company from time to time in accordance with the applicable laws, rules and regulations.

The proceeds for the issue in part / full shall be invested in Mutual Funds and / or Money market instruments in the interim period unto their deployment towards the desired use/s mentioned hereinabove. The Company shall continue to invest available proceeds in part / full as per the Company's Investment Policy ratified by our Board of Directors from time to time.

CAPITALIZATION

The following table shows as at March 31, 2009:

- Our Company's actual capitalization;
- Our Company's capitalization as adjusted for the Issue, each on a consolidated basis

This table should be read in conjunction with our Company's audited financial statements as of and for the year ended March 31, 2009, the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial statements and information contained elsewhere in this Placement Document.

Particulars	**As at March 31, 2009** ***(Rs. in million)***	**As at March 31, 2009** ***(US$ million)***	**As adjusted for the Issue** ***(Rs. in million)***	**As adjusted for the Issue** ***(US$ million)***
Loan Funds:				
Secured Loans	60,398.9	1,282.9	60,398.9	1,282.9
Unsecured Loans	1,361.8	28.9	1,361.8	28.9
Total Debt	**61,760.7**	**1,311.8**	**61,760.7**	**1,311.8**
Shareholders' Funds:				
Equity Shares of par value Rs.10 each, subscribed and paid up	605.2	12.9	765.4	16.3
Redeemable 1% Non-Convertible Preference Shares	30.0	0.6	30.0	0.6
Reserves and surplus	4,056.3	86.2	6,153.9	130.7
Share Application Money	560.0	11.9	560.0	11.9
Total Shareholders' Funds	**5,251.5**	**111.5**	**7,509.3**	**159.5**
Minority Interest	**203.1**	**4.3**	**203.1**	**4.3**
Total Capitalization	**67,215.4**	**1,427.7**	**69,473.1**	**1,475.6**

INR/USD = 47.08 as of June 05, 2009

The authorized capital of the Company is Rs. 2,500 million divided into Rs. 175.0 million equity shares, 75.0 million preference shares. The issued capital is 61,213,944 Equity Shares of face value Rs. 10 each and 3,000,000 Redeemable 1% Non-Convertible Preference Shares of Rs. 10 each.

The subscribed and paid up capital is 60,522,975 Equity Shares of face value Rs. 10 each and 3,000,000 Redeemable 1% Non-Convertible Preference Shares of Rs. 10 each, which are Redeemable on December 9, 2010.

An amount of Rs. 560.0 million has been brought in by the Promoters in the Company towards preferential issue of Equity Shares.

The Company has granted to certain permanent employees of the Company, 1,422,590 Stock Options convertible into 1,422,590 Equity Shares, which are pending conversion. The exercise price for such Stock Options is Rs. 53.65.

There has been no material changes in the capitalization statement of the Company since March 31, 2009. Since March 31, 2009 there has been no change in the contingent liability, borrowings, repayment thereof and guarantees issued by the Company.

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividend to its shareholders upon recommendation by its Board of Directors and on approval of the majority of the shareholders, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both.

Dividends are generally declared as a percentage of par value of a company's shares. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as on record date for which such dividend is payable. In addition, as is permitted by the Articles of Association, the Board may declare and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date, which is specified as the "record date" or "book closure date". No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of the equity shares held by him is outstanding. Dividend is payable within 30 days of approval by shareholders at the annual general meeting.

Our Company’s dividend policy is based on the need in balancing the twin objectives of appropriately rewarding shareholders with dividends and retaining capital to maintain a healthy Capital Adequacy Ratio. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, liquidity, capital requirements and overall financial condition.

The dividend declared by us on the Equity Shares during the last fiscal year has been presented below:

Particulars (Standalone)	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Shares			
Face value of Equity Shares (Rs. per share)	10.0	10.0	10.0
Interim Dividend (Rs. in million)	-	90.8	50.1
Final Dividend (Rs. in million)	151.3	60.5	75.2
Dividend Tax (Rs. in million)	25.8	25.8	21.0
Dividend per Equity Share (Rs.)	2.5	2.5	2.5
Dividend Rate (%)	25%	25%	25%
Redeemable 1% Non-Convertible Preference Shares			
Face value of Preference Shares (Rs. per share)	10.0	10.0	10.0
Interim Preference Dividend (Rs. in million)	-	-	0.08
Final Preference Dividend (Rs. in million)	0.69	0.67	0.14
Dividend Tax (Rs. in million)	0.12	1.14	0.03
Dividend per Equity Share (Rs.)	-	-	-
Dividend Rate (%)	1%	1%	1%
Optionally Convertible Preference Shares			
Face value of Preference Shares (Rs. per share)	-	25.0	25.0
Interim Preference Dividend (Rs. in million)	-	6.8	9.6
Final Preference Dividend (Rs. in million)	-	-	9.0
Dividend Tax (Rs. in million)	-	1.2	2.9
Dividend per Equity Share (Rs.)	-	-	-
Dividend Rate (%)	-	3.5%	3.5%
1% Cumulative Redeemable Preference Shares			
Face value of Preference Shares (Rs. per share)	-	-	-
Interim Preference Dividend (Rs. in million)	-	-	-
Final Preference Dividend (Rs. in million)	-	-	-
Dividend Tax (Rs. in million)	-	-	-
Dividend per Equity Share (Rs.)	-	-	-
Dividend Rate (%)	-	-	-

Under the current provisions of the Income Tax Act, 1961, a company has to pay 'dividend distribution tax" of 17% (inclusive of a surcharge on dividend distribution tax and education cess on dividend distribution tax and surcharge) on the total amount distributed as dividends. These taxes are not payable by the shareholders nor are they withheld or deducted from the dividend payments set forth above. For further details, see the section tilted “Taxation”.

The form, frequency and amount of future dividends on the Shares will depend upon our earnings, cash flow, financial conditions and other factors and shall be at the discretion of the Board.

OUR SELECTED HISTORICAL FINANCIAL INFORMATION

The selected consolidated financial information as of and for the three years ended March 31, 2009, March 31, 2008 and March 31, 2007, as set forth below, have been derived from the audited financial statements beginning on page 148 of this Placement Document. The financial information of our Company included in this Placement Document does not reflect its results of operations, financial position and cash flows for the future and its past operating results are no guarantee of future operating performance. These audited financial statements are prepared and presented in accordance with Indian GAAP. For a summary on significant accounting policies and the basis of the presentation of the financial statements, please refer to the notes to the audited financial statements included in this Placement Document.

The selected financial and operational data set forth below should be read in conjunction with the Sections titled "Business Overview" and "Management's Discussion and Analysis of the Financial Condition and Results of Operations", and the audited Financial Statements beginning on pages 62, 42 and 148 respectively of this Placement Document.

Summary of Consolidated Balance Sheet for the last three financial years

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	635.2	675.2	742.9
Equity Share Warrants	-	-	25.0
Reserves and surplus	4,056.3	3,868.6	2,963.1
Share Application Money	560.0	-	-
Sub Total	**5,251.5**	**4,543.9**	**3,731.0**
Minority Interest	**203.1**	**186.7**	**176.0**
Loan Funds			
Secured Loans	60,398.9	40,499.5	30,979.2
Unsecured Loans	1,361.8	2,087.7	3,423.6
Sub Total	**61,760.7**	**42,587.2**	**34,402.8**
Deferred Tax Liability	43.7	42.5	35.2
Total	**67,259.1**	**47,360.3**	**38,345.0**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	627.2	562.8	532.3
Less : Accumulated Depreciation	120.0	99.3	79.8
Net Block	**507.2**	**463.6**	**452.5**
Housing and Other Loans	**61,358.5**	**44,690.4**	**35,531.8**
Investments	**945.9**	**885.0**	**822.6**
Current Assets, Loans and Advances	5,646.4	2,053.7	2,056.0
Less : Current Liabilities and Provisions	1,198.9	732.4	518.0
Net Current Assets	**4,447.5**	**1,321.3**	**1,538.0**
Total	**67,259.1**	**47,360.3**	**38,345.0**

Summary of Consolidated Profit and Loss Account for the last three financial years

(Rs. in million)

Particulars	For the financial year ended March 31,		
	2009	**2008**	**2007**
INCOME			
Income from Operations	7,311.5	5,539.3	3,568.1
Other Income	45.1	29.0	3.9
Total Income	**7,356.6**	**5,568.2**	**3,572.0**
EXPENDITURE			
Interest & Other Charges	5,221.7	3,882.3	2,466.8
Payment to and Provision for Employees	306.3	196.3	132.5
Operational & Other Expenses	419.2	297.1	231.0
Provision for contingencies	136.2	103.0	57.4
- Bad Debt Written Off	21.2	10.1	29.7
Less: Provision for Contingencies Reserve used for Bad Debts	(16.0)	(10.3)	(29.7)
Less: Transferred from General Reserves	(75.0)	(50.0)	-
Less: Transferred from Contingency Reserves I & II	(3.0)	-	-
Net	63.3	52.7	57.4
Total Expenditure	**6,010.6**	**4,428.4**	**2,887.6**
Profit Before Depreciation, Tax and exceptional items	**1,346.0**	**1,139.8**	**684.4**
Depreciation	26.5	23.6	21.5
Profit before tax and exceptional items	**1,319.6**	**1,116.2**	**662.9**
Add: Long term Capital gain on Sale of lease hold Land	-	-	-
Less: Provision for Taxation	349.0	249.6	124.7
Profit after tax (Before minority interest)	**970.5**	**866.6**	**538.2**
Add : Balance B/F from previous year	185.7	117.6	100.0
Less : Prior period adjustment	54.5	-	-
Less : Minority share in profits	16.5	10.7	23.0
Profit Available for Appropriation	**1,085.2**	**973.5**	**615.2**
Special Reserve under Section 36(l)(viii) of the Income Tax Act 1961	217.7	135.5	191.9
Transfer to General Reserve	457.5	457.5	127.5
Proposed Equity dividend	158.4	62.2	79.0
Proposed Preference Shares	0.7	0.7	9.2
Interim Dividend Paid on Equity	0.3	95.2	53.7
Interim Dividend Paid on Preference Shares	-	6.8	9.7
Tax On Dividend	28.8	30.0	26.7
Surplus carried to Balance Sheet	**221.8**	**185.7**	**117.6**
EPS	**15.8**	**15.0**	**9.8**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated below, the following discussion and analysis of our financial condition is based on our audited financial statements as of and for year ended March 31, 2007, March 31, 2008, March 31, 2009 referred to in this Placement Document as the "Financial Statements" This discussion should be read together with "Financial Statements" and related annexure and notes included elsewhere in this Placement Document. We prepare our Financial Statements in accordance with Indian GAAP, which differs in some respects from U.S. GAAP.

Overview

DHFL has been in the business of housing finance since 1984. Our Company has successfully grown over the years to be recognized as one of the leading players in the industry. We exert a pan-India presence and plan to boost our operations to tap the burgeoning markets in the Northern and North-Eastern parts of India. As on 31st March, 2009, we cover 298 locations across India via our captive network and third-party tie-ups.

We have been able to maintain our statutory ratios at comfortable levels, and have succeeded in curtailing out NPA levels over the years, and we expect to maintain our performance going forward.

Our Consolidated Operational Income and Profit after Tax (PAT) for the financial year ending March 31, 2009 is Rs. 7,356.6 million and Rs. 970.5 million respectively and Standalone Operational Income and Profit after Tax (PAT) for the year ending March 31, 2009 is Rs. 6,935.9 million and Rs. 917.6 million respectively. Our Company's revenue and Profit after tax has grown at a CAGR of 43.5% and 34.3% respectively from fiscal 2007.

Factors affecting Results of Operation

Our Company's results of operations have been, and will be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that senior management believe have affected our results of operations during the period under review or could affect our results of operations in the future. Differences in the timing of the impact of certain of these factors may make it difficult to compare our financial information for the period under review. For a discussion of certain additional factors that may adversely affect our results of operations and financial condition, please refer Section titled "Risk Factors" on page 18 of this Placement Document.

Our financial condition and results of operations are affected by numerous factors and the following are of particular importance.

- **Changes in Government policy relating to the Housing Finance industry.**

  The Indian government has implemented policies to sustain the growth of the Housing Finance industry, including policies such as stipulation to maintain Capital Adequacy Ratio, provisions for contingency, disclosure of Non Performing Assets etc. Any modification or withdrawal of these policies could adversely impact the profitability of Housing Finance companies in general and may also adversely affect our financial results and operations.

- **Credit Risk**

  Credit risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations. The credit risk arises because of the quality of the loan portfolio and it is extremely important to control this risk in Housing Finance Industry. Any inability to control such risk could adversely affect our financial results and operations.

- **Volatility in the interest rate of borrowings**

  In recent past we have seen a substantial increase in the cost of borrowing on account of high interest rate which result into mismatch of the profile of Assets and liabilities. Any volatility in the interest rate could adversely affect our results of operations.

- **Our ability to manage growth**

We have experienced rapid growth in the past three years, which creates pressure and increasing demand on our management and other resources. Any inability to address the challenges associated with such rapid expansion will adversely affect our financial results and operations.

- **Liquidity Risk**

  Managing liquidity risk is essential to maintain the confidence of depositors and counterparties. Any inability to meet our financial obligation in a timely manner, could affect our business of operation and future growth of our Company.

- **Leveraging Risk**

  Our Company has maintained the Capital Adequacy above 12% which is stipulated by NHB. This enables to pursue growth and fosters confidence of debt providers and rating agencies. Our inability to maintain capital adequacy requirement could impact long term solvency and could affect our business growth.

Our Results of Operations

The following table presents selected financial information that has been derived from our audited consolidated financial statement of our Company for the year ending March 31, 2007, March 31, 2008 and March 31, 2009.

(Rs. in million)

Particulars	**For the financial year ended March 31,**					
	2009	**% of total Income**	**2008**	**% of total Income**	**2007**	**% of total Income**
INCOME						
Income from Operations	7,311.5	99.4%	5,539.3	99.5%	3,568.1	99.9%
Other Income	45.1	0.6%	29.0	0.5%	3.9	0.1%
Total Income	**7,356.6**	**100.0%**	**5,568.2**	**100.0%**	**3,572.0**	**100.0%**
EXPENDITURE						
Interest & Other Charges	5,221.7	71.0%	3,882.3	69.7%	2,466.8	69.1%
Payment to and Provision for Employees	306.3	4.2%	196.3	3.5%	132.5	3.7%
Operational & Other Expenses	419.2	5.7%	297.1	5.3%	231.0	6.5%
Provision for contingencies	136.2	1.9%	103.0	1.8%	57.4	1.6%
- Bad Debt Written Off	21.2	0.3%	10.1	0.2%	29.7	0.8%
Less: Provision for Contingencies Reserve used for Bad Debts	(16.0)	-0.2%	(10.3)	-0.2%	(29.7)	-0.8%
Less: Transferred from General Reserves	(75.0)	-1.0%	(50.0)	-0.9%	-	
Less: Transferred from Contingency Reserves I & II	(3.0)	0.0%	-		-	
Net	63.3	0.9%	52.7	0.9%	57.4	1.6%
Total Expenditure	**6,010.6**	**81.7%**	**4,428.4**	**79.5%**	**2,887.6**	**80.8%**
Profit Before Depreciation, Tax and exceptional items	**1,346.0**	**18.3%**	**1,139.8**	**20.5%**	**684.4**	**19.2%**
Depreciation	26.5	0.4%	23.6	0.4%	21.5	0.6%
Profit before tax and exceptional items	**1,319.6**	**17.9%**	**1,116.2**	**20.0%**	**662.9**	**18.6%**
Add: Long term Capital gain on Sale of lease hold Land	-		-		-	
Less: Provision for Taxation	349.0	4.7%	249.6	4.5%	124.7	3.5%
Profit after tax (Before minority interest)	**970.5**	**13.2%**	**866.6**	**15.6%**	**538.2**	**15.1%**
Add : Balance B/F from previous year	185.7	2.5%	117.6	2.1%	100.0	2.8%
Less : Prior period adjustment	54.5	0.7%	-		-	
Less : Minority share in profits	16.5	0.2%	10.7	0.2%	23.0	0.6%
Profit Available for Appropriation	**1,085.2**	**14.8%**	**973.5**	**17.5%**	**615.2**	**17.2%**
Special Reserve under Section 36(l)(viii) of the Income Tax Act 1961	217.7	3.0%	135.5	2.4%	191.9	5.4%

Transfer to General Reserve	457.5	6.2%	457.5	8.2%	127.5	3.6%
Proposed Equity dividend	158.4	2.2%	62.2	1.1%	79.0	2.2%
Proposed Preference Shares	0.7	0.0%	0.7	0.0%	9.2	0.3%
Interim Dividend Paid on Equity	0.3	0.0%	95.2	1.7%	53.7	1.5%
Interim Dividend Paid on Preference Shares	0	0.0%	6.8	0.1%	9.7	0.3%
Tax On Dividend	28.8	0.4%	30.0	0.5%	26.7	0.7%
Surplus carried to Balance Sheet	**221.8**	**3.0%**	**185.7**	**3.3%**	**117.6**	**3.3%**
EPS	**15.8**	**0.2%**	**15.0**	**0.3%**	**9.8**	**0.3%**

Income from Operation

Our consolidated income from operation comprises mainly the interest income on housing loan disbursed to our customers. We also generate revenue from deposits, bonds, mutual funds and other miscellaneous income.

(Rs. in million)

Particulars	**For the financial year ended March 31,**		
	2009	**2008**	**2007**
Interest – Loans	6,803.6	4,962.8	3,323.9
Interest – Others	134.1	107.5	77.5
Fees & Other Services	176.1	108.1	70.7
Other Operational Treasury Income	197.6	360.9	96.1
Grand Total	**7,311.5**	**5,539.3**	**3,568.1**

Our consolidated income from operation increased to Rs.7,311.5 million in fiscal 2009 from 3,568.1 million in fiscal 2007. Our revenue has grown by 32.0% and 55.2% in fiscal 2009 and fiscal 2008 respectively. Our revenue has grown at a CAGR of 43.1% during the last two years. Our weighted yield on loan book was 11.6% in fiscal 2007 which has increased to 13.2% in fiscal 2009.

We recognize interest income on performing assets on accrual basis and on non performing assets on realization basis as per the prudential guidelines prescribed by the National Housing Bank. Dividend on investment, fees and additional interest income on delayed EMI/PEMI are recognized on receipt basis.

Interest and other Charges

Our interest cost comprises mainly the cost of borrowed funds from Banks and financial institutions. It also comprises the interest towards deposits, Debenture interest and other charges.

(Rs. in million)

Particulars	**For the financial year ended March 31,**		
	2009	**2008**	**2007**
Interest on Loans	4,613.4	3,287.1	2,002.6
Interest on Deposits	42.9	46.5	57.4
Interest on Debentures	542.0	546.5	394.8
Interest on Others	20.6	2.2	10.9
Finance Charges	2.8	-	1.1
Grand Total	**5,221.7**	**3,882.3**	**2,466.8**

Our consolidated interest and other charges has increased from Rs. 2,466. 8 million i.e. 69.1% of total income during fiscal 2007 to Rs.5,221.7 million i.e. 71.0% of total income during fiscal 2009. On a Year-on-Year basis, our interest expenses have increased by 34.5% in fiscal 2009 and 57.4% in fiscal 2008. The reason for increase in expenses is mainly on account of increase in the rate of interest prevailing in the market. The average cost of funds was 9.3% in fiscal 2007 which has increased to 10.1% in fiscal 2009.

Employee & Operational Expenses

(Rs. in million)

Particulars	For the financial year ended March 31,		
	2009	2008	2007
Salaries and Bonus	278.1	171.1	103.08
Staff Welfare Expenses	14.9	14.1	21.80
Contribution to Provident Fund & Other Funds	13.3	11.1	7.58
Operational expenses	419.2	297.1	231.0
Grand Total	**725.5**	**493.4**	**363.5**

Our operational expenses for the fiscal 2009 were Rs.725.5 million i.e. 9.9% of total income compared to Rs.363.5 million i.e. 10.2% during fiscal 2007. Our operating costs have grown at a CAGR of 41.3% over the last two years. The share of operational costs in total income has decreased by 30 bps of total income mainly on account of our ability to generate more revenue with available fixed resources.

Dividend

Our Company has declared an interim dividend of 15% on the Equity Shares for the financial year 2008-09. Further, our Company has also declared a final dividend of 10% for the financial year 2008-09. In financial year 2007-08, our Company had declared an interim dividend of 15% and final dividend of 10% to the equity shareholders.

Debt Structure – Secured Loans

(Rs. in million)

Particulars	As at the financial year ended March 31,		
	2009	2008	2007
From National Housing Bank	10,534.4	4,157.1	4,038.2
From Scheduled Banks	43,968.2	31,600.4	22,502.3
Foreign Currency Loan From Scheduled Banks	-	-	-
From Financial Institutions	1,100.9	1,320.9	1,479.7
Non-Convertible Debentures	4,795.5	3,421.1	2,868.3
Interest accrued and due	-	-	90.7
Grand Total	**60,398.9**	**40,499.5**	**30,979.2**

Our Outstanding Secured Loans as on March 31, 2009 was Rs. 60,398.9 million compared to Rs. 30,979.2 million in fiscal 2007, recording a CAGR of 39.6%. During the financial year ending March, 2009, The National Housing Bank extended refinance to our Company aggregating to Rs.10,534.4 million, a compounded growth of 61.5% over the two year period ending March '09. During the year ended March 31, 2009, our Company availed a term loan of Rs.45,069.1 million from Scheduled Banks and Financial Institutions.

Housing Loans Approvals and Disbursements

Loan sanctions during the year ended March 31, 2009, were Rs. 27,105.1 million as against Rs. 15,028.9 million in the fiscal 2007, representing a CAGR of 34.3%. Loan disbursements during the year ended March 31, 2009 were Rs. 22,660.2 million as against Rs. 14,728.7 million in the fiscal 2007, representing a CAGR of 24.0% over the period.

(Rs. in million)

Particulars	2009	2008	2007
Disbursements	22,660.2	17,615.3	14,728.7
Sanctions	27,105.1	20,095.5	15,028.9

The growth of DHFL's housing loan business has continued to be good throughout. In value terms, housing loan sanctions have shown a CAGR of 35.0% and disbursements have shown a CAGR of 32.5% over the period starting fiscal 2003 to fiscal 2009, despite stiff competition from other players in the market.

Capital Adequacy and Non Performing Assets

Our Company's Capital Adequacy ratio was stood at comfortable level of 16.21% in fiscal 2009 as against the minimum requirement of 12% stipulated by the National Housing Board (NHB). Our Net Non Performing Loans position improved to 1.03% of total loan portfolio in fiscal 2009 as compared to 1.05% in fiscal 2007. Our Company has made adequate provisions for the assets on which installments are overdue for more than three months. Our Company has initiated various measures for speedy recovery and also taken action under the Securitization and reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

(Rs. in million)

Particulars	**March 31, 2009**	**March 31, 2008**	**March 31, 2007**
Capital Adequacy Ratio	16.2%	16.7%	14.1%
Total Loan Portfolio	58,066.3	41,580.7	33,019.7
Gross Non Performing Assets	856.1	666.2	438.7
% of NPA of the total loan portfolio	***1.03***	***1.17***	***1.23***

Investments:

(Rs. in million)

Particulars		**As at the financial year ended March 31,**		
		2009	**2008**	**2007**
Investment in Equity shares	**[A]**	217.8	96.7	33.2
Mutual Funds	**[B]**	601.1	659.0	619.3
Bonds Redeemable (Fully Paid)	**[C]**	141.8	141.8	185.4
Total Investments	**[A+B+C]**	**960.7**	**897.6**	**837.9**
Less : Provision for diminution in the value of investment		14.8	12.6	15.2
Net Investments		**945.9**	**885.0**	**822.6**
Market value of quoted Investments		**411.5**	**1,784.3**	**9.7**

Fixed Assets:

Our gross block of fixed assets (including Capital Work in Progress) as on March 31, 2009 was at Rs. 627.2 million as against Rs. 532.3 million as at March 31, 2007. We charge depreciation on fixed assets on Written Down Value Method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on Fixed Assets added/disposed off during the year is provided on pro-rata basis.

Related Party Transaction

We have entered into transactions with a number of related parties. For details regarding our related party transactions, please refer the disclosures given in section titled "Financial Statements" on page 148 of this Placement Document.

Comparison of Financials for the year ended March 31, 2009 vis-à-vis March 31, 2008

Income from Operation

Our Income from Operation mainly consists of interest on housing loan disbursed to our customers. Our income from operation during fiscal 2009 increased to Rs. 7,311.5 million compared to Rs. 5,539.3 million in fiscal 2008 representing a growth of 32.0% over the previous year. During the fiscal 2009, our weighted yield on loan book increased to 13.2% as against 12.9% in fiscal 2008 even in a hardening interest rate scenario during the fiscal 2009.

Non-core income contributed Rs. 45.1 million i.e. 0.6% of total income during the fiscal 2009 compared to Rs. 29.0 million i.e. 0.5% of total income during fiscal 2008.

Interest and Other Charges

Our interest and other expenses has increased from Rs. 3,882.3 million i.e. 69.7% of total income in fiscal 2008 to Rs. 5,221.7 million i.e. 71.0% of total income in fiscal 2009. The main reason for increase of interest cost is mainly on account of increase in the rate of borrowed funds during the course of fiscal 2009. Our average cost of funds has been maintained at 10.12% in fiscal 2009 compared to 10.08% in fiscal 2008.

Provisions for Contingencies

During the financial year ended March 31, 2009, we have provided Rs. 136.2 million for provisions and contingencies as compared to Rs. 103.0 million in the corresponding previous year. The provision for contingencies has increased from 1.8% of total income in fiscal 2008 to 1.9% in fiscal 2009.

Earning before Depreciation, Tax and Amortization (EBDTA)

Our EBDTA during the fiscal 2009 was Rs. 1,346.0 million i.e. 18.3% of total income vis-à-vis Rs. 1,139.8 million i.e. 20.5% of total income during the fiscal 2008. Our EBDTA margin has declined by 2.2% of total income mainly on account of increase in the cost of borrowed funds. During the year, our average cost of borrowed funds has increased to 10.12% during fiscal 20009 vis-à-vis 10.08% in fiscal 2008.

Depreciation and Amortization

Depreciation pertains to the depreciation on Building, Computers, Office equipments, Vehicles and Furniture & Fixtures. Depreciation charged on fixed assets was Rs. 26.5 million in fiscal 2009 vis-à-vis Rs. 23.6 million during the fiscal 2008. We charge depreciation on fixed assets on Written Down Value (WDV) Method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Provision for taxation

During the fiscal 2009, our Company has provided Rs. 349.0 million i.e. 4.7% of total income for taxation purposes vis-à-vis Rs. 249.6 million i.e. 4.5% of total income in fiscal 2008.

Profit after tax and before minority interest and exceptional item

Profit after tax and before minority interest and exceptional item was Rs. 970.5 million in fiscal 2009, which constituted 13.2% of the total income, vis-à-vis Rs. 866.6 million in the fiscal year 2008 constituting 15.6% of total income. Our profit margin was declined by 2.4% of total income during the fiscal 2009 mainly on account of increase in the rate of interest on borrowed funds as explained above.

Contingent Liabilities

As of March 31, 2009, our contingent liability consists of guarantees provided by our Company amounting to Rs.108.5 million and as of March 31, 2008 it was Rs.21.5 million.

Comparison of Financials for the year ended March 31, 2008 vis-à-vis March 31, 2007

Income from Operation

Our Income from Operation mainly consists of interest on housing loan disbursed to our customers. Our income from operation increased from Rs. 3,568.1 million in fiscal 2007 to Rs. 5,539.3 million in fiscal 2008, representing the growth of 55.2% as compared to the previous year. During the fiscal 2008, our weighted yield on loan book improved to 12.9% from 11.6% in fiscal 2007. The reason for increase in interest income is mainly on account of increase in the disbursement by 19.6% and 32.7% during fiscal 2008 and 2007 respectively.

Non-core revenues contributed Rs. 29.0 million i.e. 0.5% of total income during the fiscal 2008 compared to Rs. 3.9 million i.e. 0.1% of total income during fiscal 2007.

Interest and Other Charges

Our interest and other expenses has increased by 0.6% of total income from Rs. 2,466.8 million i.e. 69.1% of total income in fiscal 2007 to Rs. 3,882.3 million i.e. 69.7% of total income in fiscal 2008. The main reason for increase of interest cost is mainly on account of increase in liability towards interest on bank loans and debentures.

Provisions for Contingencies

During the financial year ended March 31, 2008, we have provided Rs. 103.0 million for provisions and contingencies as compared to Rs.57.4 million in the previous year. The provisions for contingencies has increased from 1.6% of total income in fiscal 2007 to 1.8% in fiscal 2008.

Earning before Depreciation, Tax and Amortization (EBDTA)

Our EBDTA during the fiscal 2008 was Rs. 1,139.8 million i.e. 20.5%of total income vis-à-vis Rs. 684.4 million i.e. 19.2%of total income during the fiscal 2007. Our EBDTA margin have increased by 1.30% of total income mainly on account of lower operational costs which accounted for 10.2% of total income in fiscal 2007 compared to 8.9% in fiscal 2008.

Depreciation and Amortization

Depreciation pertains to the depreciation on Building, Computers, Office equipments, Vehicles and Furniture & Fixtures. Depreciation charged on fixed assets was Rs. 23.6 million in fiscal 2008 vis-à-vis Rs. 21.5 million during the fiscal 2007. We charge depreciation on fixed assets on Written Down Value (WDV) Method at rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Provision for taxation

During the fiscal 2008, our company has provided Rs. 249.6 million i.e. 4.5% of total income for taxation vis-à-vis Rs. 124.7 million i.e. 3.5% of total income in fiscal 2007.

Profit after tax and before minority interest and exceptional item

Profit after tax and before minority interest and exceptional items was Rs. 866.6 million in fiscal 2008 vis-à-vis Rs. 538.2 million in fiscal year 2007. Our profit margin increased by 0.50% of total income during the fiscal 2008 mainly on account of decline in proportion of operating costs as explained above.

Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have historically financed our working capital and capital expenditure requirements primarily through fresh issue of capital, funds generated from our operations and financing from banks / other financial institutions in the form of term loans and working capital facilities. In many cases, significant amounts of our working capital are required to finance the housing loans to the customers. We believe that we will have sufficient capital resources from our operations, net proceeds of this Issue and borrowings to meet our capital requirements for at least the next 12 months.

Statement of Cash flows

The following table sets out financial information derived from the cash flow statements of our company. The table below summarizes our cash flows for the periods indicated:

(Rs. in million)

Particulars	**For the year ended March 31,**		
	2009	**2008**	**2007**
Net cash Inflow/ (Outflow) from Operating activities	873.1	524.8	516.7
Net cash Inflow/ (Outflow) from Investing activities	6.7	410.2	6.7

Net cash Inflow/ (Outflow) from Financing activities	2,503.5	(1,172.2)	(201.8)
Net increase/ (decrease) in Cash and Cash equivalents	**3,383.3**	**(237.2)**	**382.2**

Operating Activities: Net cash generated from operating activities during the year ended March 31, 2009 was Rs.873.1 million. The operating profit before working capital changes was Rs. 1,207.3 million and the difference was largely due to increase in receivables and inventories.

Investing activities: Our investments are primarily to purchase fixed assets used in branch offices. During the year ended March 31, 2009, Rs. 66.9 million was deployed additionally towards purchase of fixed assets. The net cash used for our investment activities in fiscal 2009 was Rs.6.7 million. We deployed Rs. 195.6 million in fiscal 2009 towards purchase of treasury investments.

The net cash used for our investment activities in fiscal 2007 was Rs.6.7 million out of which Rs.27.2 million was used towards purchase of fixed assets and Rs.74.2 million towards treasury investments.

Financing activities: Net cash from financing activities was Rs.2,503.5 million during the year ended March 31, 2009 compared to Rs. (201.8) million during fiscal 2007.

Contingent Liabilities

As of March 31, 2008, our contingent liability consists of guarantees provided by our Company amounting to Rs.21.5 million and as of March 31, 2007 it was Rs.21.5 million.

Market Risks

Our Company is exposed to market risks and operational risk, including policy changes by the Government, changes in interest rates, Liquidity risk and Leveraging risk, however such risks historically have not a material impact on our results of operations or financial condition due to strong risk management policies in force. For more detail please refer to the Section titled “Business Overview” on page 62 of this Placement Document.

The information in this section is derived from various government publications and other industry sources. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Overview

The Indian Housing Sector

India's robust economic growth and the resultant increasing incomes are speeding up the pace of urbanization. This, along with the increasing finance penetration, has led to a housing boom in the past few years. The total stock of housing by 2013 is estimated at ~145.4 million units, of which urban areas would contribute 58.2 million units growing at a compound annual growth rate (CAGR) of 1.6% till 2013, while rural areas would contribute 87.2 million units growing at a compound annual growth rate (CAGR) of 2.1% till 2013. As of 2007 – 08, housing stock is estimated at 50.9 million urban units and 72.9 million rural units.

Increasing household formation, driven by growth in population, urbanization and income growth, is primarily driving demand for housing. This demand manifests through an increase in housing stock and area of stock.

Key demand drivers:

The demand for housing is a product of three different variables. First and foremost is the primary need that is driven by increasing population. Secondly, economic growth and consequent urban migration have caused changes in preferences towards more nuclear families, causing a perceptible lowering of the household size. Finally, increasing affordability has driven households to invest in larger houses, thereby increasing area requirements as they shift into the higher income class.

Demand driver	Units demand	FSA demand
Population growth	↑	↑
Urbanisation	↑	↓
Nuclearisation	↑	↓
Affordability	↑	↑
• *Income growth*		
• *Housing finance*		
• *Tax incentives*		

Source: CRISIL Research

- ***Increasing Population***

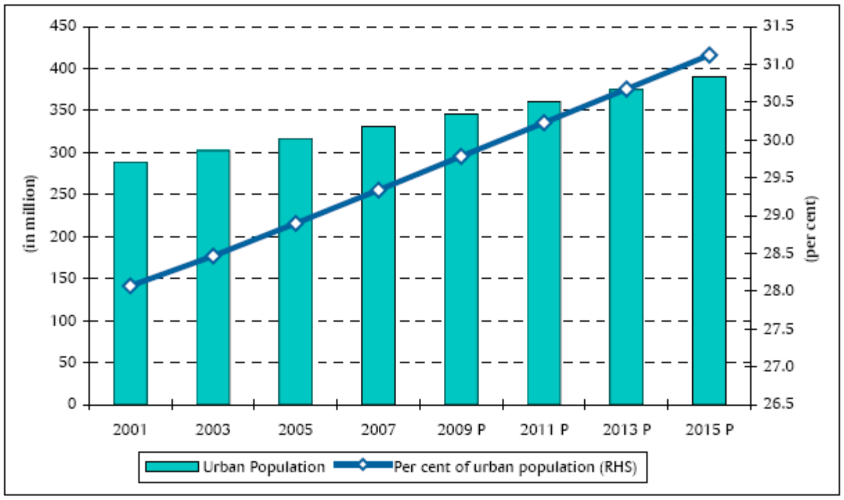
On a pan-India basis the total population of India is estimated to cross 1200 mn in the year 20012-13 as compared to around 1,100 million in the year 2006-07. At the same time there would be a steady decline in the growth rate of population from around 3 per cent in the year 2006-07 to 2.6 per cent in the year 2012-13.

The housing finance market would be affected by an increase in population in the 24-54 year age group earning bracket. The change in population dynamics is also a result of a growth in the services and retail segment, which may bring about more job opportunities. This might lead to an increase in population with higher disposable income.

- ***Urbanization***

The growth pattern of urban population as compared to the overall population of India is a bit different. The urban population has increased steadily in the past contributing to around 28 per cent in the year 2006-07 and is expected to reach to around 32 per cent in the year 2012-13. Also the growth in urban population is estimated to be 4.13 per cent which is twice the growth of rural population at around 1.95 per cent by the year 2012-13.

Thus with urbanisation the housing demand will step-up as on one hand it reduces the area per household and on the other hand it leads to an increasing need for more nuclear families, leading to formation of more number of households. Here the area is smaller when compared to the houses in the rural areas. At the same time the increased property prices increases the ATS and thus the disbursements.

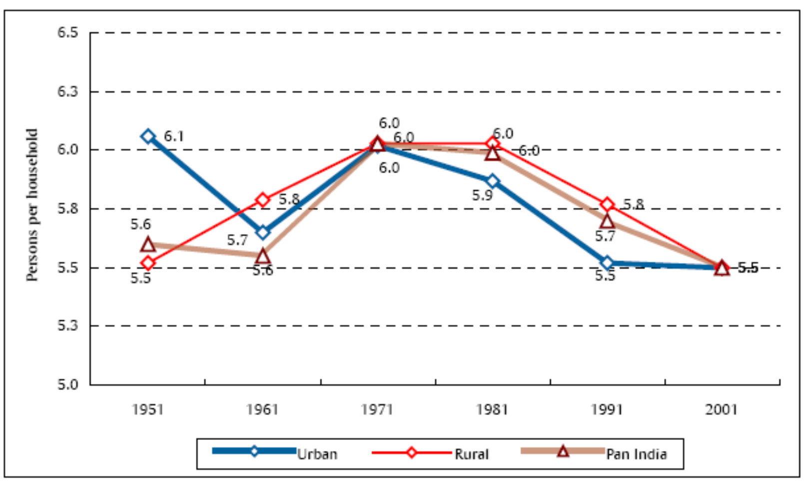


P: Projected

Source: CRISIL Research, India stat

- ***Nuclearisation***

Nuclearisation refers to the formation of nuclear families from joint families. Nuclearisation is primarily driven by employment-related migration, which is predominantly to urban areas.



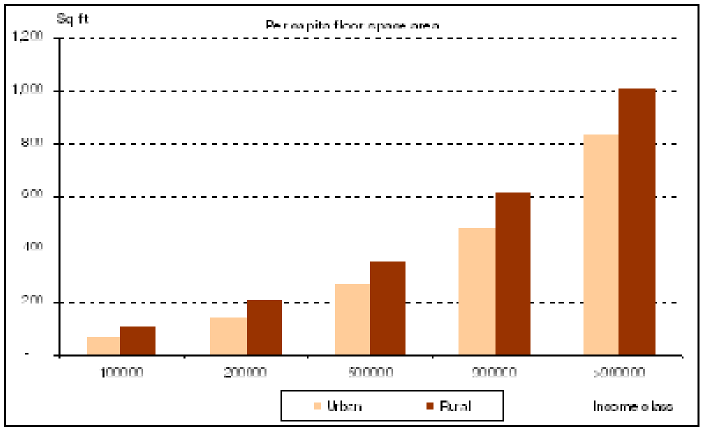
Source: Report on Trends and Progress of housing in India, June 2004

Source: CRISIL Research

Nuclearisation, like urbanization, has twin impact. It reduces the area per household, but increases overall household formation, thereby increasing the demand for housing units. The fact that urban house prices are higher also leads to buying smaller areas in comparable income categories. Hence, the difference in rural and urban areas per household has reduced at higher incomes as affordability is higher.

- ***Changing floor space requirements***

Floor space requirements increase with increasing incomes. Area available in rural areas is higher than that for urban areas in corresponding income brackets. With increasing incomes, the per capita floor space area (PCFSA) increases drastically.



Source: CRISIL Research

- ***Housing finance***

The penetration of housing finance has been a key driver of housing. Low interest rates in the past, along with increasing housing finance penetration, have driven the boom in house purchases. However, interest rates have seen an upward movement in the past few months. As a response, banks and financial institutions have offered home loans with increasing tenures. This avenue for reducing the impact of the rising interest rates has nearly been exhausted. Interest rate hikes bear a significant direct impact on household cash outflows.

The Housing Finance Industry

Equipped with a cost-of-fund advantage, banks have aggressively maintained interest rates at competitive levels to foster disbursement growth over the last 5 years. Also, their huge branch networks have helped increase the penetration of housing finance over the years. The low-interest-rate scenario, which gave rise to opportunity cost arbitrage, coupled with affordable property prices, has driven the disbursement growth of 34% CAGR over the past 5 years. Competition compelled the players to push up the loan-to-value (LTV) ratios to as high as 85% leading to an increase in demand.

Between 2001-02 and 2006-07, the average ticket size has grown 2.5 times for new urban houses and 2 times for new rural houses. However, in the last year or so, financers have become cautious about the risk attached with the asset, as property prices as well as interest rates have increased inordinately. To safeguard themselves, financers have decreased the average LTV for new disbursements resulting in slowdown in demand for the current year.

Critical Success Factors

The Indian Housing Finance industry is facing tough competition from banks and witnessing declining spread (for HFCs). Hence, the players should have sustainable advantages to remain profitable in the long-term.

a. Cost of Funds

Cost of funds is the most crucial determinant of profitability for HFCs in the housing finance business. After the entry of banks in this business, which have access to low cost deposits through their banking channels, the spread of the HFCs has come under pressure.

b. Intermediation cost

Intermediation cost or cost of operation is also critical in determining the profitability, more importantly from the point of view of HFCs. The average intermediation cost of HFCs ranges from 0.7 per cent to 1 per cent of average total assets (one time cost). Banks are also expected to have the average operating cost for housing finance operation in similar range.

c. ***Management of NPAs***

With declining spreads, one of the crucial factors determining the profitability of HFCs will be the management of NPAs and their recovery. Hence, credit appraisal mechanism and recoveries will assume significant importance.

d. ***Product features***

Housing Finance industry is being increasingly commoditised. Features like adjustable rate plans, lower processing fees, monthly rest, low interest rates, low EMI, lower margin money, have become common across the industry. As a result, loan products can be differentiated by offering free add-ons.

However, in future, add-ons may not remain the differentiating factor for the products. To make the loan products more attractive, finance companies have also begin to include the cost of registration, stamp duty, society charges and other associated costs while sanctioning loans. This has further lowered the threshold limit for purchasing a house.

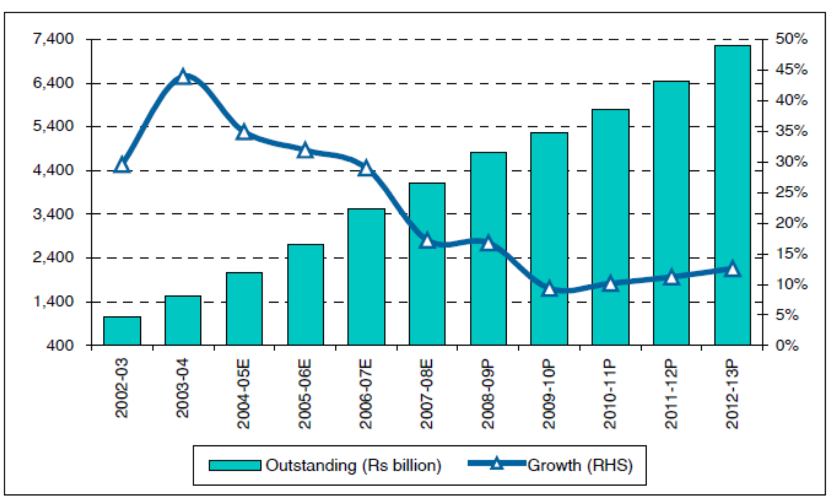
e. ***Distribution reach***

Distribution reach is critical for HFCs for deposit mobilization as well as loan disbursements. Banks enjoy a distinct advantage over the Housing Finance Companies in terms of having a branch presence across the country.

- ***Disbursements***

Interest rate movements, income levels and property prices play a crucial role in shaping the growth of housing finance in India. Disbursements in the housing finance sector, which grew at a robust 43% CAGR from 2000-01 to 2004-05, dropped to around 16% from 2004-05 till 2007-08. This initial growth was driven by the combined effect of a booming economy leading to higher income levels, low interest rates and steady property prices. However, during 2004-05 and 2007-08, housing prices and interest rates moved up and reduced affordability, which has been a key factor affecting disbursements.

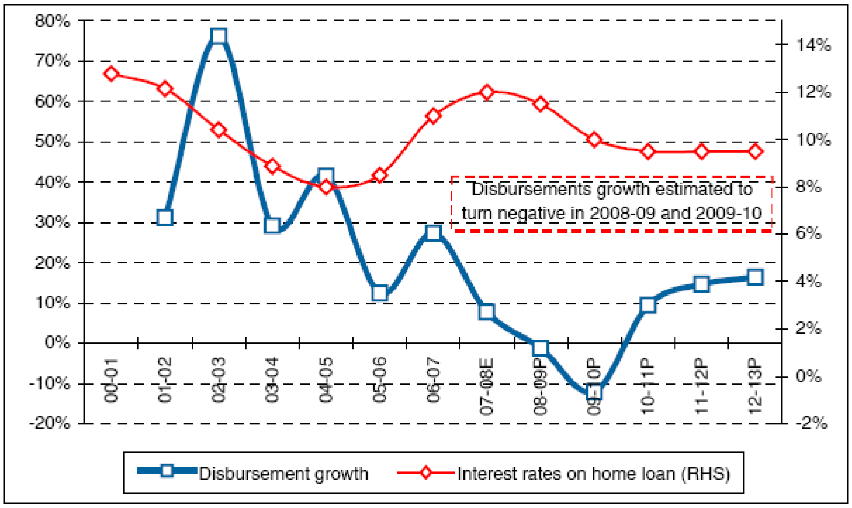
CRISIL Research estimates that housing finance disbursements are expected to register a *negative* growth of around 1% in 2008-09. Although the rise in interest rates (till the end of September 2008) slowed down growth in the housing finance market in the first half of 2008-09, factors such as property price movement and income levels determining affordability will remain dominant factors affecting growth in the housing finance market for the second half of 2008-09. *(Source: CRISIL Research, March 2009)*



E: Estimated; P: Projected

Source: CRISIL Research

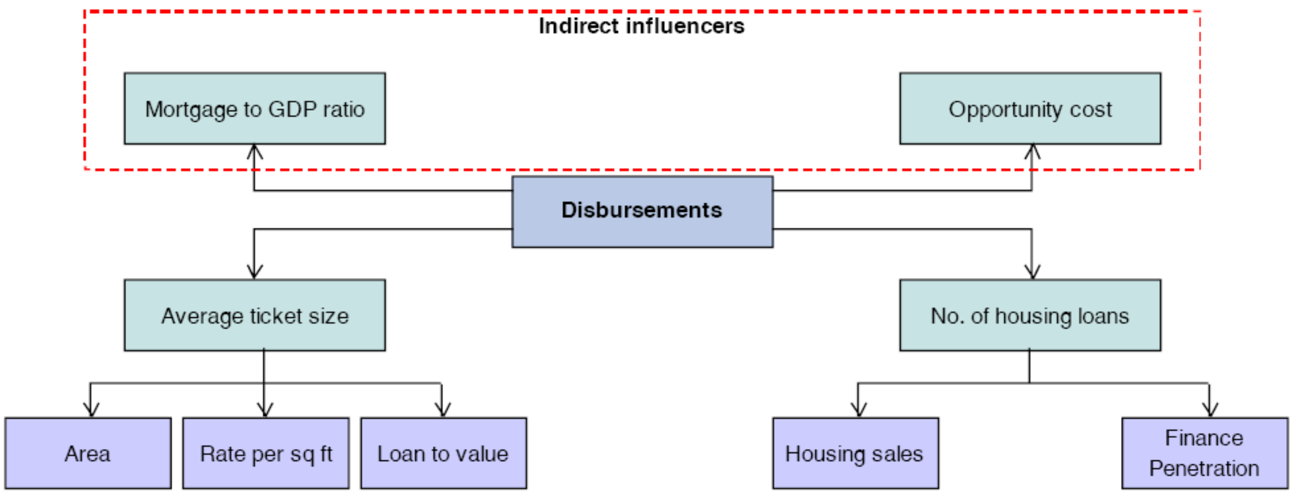
During 2002-03 and 2007-08, outstandings are estimated to have grown at a CAGR of about 31%, mainly on account of disbursements, which are estimated to have grown at 23%. Over the next 5 years, CRISIL Research expects an estimated 5% growth in disbursements and higher level of prepayments of around 11% in 2007-08.



E: Estimated; P: Projected

Source: CRISIL Research

Growth in disbursements have been positive but uneven, registering a maximum annual growth of 76% in 2002-03 and a minimum estimated growth of 8% in 2007-08 over the past 5 years. However, growth in outstandings were stable till 2006-07, but registered a lower growth of 17% in 2007-08 due to higher prepayment rates. Hence, we have analysed the behaviour of prepayments and its effect on the growth rate of outstanding in detail.



Source: CRISIL Research

Key Drivers of Disbursement Growth

The number of customers availing housing loans depends mainly on the growth of housing sales, besides the penetration of housing finance in this market, which has increased due to the aggressive strategies followed by banks over the past few years.

- ***Penetration***

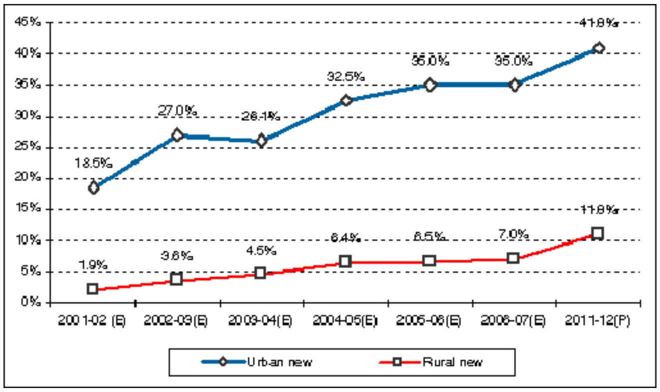
The penetration in urban areas is estimated to have increased to around 35% due to the following:

- Good branch network of financers
- Increasing acceptability of loans among customers, as property prices have moved up significantly
- Comfortable customer earning profile, as the majority of customers are from the salaried class
- Main contributor for priority sector lending in urban areas
- Comfort of financers in the sale of collateral in case of defaults

The penetration in rural areas is lower at about 6.5% as a result of the following:

- Private banks are yet to set up a good branch network in these areas
- Income of majority of people is from agriculture, which is seasonal in nature
- High risk on the resale value of the collateral in case of default, as it requires good local knowledge
- Agriculture loans are major drivers in the priority sector in these areas

Housing penetration is expected to improve slightly and reach 41% in urban areas and 11% in rural areas by 2011-12.



Source: CRISIL Research

- ***Average Ticket Size (ATS)***

The average ticket size for new homes is estimated to have grown at a CAGR of 18% or around 2.3 times in urban areas and at a CAGR of 12% or 1.7 times in rural areas over the past 5 years. The growth was essentially the result of higher property prices and LTV.

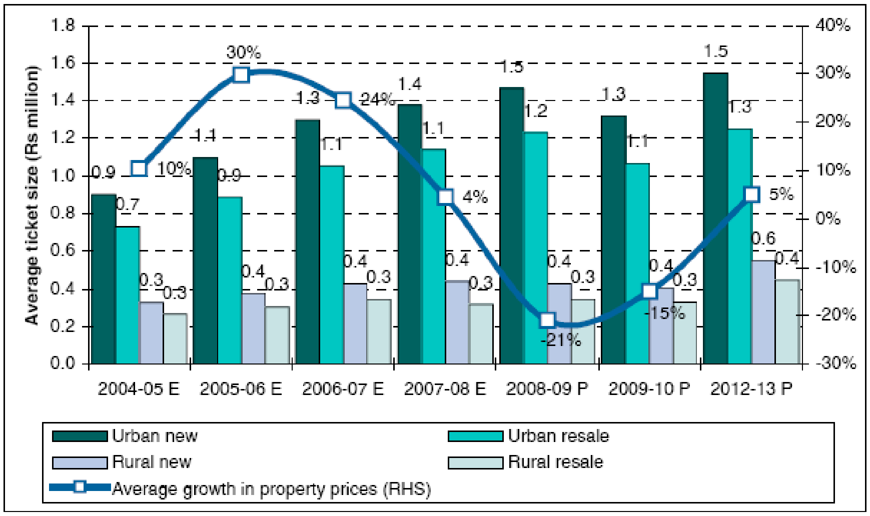
The ATS for new home loans in the year 2008-09 is expected to be around Rs. 1.47 million – higher than the estimated ATS of Rs. 1.38 million in 2007-08.

The decline in property prices largely started post the second quarter of 2008-09. The initial phase of decline in property prices might be attributable mainly to the discounts offered by builders. Underwriting norms like LTV were still at higher levels prior to the second half of 2008-09; post that, financiers tightened their belts by adopting stringent credit norms in terms of LTV. Therefore, a marginal decline in LTV in 2008-09 coupled with houses coming with wider average square feet area as compared to the past led to an increase in ATS.

ATS for new home loans is estimated to decline by around 10% in 2009-10 to around Rs 1.32 million. This reduction is most likely to be a result of a decline in average prices per square feet of around 10-15 per cent in 2009-10 as compared to 2008-09 and also due to financiers adopting stringent underwriting norms.

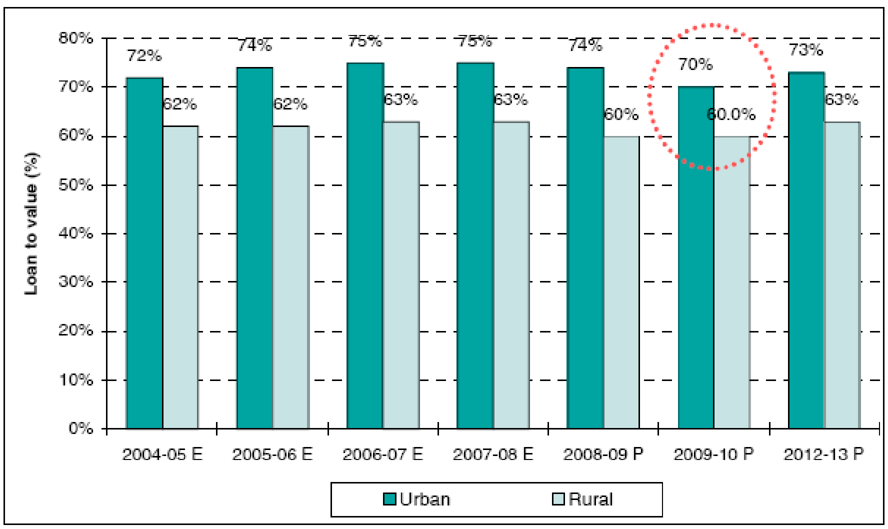
The loan to value ratio has been rising over the years, due to the sharp increase in property prices. Escalating property prices reduce the proportion of loan in the property value, leading to a more comfortable scenario for financers. However, the recent correction in the real estate markets has made financers more cautious. Also, the income rise in the past few years has not been commensurate with the increase in property prices. As a result, financers have reduced the LTV levels to 70% on incremental disbursements LTV in urban areas is estimated to decline to its historical levels of around 70 per cent in 2009-10 from 74% in 2008-09, on incremental disbursements contributing to the decline in growth of ATS.

Average ticket size for new houses



E: Estimated; P: Projected

Source: CRISIL Research



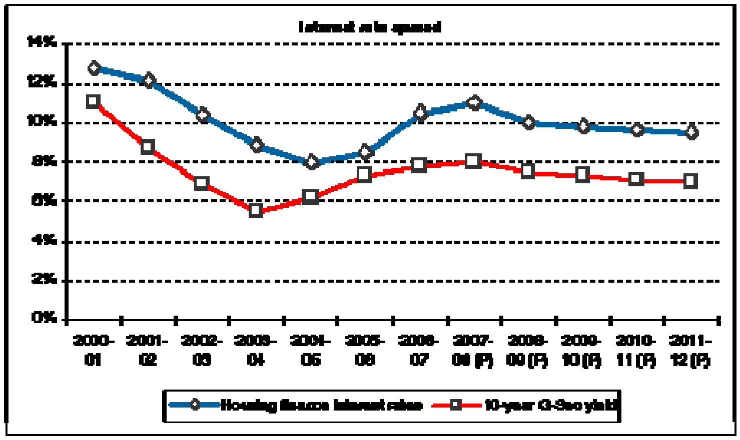
E: Estimated; P: Projected

Source: CRISIL Research

- ***Opportunity cost arbitrage***

The tax rebate on housing loans and the declining interest rate environment since 2003-04 caused effective interest rate on housing loans to be lower than 5-year fixed deposit rates. In such a scenario, any person would prefer to place available funds in fixed deposits and avail a loan to buy the house. Such a scenario has been prevailing in the housing finance market since 2003-04, resulting in huge disbursement growth.

Housing finance rates

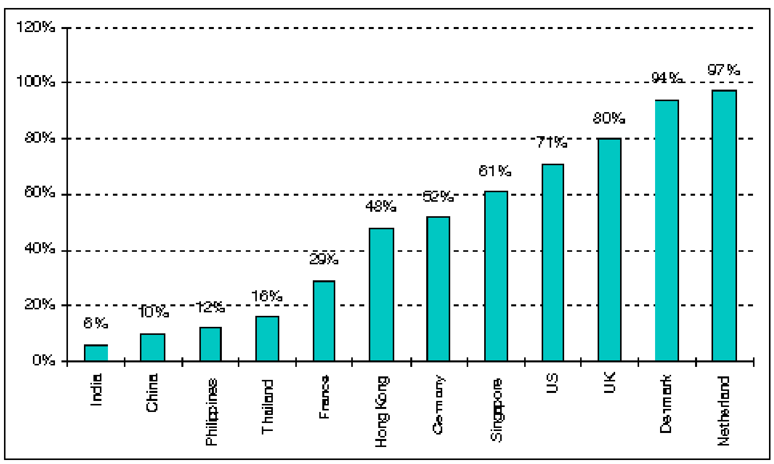


CRISIL Research

- ***Mortgage to GDP lowest among the region***

India has the lowest mortgage to GDP ratio; even countries affected by the Asian crisis have a higher ratio. Hence, it shows that India is highly underleveraged as compared with other countries. As India's GDP grows, it could cause a rise in income levels and boost the credit offtake in the economy, leading to the mortgage to GDP ratio moving upwards.

Mortgage to GDP Ratio (2007)



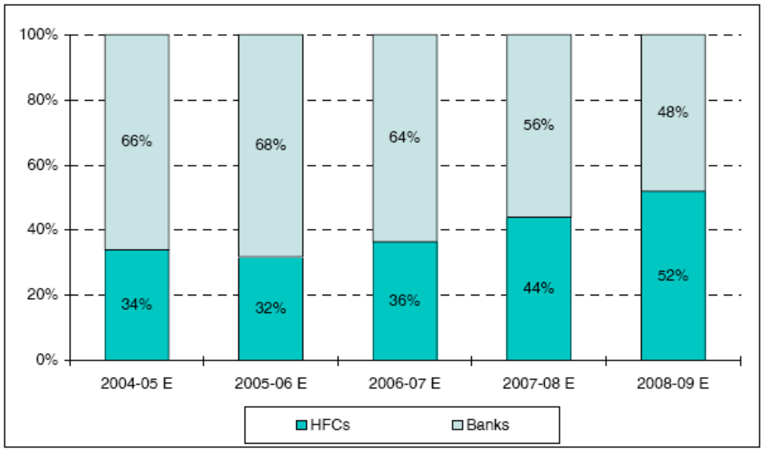
Source: CRISIL Research

In conclusion, housing finance disbursements are expected to increase as the income catches up with the rise in property prices. Housing, being one of the low risk asset classes for financers, would keep contributing to a major portion of their retail lending portfolio. Besides, the higher proportion of floating rate loans, which helps financers manage the interest rate risk, would provide a push to disbursements.

<u>Housing Finance Market Trends</u>

Prior to 1998, banks were not allowed to offer extend home loans. Banks commanded a natural advantage over HFCs in terms of a larger deposit base, access to low-cost funds and size of the branch network. When banks were allowed to offer home loans in 1998, these natural advantages began to assert themselves and HFCs began rapidly losing share to the former. In terms of share of disbursements, HFCs reported a decline in share from 70% in 2001 to 34% in 2005.

The gainers have been the banks with ICICI Bank being the largest gainer. ICICI Bank has seen its share rising from 3.7% in 2001 to 27% in 2005, while SBI and associates have seen their share increase from 11% to 14% and the other nationalized banks increased their collective share from 15% to 25%. HFC's have lost share in the same period, with their share of direct disbursements declining.



E: Estimated
Source: CRISIL Research

With interest rates moving northwards over the last 2 years, changes have been noticed in the housing finance industry. Some variables which are important indicators of development in this industry include:

- ***Interest rates***

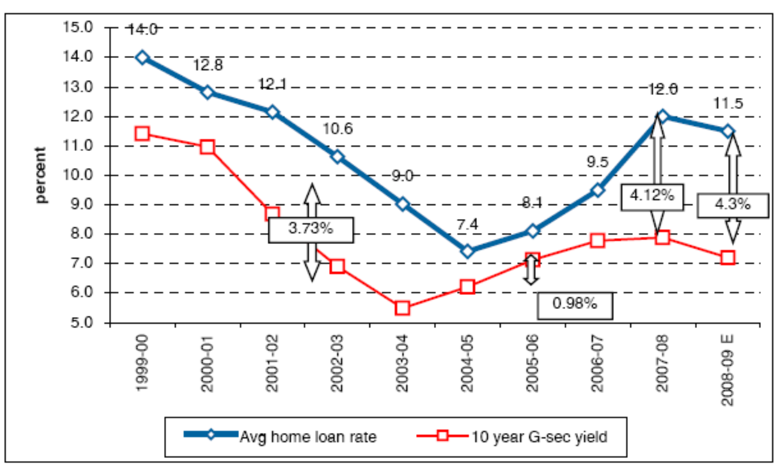
Two types of interest rate loans available in the market:

- Fixed, and
- Floating

In a fixed interest rate loan, the interest rate remains constant over the tenure of the loan. In a floating interest rate loan, the borrower has to pay at a rate that is linked to the benchmark prime lending rates of financiers.

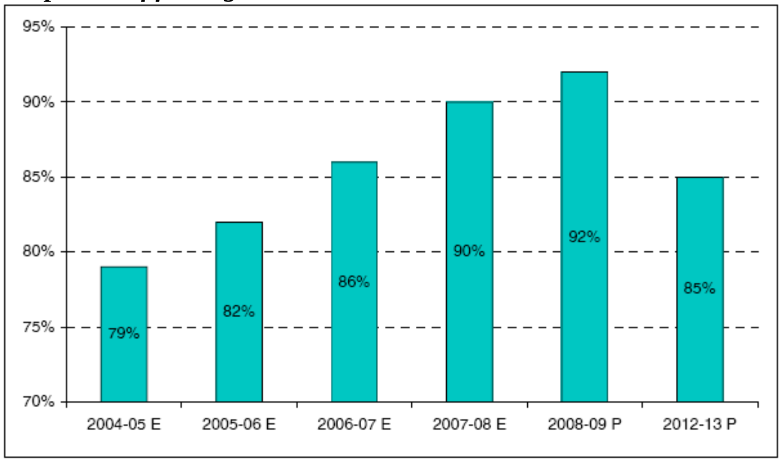
Housing loans are offered for an average tenure of 13-15 years, while liabilities for financers are generally for less than 10 years. Also, as floating rate loans are reset when the cost of funds for financers increase, they do not carry much interest rate risk. Therefore, fixed rate loans, for which the financer bears the interest rate risk, are priced higher than floating rate loans.

In 2004-05, interest rates on housing loans had hit a trough; thereafter, they began to rise. Increase in liquidity and credit offtake had caused the Central bank to take steps to curtail growth. Hence, the Reserve Bank of India (RBI) increased CRR and repo rates multiple times. This led to an increase in housing loan rates, which reached a high of 12-13% in mid-2008.



E: Estimated
Source: CRISIL Research

Proportion of floating rate loans

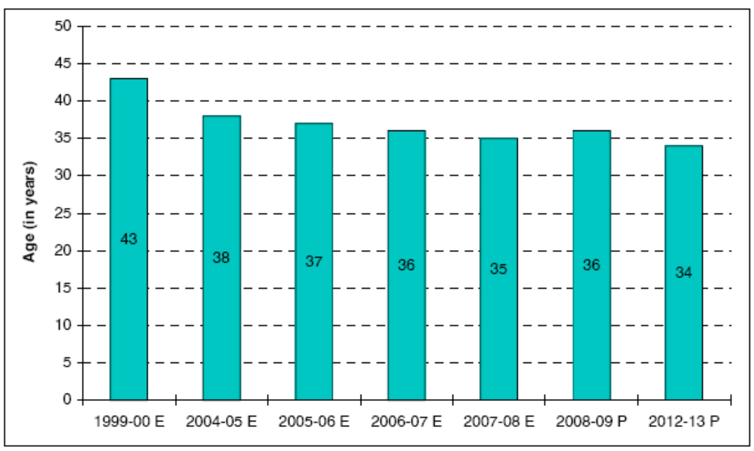


P: Projected; E: Estimated

CRISIL Research

Ever since 2004-05, when interest rates began to rise, the proportion of floating rate loans has been increasing. This sudden popularity of floating rate loans was primarily on account of the indirect push from players by way of a higher spread between fixed rate loans and floating rate loans, which in some cases was as high as 275 bps. Moreover, the rising interest rate scenario made borrowers opt for floating rate loans in the anticipation that interest rates might stabilise going forward. However, even in the current scenario borrowers may opt for floating rate loans in the anticipation that interest rates may decline further, going forward. However, as interest rates start to fall by 2012-13, we expect more disbursements with the fixed rate structure but form only 15 per cent of the overall portfolio. By 2011-12, interest rates are expected to start falling and more disbursements with fixed rate structure are expected.

- ***Average age of borrowers***



P: Projected; E: Estimated

CRISIL Research

From 1999-00 to 2007-08, salaries are estimated to have increased at a higher rate than the rise in property prices. This made houses more affordable to individuals. Also, the growth rate in salaries has been higher for those in the younger age bracket than the people closing retirement. This, coupled with tax incentives announced by the government, has prompted an increasing number of young people to buy houses. In 2008-09, we expect the average age of the borrower to increase as those in the lower age bracket of 28-33 might not opt for a home loan with the expected curtailment in salary levels and decline in income level growth by 2009-10. Going forward, we expect the average age of the borrower to decline slightly, as the profile of outstanding age mix would shift in favour of a younger age mix as seen in the last few years. This would also be supported by the growth in salaries and the preference for accumulating assets to enjoy tax benefits.

- ***Net profitability margins***

Till 2005-06, interest rates had been declining. As a result, the profitability of players had also dropped. Net margins declined sharply in 2004-05 due to a dip in spread. During this period, yields as well as cost of funds were decreasing, but yield declined at a faster pace than cost of funds. Higher competition among players to capture good growth during this period led to a higher decline in yields. Although operating expenses have been steadily declining, the drop has not been sharp enough to compensate for the narrowing spreads.

Interest rates reached a high in the beginning of 2007-08. Thereafter, they have shown a downward bias, at least during the festive season. Profitability of players is expected to be higher in 2007-08 than in 2006-07, as the increase in housing loan rates is likely to exceed the rise in the cost of funds.

- ***Non-performing assets***

Profitability analysis	2003	2004	2005	2006	2007	2008
Yield	12.66%	10.46%	8.93%	8.90%	9.77%	11.22%
Cost of debt deployed	9.60%	7.42%	6.24%	6.26%	7.18%	8.27%
Spread	3.07%	3.05%	2.69%	2.65%	2.60%	2.95%
Opex	0.65%	0.65%	0.60%	0.56%	0.52%	0.51%
NPM	2.41%	2.40%	2.09%	2.09%	2.08%	2.45%

Note: Aggregated for HFCs namely - HDFC, LIC HF, Deewan housing, GIC HF

Source: CRISIL Research

Interest rates, until 2005-06, had been declining, leading to a drop in the profitability of players. Net margins declined sharply in 2004-05 due to a dip in spread. During this period, yields as well as cost of funds were decreasing, however yield declined at a faster pace than the cost of funds. Higher competition among players in order to capture good growth during this period led to a steeper decline in yields. Although operating expenses have been declining steadily, the drop has not been sharp enough to compensate for the narrowing spreads.

In 2008-09, yields and cost of funds increased. However, gross spread increased as a result of the yields increasing at a faster pace vis-à-vis the increase in the cost of funds deployed. Thus, the profitability of the players has been higher in 2007-08.

- ***Sources of funds***

Borrowing mix	2004-05	2005-06	2006-07	2007-08
Debentures	25%	28%	31%	42%
Bank loans	35%	39%	38%	35%
Fixed deposits	16%	14%	13%	12%
Commercial papers	3%	2%	3%	2%
NHB refinance	5%	4%	3%	2%
Others	15%	15%	11%	7%
Total borrowings	100%	100%	100%	100%

Source: CRISIL Research

In 2007-08, companies have been raising more funds through debentures. The proportion of debentures in the funding profile has moved up from 25 per cent in 2004-05 to 42 per cent in 2007-08. Besides, the proportion of loans from banks has moved down from 31 per cent to 35 per cent in 2007-08. This is because of the high cost of borrowings from the bank. However, debentures and loan from banks form the major proportion (around 77 per cent) of the overall borrowing mix of HFCs. The refinance facility from RBI and NHB might help the HFCs to access funds at lower costs.

- ***Market share***

  Almost all retail finance segments, which had been dominated by NBFCs a few years ago, have been captured by banks to a large extent; the housing finance industry is no exception. HFCs had a market share of around 70% a few years ago. But post the aggressive entry of banks into this market, HFCs have been constantly losing their market shares. Today, the market share scenario has almost reversed, with banks picking up around 64% of the business.

<u>Primary success factors for a player in the housing finance industry</u>

Primary success parameters for a company operating in the housing finance industry include:

- Branch network enabling proximity to point of purchase.
- Access to low-cost funds
  - Low cost of debt
  - Regulatory arbitrage
  - Operating expenses
  - Technology
- Economies of scale
  - Distribution of costs over wider product base
  - Business per branch
  - Absolute size
- Knowhow of local markets

Banks have a clear advantage over HFCs in areas such as branch network, access to low-cost funds and low operating costs due to the wide range of products and services they offer.

Housing finance industry is facing tough competition from banks and witnessing declining spread (for HFCs). Hence, the players should have sustainable advantages to remain profitable in the long-term.

BUSINESS OVERVIEW

Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian GAAP set forth elsewhere in this DRHP. In this section only, any reference to "we", "us" or "our" refers to Dewan Housing Finance Corporation Limited.

Overview

DHFL is promoted by the Wadhawan Group since 1984 with the prime objective of meeting the financing needs of the middle and lower income segments by providing adequate financial resources to fulfill their housing requirements. DHFL has evolved in to one of the largest private sector HFC's in India.

Our Company has received approvals from the Reserve Bank of India to be recognized as a Housing Finance Company ("HFC") in April, 1986. Subsequently, our Company received a Certificate of Registration from the National Housing Bank ("NHB") to carry on the business of a housing finance institution on 31st July 2001.

As on March 31, 2009, DHFL is present at 298 locations across India via its captive network covering 188 locations, 25 locations covered via its subsidiary DHFL Vysya Housing Finance Limited, and 85 locations via tie-ups with Public Sector Banks. We also have our international representative offices located in London and Dubai.

Our Company has received P1+ credit rating from CRISIL for the short term debt which indicates strong capacity for timely payment of our financial commitments. Our Company enjoys CARE AA+ (FD) credit rating for our Fixed Deposits and Non Convertible Debentures indicating 'high safety'. Our Company also enjoys a CARE AA rating for our Redeemable Preference Shares and for our subordinate debts.

During the year 2003-04, as part of our growth strategy to boost our pan-India presence, our Company and our Promoters together acquired a 91.22% equity stake in Vysya Bank Housing Finance Limited, a housing finance Company registered with the NHB having operations in the States of Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra. The acquired entity became a subsidiary of our Company and was renamed DHFL Vysya Housing Finance Limited and presently covers 25 locations in Southern India.

DHFL has set up a Venture Capital Fund named DHFL Venture Capital Fund (The Fund) which has received the registration from the Securities and Exchange Board of India (SEBI). The Company has also promoted DHFL Venture Capital India Pvt Ltd., i.e. Asset Management Company (AMC) being the Investment Manager of the Fund and DHFL Ventures Trustee Company Private Limited, the Trustee Company for the Fund. The Fund invests in Real Estate projects. DHFL owns a 45% stake in the AMC and has contributed 35% of the fund's capital.

Our Consolidated Operational Income and Profit after Tax (PAT) for the financial year ending March 31, 2009 is Rs. 7,356.6 million and Rs. 970.5 million respectively and Standalone Operational Income and Profit after Tax (PAT) for the year ending March 31, 2009 is Rs. 6,935.9 million and Rs. 917.6 million respectively. Our Company's revenue and Profit after tax has grown at a CAGR of 43.5% and 34.3% respectively from fiscal 2007.

Operational & Financial Parameters (Standalone)	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Capital Adequacy Ratio (%)	13.3%	14.1%	16.7%	16.2%
Debt Equity ratio	8.4	9.0	11.3	10.7
Net Interest Margin	3.08	2.97	3.02	2.93
Asset Book (Rs. Mn.)	22,887.5	33,019.7	41,580.7	58,066.3
RoAA (%)	1.91	1.60	1.63	1.70
Dividend Payout Ratio (%)	25.0	25.0	25.0	25.0
Net NPA (%) *	1.25	1.23	1.17	1.03
Borrowings (Rs. Mn.)	22,696.0	32,147.1	39,694.3	58,763.8

** 90 days basis*

Our Products

DHFL has introduced various products and value added services including:

1. Home Loans for

i. Plots
ii. Construction
iii. Purchase of Flats
iv. Improvement Loans
v. Extension Loans
vi. Home Loans for women, and

2. Other Loans including

i. Lease Rental Financing
ii. Mortgage Loans
iii. Non Resident Property Loans, and
iv. Reverse Mortgage Loans

Competitive Strengths

1. Extensive industry experience

DHFL has been in the housing finance business since 1984. We believe that our experience helps us in providing value added advantages to our customers and manifests in our ability to identify housing finance requirements and address them with flexible products to suit the financing requirements of our customers. DHFL has, in the past, tied up with corporate clients, co-operative societies to cater to the housing finance needs of their employees / members. As of March 31, 2009, nearly 91.2% our total outstanding assets comprised of home loans.

2. Strong network coverage

As on March 31, 2009, DHFL is present at 298 locations across India via its captive network covering 188 locations, 25 locations covered via its subsidiary DHFL Vysya Housing Finance Limited, and 85 locations via tie-ups with Public Sector Banks. We also have our international representative offices located in London and Dubai.

3. Unique business model

Unlike other HFCs and Banks which operate on the Direct Selling Agents (DSA) model, DHFL relies on its employees to build customer relationships which, we believe, translates into better understanding of customer financing requirements, greater brand awareness and consequently, improved credit appraisal mechanisms. As on March 31, 2009, we had 136,971 borrowers.

4. Niche Marketing Strategy

DHFL concentrates on lending to the Middle and Lower Middle Income ("LMI") segments. We have developed robust credit appraisal mechanisms to target unconventional class of customers including the likes of entrepreneurs, traders, rurally employed professionals, etc. Stemming from the scarce presence of other Banks and HFC's who are more focused on the conventional class of customers including organized, salaried-class and Mid to High-Income customer segments whose credit quality is relatively easier to assess, and who have greater access to various forms of financing.

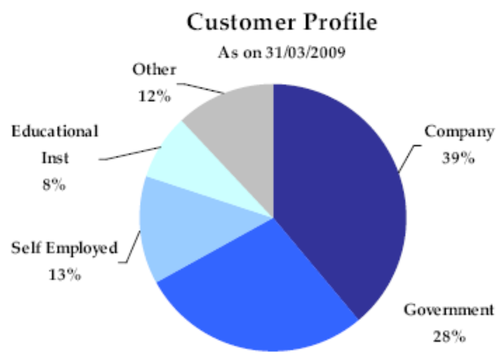
Therefore, DHFL's primary competition stems from Local moneylenders, who charge higher interest rates, and co-operative banks who have localized presence and slack nature of operations.

DHFL believes that this segment presents a huge potential going forward as Government focus turns towards inclusive growth to broad base the effects of economic prosperity.

5. ***Strong Asset Quality***

Improvement in our asset quality has been consistent and significant in the last few years. Our Company has taken substantial measures to augment recovery and contain NPAs. Our Company has implemented the provisions of SARFAESI Act to our advantage for recovery of NPAs. These efforts have yielded results and Net NPAs have been successfully brought down over the last three years.

We concentrate on financing to individuals. DHFL has lent over 75% of its assets to salaried individuals, who by their stable nature of income, result in lower delinquencies. The following graph details the customer profile of our Company as on 31st March, 2009.



6. ***Professional management***

Our Company has a professionally managed Board which oversees and guides our strategy and operations. Our Board has constituted several sub-committees such as the Risk Management Committee, Shareholders'/Investors' Grievance Committee, etc, for timely decision making and to ensure effective governance. The members of our management team and our employees share our common vision of excellence in execution and exhibit a diverse set of backgrounds with substantial experience including credit evaluation, risk management, treasury, technology and marketing. The diversity of experience helps us adapt a creative and cross-functional approach. For further details on our Board and Senior Management see the section titled "Board of Directors and Senior Management" beginning on page 77 of this Placement Document.

7. ***Centralized and modern technology platform***

Our Branch offices are electronically linked to a central server resulting in improved operational efficiency and cost effective services. We have upgraded our existing information technology systems with newer applications packages which have enhanced connectivity resulting in the development of a centralized credit information database which can be accessed online on a real time basis resulting in increased efficiency. An increased focus on marketing, together with upgrades in technology and expansion of our centralized network allows us to intensify and focus on our products

Our Business Strategy

Our Company is systematically implementing the following business strategy to expand our business which is described below:

1. ***Maintain strong asset quality through disciplined risk management***

We have maintained high quality loan and investment portfolios through careful targeting of our customer base, a comprehensive risk assessment process and diligent risk monitoring and remediation procedures. Our ratio of net non-performing assets to customer assets was 1.03% as of March 31, 2009 as per Indian GAAP. We believe we can maintain strong asset quality appropriate to the loan portfolio composition, while achieving growth.

2. Focus on high earnings growth coupled with low volatility

Our total interest income has grown at a compound average rate of 43.5% during the three-year period ending March 31, 2009 and our net profit grew at a compound average rate of 34.3% during the same period. We intend to maintain our focus on steady earnings growth through conservative risk management techniques and low cost funding. In addition, we aim not to rely heavily on revenue derived from trading so as to limit earnings volatility.

3. Strengthening the Brand

Being one of the foremost HFC's in India, DHFL enjoys considerable brand loyalty within its target market with 136,971 serviced customers to date. DHFL has a strong word-of-mouth presence in its target segments. We plan to boost our market share by continuing to focus on our competitive strengths, expanding our service network, and exploiting cross selling opportunities to boost our business.

4. Expanding network and connectivity

DHFL plans to expand its operations across India in a phased manner in order to increase its share of the housing finance business by tapping underserved segments of the Indian economy. Our management believes that this would result in optimum utilization of the skills that DHFL has attained by operating in a niche segment for over two decades. We believe that we will be able to staff the organization with individuals capable of driving this growth by enabling them with greater delegation of authority and de-centralizing our decision making processes.

DHFL is expanding its pan-India presence by setting up new offices across regions where we have been hitherto not present including Northern, Eastern and North Eastern India. The Company is bolstering its presence in hitherto untapped locations via tie-ups with Public Sector banks which provides us with infrastructure and a readily available client portfolio.

To support our growth, DHFL has an integrated branch network which has resulted in optimization of our operational costs and has improved our delivery mechanism. The Company has linked all branch offices to a central database which helps in periodic assessment of our portfolio and provides specific advantages in terms of efficiency and cost savings.

5. Tapping new Segments

DHFL has successfully exploited niche segments. However, our Company perceives huge potential amongst the non-salaried class including small entrepreneurs, traders etc. These are largely not within the radar of Banks and HFCs due to irregular income flows. Our Company has entrusted our subsidiary DHFL Vysya Housing with the responsibility to evolve techniques to measure credit for this segment as well as run a pilot funding programme to evaluate behavioral trends and credit performance in such segments. We expect that we will be able to exploit latent opportunities in this segment to our advantage.

6. Customization of Products and Services

Some of our Company's current products and services are specially designed to suit the needs of specific segments of customers and we continuously emphasize on the development of more new products in this category. Our Company is running a Reverse Mortgage scheme called "Saksham" for the first time in India. "Saksham" helps senior citizens of the country in monetization of their residential property which they own and use as a primary place of residence.

In addition, our Company is planning to selectively offer other forms of consumer finance to our existing borrowers who display steady credit quality and improvement in their disposable incomes.

7. Reduction of funding costs

Our Company has utilized various sources of funding to optimize our funding costs, protect interest margins and maintain a diverse funding portfolio that will enable us to further achieve funding stability and liquidity. We have sourced our funding primarily from banks, refinance from NHB, public deposits, and Non Convertible Debentures (NCDs). We have diversified our resources profile by accessing funds from multilateral agencies at competitive rates.

DHFL has a credit rating of AA+ from CARE which allows it to access debt finance at competitive rates of interest. Based on its improved ratings, DHFL expects to source increased funding at competitive rates from the capital markets and reduce its proportion of bank finance to bring down our funding costs.

8. Optimizing cost of operations

We expect to reduce our operating costs as a percentage of top-line via efficient implement and utilization of our technical resources and optimal utilization of our manpower and infrastructure. This will be enabled by leveraging on our existing fixed costs while simultaneously increasing our business and manpower productivity.

Our Company utilizes the services of its employees for business origination, which enables us to maintain high asset quality. The lower levels of NPAs experienced by our Company results in savings on recovery costs.

9. Inorganic growth by acquisitions

DHFL is planning strategic alliances and acquisitions as a part of its growth strategy. Our management believes that such strategies will help in immediate expansion of our geographic presence and customer base.

APPROVALS AND DISBURSEMENTS

Loan sanctions during the year ended March 31, 2009, were Rs. 27,105.1 million as against Rs.20,095.5 million in the previous year, representing a growth of 34.9%. Loan disbursements during the year ended March 31, 2009 were Rs. 22.660.2 million as against Rs.17,615.3 million in the previous year, representing a growth of 28.6%. A chart showing loan sanctions and disbursements over last 5 years is provided hereunder:

(Rs. in million)

Particulars	**2005**	**2006**	**2007**	**2008**	**2009**
Sanctions	7,414.6	12570.2	15,028.9	20,095.5	27,105.1
Disbursements	6,337.6	11,103.00	14,728.7	17,615.3	22,660.2

DHFL's housing loan business has continued its growth streak. In value terms, housing loan sanctions have grown at a compounded 35.0% and disbursements have witnessed a compounded growth of 32.5% over the last 7 years, despite stiff competition from other players in the market.

CAPITAL ADEQUACY NORMS

HFCs are to maintain a minimum capital adequacy norm of 12% of the risk weighted assets and off-balance sheet items. A recent amendment to The Housing Finance Companies (NHB) Directions, 2001 has reduced the risk weight for individual loans from 75% to 50%. In line with international norms, the Reserve Bank of India (RBI) has also reduced the risk weight on individual housing loans to 50% for banks.

As on March 31	**2005**	**2006**	**2007**	**2008**	**2009**
Capital Adequacy Ratio	16.5%	13.3%	14.1%	16.7%	16.2%

Our Company's capital Adequacy ratio was at a comfortable lavel of 16.21% as on March 31, 2009 as against the minimum requirement of 12% stipulated by the National Housing Bank (NHB).

OUR PRODUCTS AND SERVICES

Our Company offers various housing finance products as under:

1. Home Loans for

i. Plots
ii. Construction
iii. Purchase of Flats
iv. Improvement Loans
v. Extension Loans, and

i. Home Loans for women

2. Other Loans including

vi. Lease Rental Financing
vii. Mortgage Loans
viii. Non Resident Property Loans, and
ix. Reverse Mortgage Loans

- **Home Loans for purchase or construction**

DHFL Home Loans are offered to Individuals, Co-operative Societies, Corporate bodies and Associations of Persons. The home loan seeker can avail loans upto Rs.50 million but not exceeding 85% of the cost of the property. The actual loan amount is determined after taking into account factors like repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities, saving habits etc. The tenure of the loan ranges from 1 to 20 years / the retirement age of 60 years whichever is earlier (65 years for self employed individuals). The size of the EMI depends on the quantum of loan, interest rate applicable and tenure of loan. Our existing Retail Prime Lending Rate is 15.25%.

DHFL has a Regressive Payment Scheme meant for home loan seekers who are due for retirement within the term of the loan and have applied jointly with an eligible younger co-applicant. Prepayment of the loan, ahead of the contracted schedule in part or full, is permitted subject to payment of nominal fees / charges as stipulated by DHFL from time to time.

- **Home Improvement Loan**

Home Improvement Loans are offered to Individuals for the purpose of renovation and repainting their homes. Customers can avail these loans upto Rs.10 million but all loans availed not exceeding 85% of the total documented cost of the property. The actual loan amount is determined after taking into account factors like repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities, saving habits etc. The tenure of the loan ranges from 1 to 10 years. The term however does not extend beyond the retirement age or 60 years whichever is earlier (65 years for the self employed individuals). The size of the EMI depends on the quantum of loan, interest rate applicable and tenure of loan.

- **Home Extension Loan**

Home Extension Loans are offered to individuals who wish to extend the existing accommodation, say by adding a bedroom, enclosing open balcony, building an extra room on the terrace etc. The customers can avail these loans upto Rs.10 million but not exceeding 85% of the cost of the extension. The actual loan amount is determined after taking into account factors like repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities, saving habits etc. The tenure of the loan ranges from 1 to 20 years. The term, however, does not extend beyond the retirement age or 60 years whichever is earlier (65 years for the self employed individuals). The size of the EMI depends on the quantum of loan, interest rate applicable and tenure of loan.

- **Home Loan for Women**

This product has been developed to cater to the large potential segment of working women.

- **NRI Home Loans**

NRI Home Loans are offered to Non Resident Indians (NRIs) for buying residential properties in India. These loans can be availed for purchase, construction, improvement & extension also. The NRI's can avail these loans upto Rs.10 million but not exceeding the 85% of the cost of property / estimate (for improvement / extension). The actual loan amount is determined after taking into account factors like repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities, saving habits etc. The tenure of the loan ranges from 1 to 10 years. The term however does not extend beyond the retirement age or 60 years whichever is earlier. The size of EMI depends on the quantum of loan, interest rate applicable and tenure of loan.

- **Mortgage Loans**

  DHFL's Mortgage Loans can be availed by professionally qualified individuals who are salaried or self employed, against the mortgage of their residential property. The loan seekers can avail these loans upto Rs.10 million. The actual loan amount is determined after taking into account factors like repayment capacity, age, educational qualifications, stability and continuity of income, number of dependents, co-applicant's income, assets, liabilities, saving habits etc. The tenure of the loan ranges from 1 to 7 years. This term however does not extend beyond the retirement age or 60 years whichever is earlier. (65 years for self employed individuals).

- **Reverge Mortgage Loans**

  A reverse mortgage is a loan that enables senior home owners, age 60 & older to convert part of their home equity into income without having to sell their home, give up title or make monthly mortgage payment. The loan only becomes due when the last borrower(s) permanently leaves the home.

  Our Reverse Mortgage Product is called Saksham

  Saksham is a unique offering from DHFL for senior citizens of India. This is a reverse mortgage scheme where the customer gets a regular fixed sum of money based on the value of the property that the customer resides in.

  In a reverse mortgage, DHFL pays a fixed sum of money every month (or every quarter, as per the customer's need). This sum of money supplements the customer's pension income.

  Advantages of Saksham:

  - Remain Independent
  - Continue to reside in one's owned accommodation
  - No Monthly mortgage payments
  - Freedom & Flexibility

- **Lease rental Financing**

  Our Company enters into arrangement for discounting of cash flow/lease rentals from the lessee to be received by a renowned corporate (lesser) from leasing of commercial as well as residential properties held by it. This has helped us to broad- base its customer base and penetrate into the corporate market.

Value Added Services:

Our Company has started three new fee based verticals which complement our core business. By cross – selling various products to our customers, we retain our present customer base and generate additional fee-based income resulting in higher returns. The three verticals are as under:

- **Insurance Sales:**

  For the first time in the history of the Housing Finance in India DHFL introduced a scheme linking housing loan with Quadruplicate Protection Plan which provides added benefits like Natural Calamities Risk Cover, Accident Risk Cover etc., to the extent of the Loan Liability at no extra cost to the borrowers.

  Our Company has an arrangement with SBI Life Insurance for providing life insurance cover to those of its borrowers who are interested in such a life cover. We have also successfully launched our "*Insurance Services Cell"* to leverage on our brand equity and distribution network.

- **Property Services:**

  Involves provision of Property Marketing and Sales services to marginal builders, primarily in Tier II and Tier III cities.

- **Technical Services:**

  Involves provision of Technical services to marginal builders, primarily in Tier II and Tier III cities.

BRANCH NETWORK

We have 75 branch offices across India, besides the head office at Mumbai. The branches also organize outreach programmes, which are spread over 79 service centers and 34 camp locations across the country.

RISK MANAGEMENT

Our Company is exposed to various risks that are inherent in the lending business, with the major risks being credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. Our Company places emphasis on risk management measures to ensure an appropriate balance between risk and return. Our Company has taken steps to implement more robust and comprehensive policies and procedures to identify, measure, monitor and manage risk. Risk management is a board-driven function with the overall responsibility of risk management assigned to the Risk Management Committee of the Board of Directors. At the operational level, risk management is assigned to the Credit Risk Management Committee (CRMC), and the Asset Liability Management Committee (ALCO). Our Company has also established a risk management function and a Credit Monitoring and Administration Department (CMAD). We conduct risk profiling on a quarterly basis for the purpose of self-assessment.

Liquidity risk management

Liquidity risk can be defined as the Asset-Liability mismatch caused due to the difference in the maturities profile of the Assets and Liabilities. Housing Finance Companies (HFCs) in particular are more exposed to this kind of risk in view of the fact that the assets generated by HFCs are of an average tenor of 10-12 years. As against this, the liabilities contracted are of a tenor of 7-10 years. This is more narrowed down in the current market scenario since the lenders are reluctant to take the exposures of longer tenors.

In order to maintain the liquidity ratio at desired levels, it is required to generate the short-term assets from the long-term debts. This apart from providing comfort on the liquidity front earns the higher spread for the Company and helps in mitigating the interest rate risks.

The Asset Liability Management Committee (ALCO), which comprises of senior management, apprises the Board periodically on ALM issues.

Our Company maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Our operations are principally funded by borrowings from Banks, NHB, public deposits and general financing through the domestic debt markets.

Our Company actively monitors its liquidity position and attempt to maintain adequate liquidity at all times to meet all requirements of borrowers, while also meeting the requirement of lending groups, and to be able to consider investment opportunities as these arise.

Interest rate risk management

The borrowings of the Housing Finance Companies (HFCs) are largely linked to benchmarks like the Prime Lending Rates (PLRs) and hence the debt of the Company is mainly floating in nature. This exposes the HFCs to the Interest Rate Risk. Consequently, the Interest rates need to be managed in order to mitigate the risk.

As on March 31, 2009, 86% of our assets are floating rate loans and 79% of its liabilities are floating rate borrowings. The business of the Company is impacted by a change in interest rates although the floating rate loans only re-price semi-annually. Exposure to fluctuations in interest rates is measured primarily by way of gap analysis, providing a static view of the maturity and re-pricing characteristics of balance sheet positions. An interest rate gap is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing date. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category, would then give an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities.

Our Company prepares interest rate risk reports on a semi-annual basis and reports the same to the NHB on this basis. Our Company follows a prudent policy in respect of managing its assets and a liability so as to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. Our Company uses interest rate swaps on a limited basis for the purpose of hedging interest rate mismatches.

- **Credit Risk Management**

HFC's face credit risk because of the lack of hard data and historical performance measures with which to assess the real risk. This is typical of developing markets. The credit risk also arises on account of the quality of the mortgage loan portfolio and it is extremely important to control this risk in housing finance industry.

Our Company is in the process of implementing an automated application scoring system of credit appraisal based on customer credit criteria. These criteria vary between loan products and typically include factors such as the applicant's income and certain stability factors such as the employment and dependency details, age and educational status and other financial obligations of the applicant and the loan-to-value ratio. Our Company believes that the introduction of this system will assist DHFL's credit risk management as it will improve the objectivity of the credit appraisals and result in the application of uniform appraisal standards throughout DHFL's offices.

Operational Risk

Operational risk can result from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, fraud, inadequate training and employee errors. DHFL attempts to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training.

INSURANCE

Our Company has taken Health and Personal Accident Policy for our employees and dependants, the details of which are as follows:

Sr No	Insurer	Policy Type	Scope of cover	Policy No	Period of Insurance	Sum Insured (Rs. in million)
1.	Future Generali India Insurance Co. Ltd.	Group personal accident insurance policy	Accidental death of applicant and 1st co-applicant and job loss borrowers	A0009387	April 2009 to March 2010	24377.9
2.	Future Generali India Insurance Co. Ltd.	Group personal accident – depositors	Accidental death – depositors	A0009388	April 2009 to March 2010	902.7
3.	Future Generali India Insurance Co. Ltd.	Group personal accident insurance policy (staff)	All on role employees	A0000206	July 2008 to July 2009	332.2
4.	Future Generali India Insurance Co. Ltd.	Group personal accident insurance policy (recovery staff)	Recovery staff	FGP – A0001344	October 2008 to October 2009	2.7
5.	Future Generali India Insurance Co. Ltd.	Group health insurance policy (staff)	All on roll employees	FGH – H0001339	September 2008 to September 2009	136.8
6.	Future Generali India	Standard fire and special perils policy	fire, earthquake – building including plinth and foundation – borrowers house	F0004392	April 2009 to March 2010	24377.9

Sr No	Insurer	Policy Type	Scope of cover	Policy No	Period of Insurance	Sum Insured (Rs. in million)
	Insurance Co. Ltd.					
7.	Future Generali India Insurance Co. Ltd.	Loss of cash in transit	Money in safe – all branches, in transit, overnight custody all centre	2009-M0000092 FMY – R001	April 2009 to March 2010	46.5
8.	Future Generali India Insurance Co. Ltd.	Office – fire and special perils	Building, Computers & peripherals, Furniture, fixture & settings, Office equipments & air-conditions	F0004395	April 2009 to March 2010	351.8

FINANCIAL INDEBTEDNESS

Sr. No.	Name of the Lender	Sanction Limits as on March 31, 2009 (Rs. in million)	Outstanding as on March 31, 2009 (Rs. in million)
A)	**Secured Term Loans from Consortium Banks**		
	Allahabad Bank	2,185.00	1,761.62
	Andhra Bank	1,500.00	1,299.43
	Bank of Baroda	4,100.00	2,415.92
	Bank of India	6,200.00	3,800.51
	Bank of Maharashtra	1,250.00	762.13
	Canara Bank	1,850.00	1,334.89
	Central Bank of India	7,500.00	5,032.28
	Corporation Bank	750.00	606.21
	Dena Bank	2,700.00	2,131.25
	Federal Bank	250.00	47.13
	IDBI	4,400.00	3,650.14
	Indian Bank	1,000.00	909.58
	Indian Overseas Bank	650.00	210.00
	Oriental Bank of Commerce	1,750.00	1,249.64
	Punjab & Sind Bank	1,250.00	844.06
	Punjab National Bank	4,830.00	1,821.02
	South Indian Bank Limited	980.00	673.25
	State Bank Of Bikaner and Jaipur	500.00	455.45
	State Bank of Hyderabad	250.00	87.28
	State Bank of Indore	500.00	500.00
	State Bank of Patiala	1,000.00	1,000.00
	State Bank of Travancore	500.00	376.64
	Syndicate Bank	1,800.00	1,416.40
	UCO Bank	1,700.00	1,405.00
	Union Bank of India	5,845.00	4,608.87
	United Bank Of India	4,000.00	3,818.04
	Yes Bank	750.00	459.12
	Total (A)	**59,990.00**	**42,675.85**
B)	**National Housing Bank**	12850.00	8922.87
	Total (B)	**12850.00**	**8922.87**

C)	**Financial Institutions**		
	Asian Development Bank	918.60	734.88
	General Insurance Corporation Ltd.	50.00	23.34
	International Finance Corporation	566.19	242.65
	Life Insurance Corporation Ltd.	150.00	70.00
	National Insurance Company Ltd.	50.00	30.00
	TOTAL (C)	**1,734.79**	**1,100.87**
D)	**NCD**	4795.50	4795.49
	Total (D)	**4795.50**	**4795.49**
	Grand Total (A+B+C+D)	**79370.28**	**57495.08**

Our Company has entered in to a Memorandum of Entry dated December 28, 2007 with all the Lenders, with Union Bank of India as the Lead Bank. The original title deeds of all properties owned by our Company are with Union Bank.

HUMAN RESOURCE

We have experienced Promoters and management whom we rely on to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that a combination of our reputation in the market, our working environment and competitive compensation programs allow us to attract and retain these talented people. Our Company's HR policy is encapsulated by our belief about **"Getting extra ordinary work out of ordinary people"**. Our Company's HR policies and practices have focused on recruiting and training employees who can empathize and deal with potential and existing borrowers.

The management has also, simultaneously, molded its policies relating to hiring, deployment, transfers, promotion, training, including its performance-linked bonuses, with the clear aim of building a 'cadre-based organization', whose cadre understands the company's customers, their problems, issues and aspirations; and is committed to the cause of providing housing finance for the majority of Indians.

As on March 31, 2009, we have 809 permanent employees as compared to 543 employees as of March 31, 2008.

Particulars	**March 31, 2006**	**March 31, 2007**	**March 31, 2008**	**March 31, 2009**
No. of Permanent Employees	416	437	543	809

Category	**No. of Employees**
Administrative	18
Finance, Account and Auditing	20
Senior Personnel	12
Legal and Secretarial	8
Information Technology	16
Human Resource	6
Others	25
Sub Total (A)	**105**
Branch Personnel	
North, Central and East Zone	100
West Zone	189
South Zone	306
Sub Total (B)	**704**
Grand Total (A) + (B)	**809**

Our Branch comprises of the following personnel:

Branch Manager: He is in overall charge of the branch with emphasis on Business Development. He is responsible for all budgeting activities pertaining to the Branch as well as strategy formulation.

The major functions in a Branch are Credit Appraisal, Accounts, Technical Appraisal, Marketing and Recovery.

Appraisal officer: The primary responsibility of the Appraisal Officer is to ascertain the creditworthiness of a loan application under prevailing company norms. Once the loan application is processed by the Appraisal Officer, it is forwarded for Sanctioning. Depending on the number of Loan Applications being in warded for processing, the Appraisal officer can be assisted by one or two Assistants.

Technical Officer: Once the loan application is processed, the Technical Officer makes Technical visits to the actual site for on-site verification of the details of the property mentioned by the applicant. His primary responsibility is to ensure that the specifications of the property are as per existing company norms. The Technical Officer is usually an engineer, a B.E. (Civil) or having a Diploma in Civil Engineering with at least 2 years experience in Housing Finance.

Accounts Officer: The primary responsibility is to maintain proper books of Accounts in the Branch including payment of EMIs by the customers. Depending upon the number of live files in a Branch the Accounts Officer can be assisted by a Cashier and an Assistant Accountant.

Recovery Officer: The Recovery Officer is primarily responsible for Recovery and Collections from existing customers. His job is to ensure that the existing customers are regular in their payments. The Recovery Officer is usually a Graduate in any discipline with minimum 2 years of experience in Recovery.

Marketing Officer: The Marketing Officer is responsible for marketing activities for new business generation. Usually, a Graduate in a related discipline with a minimum of 2 years of experience in Marketing / Sales Retail Finance Products.

Our success depends on our ability to recruit, train, and retain quality employees and workers. We have a policy to provide the new employees with necessary training and skills required for their successful performance. We conduct regular appraisal of our employees to identify their training needs and career planning. There have been no reported strikes, closures and our Company enjoys excellent industrial relations.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

1. The National Housing Bank Act, 1987 (the "Act")

The Act was enacted by an act of Parliament in 1987 in order to establish NHB. The primary objective of the Act in setting up NHB was to establish a bank as a principal agency promoting housing finance institutions both at local and regional levels by providing financial support to such institutions and other matters incidental thereto. Under the Act, the supervision, direction and management of NHB have been vested with its Board of Directors to carry on business as listed in the chapter "Business of the National Housing Bank" in the Act. The business includes setting up mutual funds, co-ordination with LIC, Unit trust of India and General Insurance Corporation of India for the promotion of housing finance activities. While the Act permits NHB to borrow money from financial institutions, it lays down restrictions on housing finance institutions receiving deposits from the Public. The Act provides that the Government may make amendments thereto and NHB may be liquidated only by an Order of the Government. The Reserve Bank of India has vide its letter No. DFC (Bom) No.4829/BM(Mh) HF (D) – 1 85-86 dated April 2, 1985 reclassified our Company as a Housing Finance Company as it was then defined in paragraph 2(1)(g) of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977. Our Company has obtained Certificate of Registration being No. 01.0014.01 from National Housing Bank (wholly owned by the Reserve Bank of India) to carry on business of a housing finance institution on July 31, 2001.

2. The Housing Finance Companies (NHB) Directions 2001 (the "NHB" Guidelines)

In order to regulate the housing finance system in India, NHB, in exercise of the powers conferred on it under the Act, issued the NHB Guidelines to HFCs in Notification No. NHB.HFC.DIR.1/CMD/2001.

The objective of the NHB Guidelines is to regulate matters relating to acceptance of deposits by HFCs, prudential guidelines for income recognition, accounting standards, directions to auditors, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit / investments to be observed by HFCs and matters to be included in the auditors' report by the auditors of HFCs.

The NHB Guidelines state that no HFC having net owned funds of less than Rs.2.50 million, shall accept deposits. No HFC shall lend against its own shares and any outstanding loan granted by an HFC against its own shares on the date of commencement of the NHB Guidelines shall be recovered by the HFC in accordance with the repayment schedule in the NHB Guidelines. The NHB Guidelines set out provisions relating to prudential guidelines on income recognition, income from investments accounting standards, accounting for investments, asset classifications and concentration on credit / investment.

3. Refinance scheme for housing applicable to HFC, 2003 (the "Scheme")

The objective of the Scheme is to provide refinance assistance to HFCs in respect of their direct lending up to Rs. 10 million to individuals for the purchase, construction, repair and upgrade of housing units.

HFCs to be eligible to draw refinance from NHB should be registered with NHB to carry out housing finance activity. In addition, they should (i) provide long term finance for purchase, construction, repair and upgrading of dwelling units by home-seekers, (ii) invest at least 75% of capital employed by way of long term finance for housing, (iii) have net owned fund of not less than Rs. 100 million, and (iv) its non performing assets should not be more than 5% of net advances. The financial assistance can be drawn by HFCs in respect of loans already advanced by them and also for prospective disbursements. Financial assistance under the Scheme will be provided either at fixed or floating rates of interest. The re finance amount will be repayable within a period of not less than 2 years and not exceeding 15 years by way of 60 equal quarterly installments or less as may be specified by NHB. HFCs will have the option to choose the repayment period as per their requirement and the repayment of principal and payment of interest will be on quarterly basis. HFCs may repay the whole or any part of the amount earlier than the due date by giving 2 months notice to NHB of an intention to effect such repayment before the due date. HFCs should generally obtain a mortgage in respect of the property to be financed as security for the loan advanced by them. Where it is not feasible, HFCs should accept at their discretion security as they may deem appropriate to fully secure the loan with a charge properly created in their favor. The security for refinance from NHB may generally be secured by a charge on the book debts of an HFC. If at any time NHB is of the opinion that the security provided by the HFC has become inadequate to cover the outstanding refinance, it may advice the HFC to provide and furnish to NHB additional security such as a charge on immovable / movable property or the guarantee of Promoter.

4. Capital Adequacy Requirements

The NHB Guidelines require every HFC to maintain a minimum capital ratio of two tiers of Capital. Tier I capital, under the NHB Guidelines is that capital which is derived after deducting from the owned fund, only those investments and deposits which in the aggregate exceed 10% of the owned fund. For the purposes of definition, investments are investments in shares of other HFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance arrangement made to subsidiaries and companies in the same Group and deposits with subsidiaries and companies in the same group. Tier II capital includes preference shares (other than those compulsorily convertible in to equity), revaluation reserves at a discounted rate of 55% and general provisions and loss reserves, hybrid and subordinated debt. For the purposes of definition, only those general provisions and the loss reserves are to be included which are not attributable to the actual diminution in value or identifiable potential loss in any specific asset and are available to meet the unexpected losses to the extent of 1.25% of the risk weighted assets. The aggregate of all these items should not exceed the Tier-I capital.

Under the current NHB Guidelines, the aggregate Tier I and Tier II capital of an HFC shall not be less than 12% of its aggregate risk weighted assets and the risk adjusted value of its off-balance sheet items. However, the total Tier II capital shall not at any time exceed 100% of its Tier I capital.

Under the NHB Guidelines, degrees of credit risk expressed as percentage weightings have been assigned to balance sheet assets. Hence, the value of each asset is multiplied by the relevant risk weight to arrive at its risk adjusted value. The aggregate shall be taken in to account for calculating the minimum capital adequacy ratio of an HFC.

5. The Companies Act, 1956

The Companies Act deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors. It also regulates underwriting, the use of premium and discounts on issues, rights and bonus issues, payment of interest and dividends, supply of annual report and other information.

6. The Securities and Exchange Board of India Act, 1992

The main legislation governing the activities in relation to the securities markets is the Securities and Exchange Board of India Act, 1992 (the "SEBI Act") and the rules, regulations and notifications framed thereunder. The SEBI Act was enacted to provide for the establishment of SEBI whose function is to protect the interests of investors and to promote the development of, and to regulate, the securities market. Pursuant to the SEBI Act, SEBI has formulated various rules and regulations to govern the functions and working of these intermediaries. SEBI also issues various circulars, notifications and guidelines from time to time in accordance with the powers vested with it under the SEBI Act.

7. Securities Contract (Regulation) Act, 1956

The SCRA and the Rules framed thereunder also define securities that can be traded in India and also lay down the terms and conditions for trading in such securities. The SCRA and the Rules also provide for recognition and regulation of stock exchanges in India including the BSE of which the Company is a member.

8. Shops and Establishments legislations in various States

Our Company is governed by the various Shops and Establishments legislations, as applicable, in the states where it has its branch offices. These legislations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

9. Foreign Exchange Management Act ("FEMA") and the Regulations made thereunder:

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, Government of India, the implementation of which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals are required from the RBI for FDI under the "automatic route" within the specified sectoral caps. In respect of all industries not specified under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

10. Act Relating to Recovery of Non Performing Assets:

As a part of the financial sector reforms, the government of India promulgated the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act in 2002 (the "SARFESI"). The SARFESI gives banks and other lenders increased powers in the recovery of the collateral underlying non-performing assets. The SARFESI also provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The Reserve Bank of India has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is a non-performing asset. These assets are to be sold on a "without recourse" basis only.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors represents the interests of shareholders and is responsible for our general management and approves our strategic and operational plans.

As per our Articles of Association, our Board shall consist of not less than 3 (three) Directors and not more than 17 (seventeen) Directors, of which not less than two thirds of the total number of Directors of our Company shall be persons whose periods of office is liable to determination by retirement of Directors by rotation. We currently have 11 (Eleven) Directors. The minimum and maximum number of Directors may be increased or decreased by an ordinary resolution of our Company's shareholders, subject to the provisions of our Company's Articles of Association and the Companies Act.

Board of Directors

The Board of Directors has the ultimate responsibility for the management and administration of our affairs, unless otherwise directed by the Articles of Association, or Indian law.

The following table sets forth the composition of our Board of Directors as of the date of this Placement Document.

Sr. No.	Name of the Directors and Address	Age (Years)	Date of Appointment	Qualification	Designation
1	**Mr. Rakesh Kumar Wadhawan** 22/23 Sea View Palace, Pali Hill, Bandra (West) Mumbai - 400 050	56	April 14, 1984	B. Com., D.B.M.	Non Executive Chairman
2	**Mr. Kapil Wadhawan** 22/23 Sea View Palace Pali Hill, Bandra (West) Mumbai - 400 050	35	September 24, 1996	B.Com., M.B.A.	Vice Chairman & Managing Director
3	**Mr. Sarang Wadhawan** 22/23 Sea View Palace Pali Hill, Bandra (West) Mumbai - 400 050	32	October 4, 2000	M.B.A.	Non Executive Director
4	**Mr. Dheeraj Wadhawan** Wadhawan House, Plot No. 32/A, Union Park Road, No. 05, Nera Petit Girls High School Bandra (West), Mumbai- 400 050.	30	May 12, 2008	B.Com, Graduated in Construction Management	Non Executive Director
5	**Mr. R.P. Khosla** 20A Palam Marg, Vasant Vihar, New Delhi – 110 057	78	March 17, 1993	IAS (Retd.)	Non Executive, Independent Director
6	**Mr. G.P. Kohli** 1403-04 Dheeraj Enclave, Off. Western Express High, Borivali (West), Mumbai – 400 066	68	May 23, 2001	M.A.(Hons)	Non Executive, Independent Director
7	**Mr. Ashok Kumar Gupta** 401,DheerajDhan, St. Alexiuos Road, Bandra (West),	58	October 25, 2002	B.Com., F.C.A, L.L.B.	Non Executive, Independent Director

	Mumbai - 400050				
8	**Mr. R.S Hugar** "Pitambar", Kalyan Nagar, 10 Cross University Road, Dharwad – 580 007	68	July 30, 2002	M.A. Econometrics	Non Executive, Independent Director
9	**Mr. Anthony Hambro** Caledonia Investment PLC, Cayzer House, 30 Buckingham Gate, London SWIE NN	62	October 22, 2007	B.A. (Economics and Law), M.B.A	Independent, Nominee Director of Caledonia Investment PLC
10	**Ajay Vazirani** Ali Chambers, Ground Floor, Homi Modi 2nd Cross Lane, Fort, Mumbai – 400 023	38	January 4, 2008	BA. LLB	Independent Director
11	**Mr. V. K. Chopra** Flat no. 1803, Tower A, Oberoi Woods, Off. Western Express Highway, Mohan Gokhle Road, Goregaon (East) Mumbai- 400 063.	63	May 12, 2008	F.C.A and C.A.I.I.B	Independent Director

The following are brief biographies of our Directors:

1. **Mr. Rakesh Kumar Wadhawan** is our Promoter, Chairman and Non-Executive Director on our Board. He is a commerce graduate and holds a diploma in business management. He has over thirty years of experience in the industry of housing finance. He has been associated with our Company since its inception and has been instrumental in the promotion of our Company.

2. **Mr. Kapil Wadhwan** is the Vice-Chairman and Managing Director of our Company. He is a commerce graduate from University of Mumbai and holds an M.B.A. degree in finance from the Edith Cowan University, Perth, Australia. Before taking over as the Managing Director, he was the Executive Director on the board of our Company. He has been associated with us since 1996 and is responsible for the day to day activities of our Company.

3. **Mr. Sarang Wadhawan** is a Non-Executive Director on our Board. He holds an M.B.A degree from Clark University and graduated in 1999. He specializes in the field of corporate finance, investments and derivatives, fixed income securities and technical analysis. He has been associated with our Company since 2000.

4. **Mr. Dheeraj Wadhawan**, is a Non-Executive Director on our Board. He is the son of late Shri Rajesh Kumar Wadhawan and brother of Mr. Kapil Wadhawan. He has graduated in Construction Management from the University of London. He has over 7 years of experience in the real estate / developers and construction industry. He has been associated with us since May 2008.

5. **Mr. Ashok Kumar Gupta** is an Independent Director on our Board. He is a graduate in commerce and law and is also a fellow member of the Institute of Chartered Accountants.. He is a senior partner of Ashok Jayash and Associates, a chartered accountancy firm. He has been associated with our Company since 2002.

6. **Mr. Anthony Hambro** is an Independent Director on our Board and is a nominee of Caledonia Investments PLC. He is an Associate Director of Caledonia Investments PLC, and has been associated with the company

since 2002. After a 17 year banking career at Samuel Montagu and Grindlays Bank, in 1984 he set up his own corporate finance consultancy, Anthony Hambro & Co. From 1994 to 2002, he was an executive director of Ockham Holdings PLC a listed insurance business. He is also non-executive director of India Investment Partners Ltd, Novae Group PLC, JAMG Holdings SA and IAP Group Limited.

7. **Mr. R.S Hugar** is an Independent Director of our Company. He is the former Chairman & Managing Director of Corporation Bank and has over two decades of experience in banking, finance and treasury operations. He has a Bachelors degree in Economics. He is also a Certified Associate from the Indian Institute of Bankers. He has been on the Board of the Company since July 30, 2002.

8. **Mr. G.P. Kohli** is an Independent Director of our Company. He is the former Managing Director of Life Insurance Corporation of India (LIC) and has vast experience in insurance, housing, human resource development, information technology and marketing, having worked in different positions with LIC. He has a Masters degree in English Literature (MA Hons) and also has acquired the Diploma in Labour Laws, Labour Welfare and Personel Management (LLD). Mr. Kohli has been on the Board of the Company since May 23, 2001.

9. **Mr. R.P. Khosla** (Retd. IAS Officer) is an Independent Director of our Company. He is the former Secretary to the Government of India and has held senior positions in various Government undertakings in the past. He is presently serving on the board of directors of various companies. He has been on the Board of the Company since March 17, 1993.

10. **Ajay Vazirani,** is an Independent Director of our Company. He is a Solicitor and a Partner with Hariani & Co., Advocates and Solicitors. He has completed his graduation from Jai Hind College, Mumbai and thereafter completed his law graduation from The Government Law College, Mumbai. He also is credited with substantial experience in real estate, corporate and commercial, deals relating to private placement of equity, and venture capital funding. He also handles matters relating to dispute resolution including court litigation and arbitration. He has been on the Board of the Company since January 4, 2008**.**

11. **Mr. V K Chopra** is an Independent Director of our Company. He is a Fellow Member of the Institute of Chartered Accountants of India (FCA) by profession and is a Certified Associate of Indian Institute of Bankers (CAIIB). He started his career in Banking as an Officer in Central Bank of India way back in 1969. Mr. Chopra served the Bank for 31 years in various capacities. As the former Executive Director of Oriental Bank of Commerce, he steered the bank towards prosperity and was responsible for taking strategic decisions and supervising the function of the bank's entire operations. Before joining the Corporation Bank, Chopra was the Chairman & Managing Director of Small Industries Development Bank of India (SIDBI). His last assignment was with the Securities Exchange Board of India (SEBI) as Whole Time Member. He has been on the Board of the Company since May 12, 2008.

Interest of our Directors

As of March 31, 2009, following directors held Equity Shares of our Company.

Name of Director	**Number of Equity Shares held as at March 31, 2009**
Mr. Rakesh Kumar Wadhawan	5,098,744
Mr. Kapil Wadhawan	5,929,339
Mr. Sarang Wadhawan	1,835,572
Mr. Dheeraj Wadhawan	5,302,250
Mr. Ashok Kumar Gupta	300

All the Directors, including the Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of remuneration or commission and reimbursement of expenses payable to them under the Articles of Association. The Executive Directors will be interested to the extent of remuneration paid to them for services rendered as officers of our Company.

As at March 31, 2009, no loans were granted by our Company to, or guarantees provided to the benefit of, our Company's

Directors. There is no pecuniary relationship or transaction of our Company with any Non-Executive Director.

For further details regarding our related party transactions, please refer the disclosures given in section titled "Financial Statements" on page 148 of this Placement Document.

Remuneration of our Directors

For the year ended March 31, 2009, the remuneration of our Directors is as follows:

(Rs. per annum in million)

Name of Director	Remuneration paid as at March 31, 2009
Mr. Kapil Wadhawan	9.6

Change in board of directors during the last three years

The changes in the Board of Directors of the Company in the last three year are as under:

Name of Director	Date of Change	Reason
Mr. M. S. Sundararajan	01/04/2006	Resignation
Mr. Anthony Hambro	22/10/2007	Appointment
Mr. Ajay V. Vazirani	04/01/2008	Appointment
Mr. V. K. Chopra	12/05/2008	Appointment
Mr. Dheeraj Wadhawan	12/05/2008	Appointment
Mr. Waryam Singh	22/07/2008	Resignation

Borrowing Power of the Board

Our Company at its Annual General Meeting held on July 23, 2007, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing any sum of money from time to time from any one or more of the Company's bankers as it may deem requisite for the purpose of the business of the Company notwithstanding that monies to be borrowed together with monies already borrowed (apart from the Company's Bankers in the ordinary course of the business) will exceed in the aggregate of the paid up Capital and free reserves, i.e. to say reserves not set apart for any specific purpose provided however that the total amount upto which money may be borrowed by the Board of Directors of the Company shall not exceed the sum of Rs.100,000 million (Rupees one hundred thousand million only).

Corporate Governance

Our corporate governance policies recognize the accountability of the Board and the importance of the transparency to all our constituents, including employees, customers, investors and the regulatory authorities and of demonstrating that the shareholders are the ultimate beneficiaries of our economic activities.

Our corporate governance philosophy encompasses not only regulatory and legal requirements, including the SEBI Guidelines in respect of corporate governance, but also other practices aimed at a high level of business ethics, effective supervision and enhancement of value for all shareholders. Our role, function, responsibility and accountability are clearly defined. In addition to its primary role of monitoring corporate performance, the function of the Board includes approving a business plan, reviewing and approving annual budgets and borrowing limits, fixing exposure limits and ensuring that our shareholders are kept informed about our plans, strategies and performance. To enable the Board of Directors to discharge these responsibilities effectively, the management provides detailed reports on our performance to the board on a quarterly basis.

The Board of Directors also functions through various committees such as the Audit Committee, the Finance Committee, the Remuneration and Compensation Committee and the Investors / Shareholders' Grievances Committee. These committees meet on a regular basis.

Board Committees

Audit Committee

The Audit Committee is constituted in accordance with the requirements under Section 292A of the Companies Act and Clause 49 of the listing agreement with the Stock Exchanges.

The Audit Committee was constituted by our Board of Directors vide their meeting dated on May 17, 2002. The Audit Committee was reconstituted on July 31, 2003.

The Audit Committee members are Mr. R. S. Hugar, Mr. Ashok Kumar Gupta and Mr. G. P Kohli. Mr S Y Sankhe acts as the secretary to the Audit Committee.

The duties of the Audit Committee include, among others:

The Audit Committee of the Company is formed primarily to monitor and supervise the Company's financial reporting process and to ensure that the disclosure of the financial information is correct, sufficient and credible in accordance with the provisions of the Listing Agreement and Section 292A of the Companies Act, 1956. In addition to this function, the responsibilities of the Board also include but are not limited to the following functions:

- To oversee the financial reporting process and disclosures of financial information
- To review quarterly/ half yearly and annual financial statements before submission to the Board with special emphasis on accounting policies, compliance of Accounting Standards and other legal requirements relating to financial statements.
- To review the findings of the internal investigation and periodic audit reports.
- To hold discussions with the external auditors about the scope of audit.
- To recommend appointment/removal of statutory auditors and fixing their remuneration.
- To review all issues which are required to be reviewed by the audit committee pursuant to the listing agreement with the stock exchanges and the Companies Act, 1956 with the management and the internal and external auditors.
- To review with the management the financial statements with reference to any related party transactions.
- To review the observations of internal and statutory auditors in relation to all areas of operation of the Company, including internal control systems.
- To examine all taxation matters, including related legal cases and the Company's asset/liability management strategy (ALCO).
- To review the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- To review with the management the financial statements of the Subsidiary Companies.
- To ensure the independence and objectivity of the independent auditor.
- To ascertain the reasons for the defaults in the payment to the depositors, debenture holders, shareholders and creditors.
- Any other terms of reference as may be included from time to time in Clause 49 of Listing Agreement.

Finance Committee

The Finance Committee was constituted by our Directors vide their Board meeting held on October 20, 2000 and was reconstituted on July 31, 2003.

The Committee comprises of Mr Rakesh Kumar Wadhawan, Mr Kapil Wadhawan and Mr G. P. Kohli.

The terms of reference of the Finance Committee include the following:

- To borrow funds for the purpose of the Company's business in accordance with section 292 of the Companies Act, 1956 but not exceeding the overall limit upto which the Board of Directors of the Company is authorized/to be authorized under section 293(1)(d) of the Companies Act, 1956.

- To consider and approve/accept the letters of sanction by the term lending institutions/banks/NHB and other bodies corporate, opening and/or closing of the current accounts/cash credit/overdraft/fixed deposits or other account(s) with any bank and authorize the Directors/officers of the Company for the same.

- To authorize operation of accounts of the Company with its bankers and to vary the existing authorization to operate the same and granting of general /specific power of attorney to the officers at the branches for routine matters and any such matters pertaining to the routine functions.

- To approve the change/s of rates of interest of all loan products and on public deposits or on debentures, debts or any other instruments/ financial products issued by the Company.

- To consider and approve the allotment of any issue of securities by the Company, be it by way of preference shares of all types, public issue of equity shares including Rights Offer, preferential issue of equity shares including firm allotment, employees stock option plan/schemes, bonds, debentures and any other financial instrument of like nature.

- To grant approvals of loans upto Rs 30 crore to any person, firm or body corporate at any time or from time to time subject to the limits prescribed under the Housing Finance Companies (NHB) Directions, 2001, as may be applicable.

Remuneration and Compensation Committee

The Remuneration and Compensation Committee was constituted by our Directors vide their Board meeting held on October 17, 2003 and was reconstituted on January 27, 2005.

The Committee comprises of Mr R. S. Hugar, Mr R. P. Khosla and Mr G. P. Kohli

The terms of reference of the Committee includes the recommendation of annual remuneration and the periodic increments payable to the Executive Director(s) which is further approved by the Board. The Committee is also empowered to recommend to the Board the appointment/ reappointment of the executive/ non-executive Directors, the induction of Board members into various Committees. The Committee also ensures that the overall remuneration payable to the Directors does not exceed the limits prescribed by the Act and is within the limits approved by the shareholders. The Remuneration Committee was renamed as 'Remuneration and Compensation Committee' with effect from May 15, 2006 in accordance with the SEBI (Employee Stock Option Scheme) Guidelines and was entrusted with the following additional responsibilities:

- Framing of the ESOS Scheme
- Administration of the Scheme
- Exercise of control over the implementation of the Scheme.
- Preparation of the Offer Document to disclose the various details of the Scheme to the option grantees.
- Appointment of intermediaries required for the Scheme.
- Any other matter relating to administration of the Scheme.

Investors/ Shareholders' Grievance Committee

The Investors/ Shareholders' Grievance Committee was constituted by our Directors vide their Board meeting held on January 24, 2002 and was reconstituted on July 31, 2003.

The Committee comprises of Mr Ajay Vazirani and Mr Kapil Wadhawan.

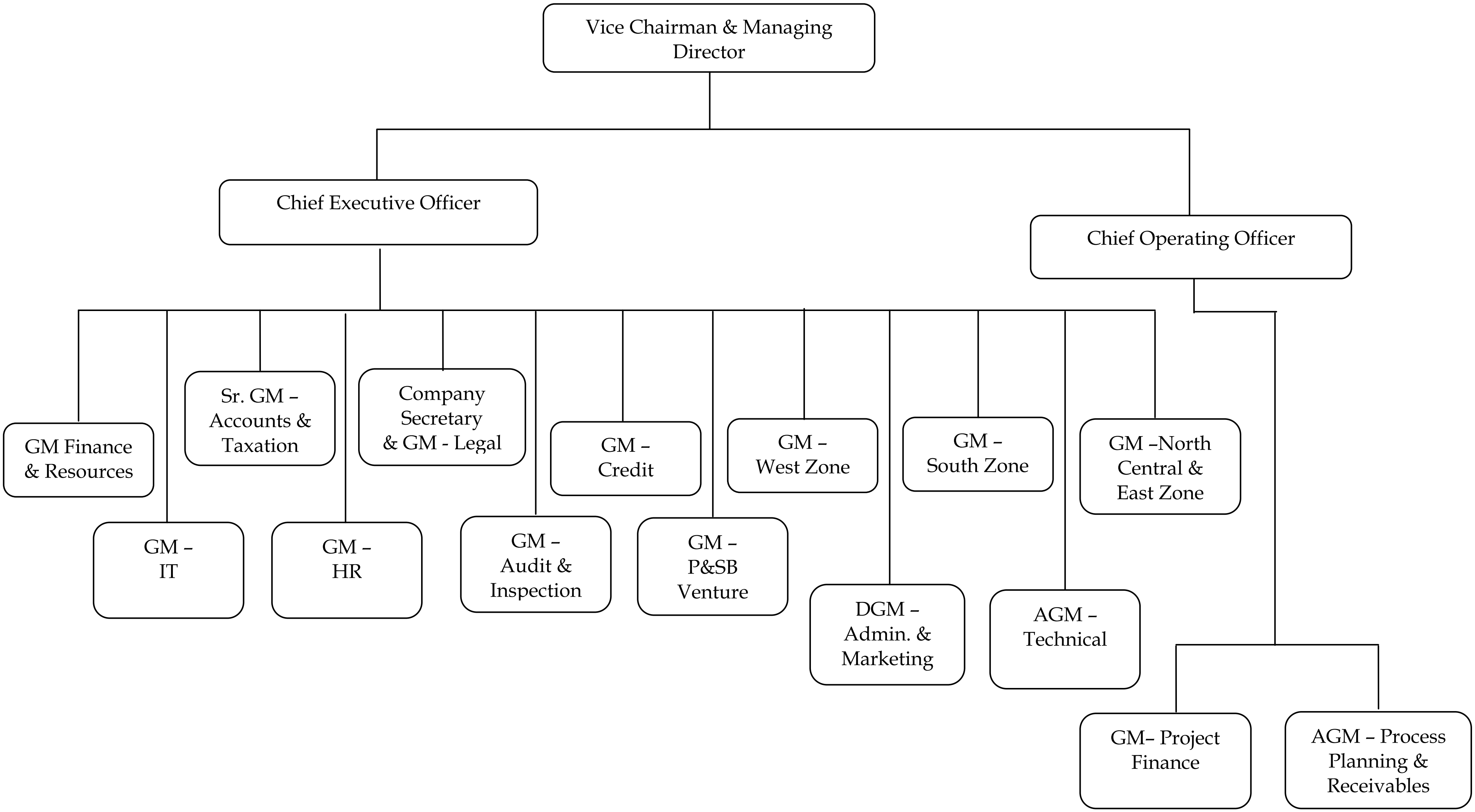
The terms of reference of the Committee are:

The Shareholders'/ Investors' Grievances Committee was constituted in order to redress the complaints of the shareholders and investors, related to transfer and transmission of shares, non-receipt of annual reports, dividends and other share related matters. The Committee also notes the requests to the Registrar and Share Transfer Agent made by the shareholders relating to transfer, transmission, consolidation, and replacement of share certificates, issue of duplicate certificates and dematerialization of share certificates. The Committee also reviews the certificates and reports submitted to the Stock Exchanges under the Listing Agreement/ SEBI Regulations. The Committee also observes the quarterly status of the number of shares in physical as well as dematerialized form. The Committee also reviews the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Transfer Agent.

Policy on disclosures and internal procedure for prevention of insider trading

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1997, as amended till date on Prohibition of Insider Trading, the Company has a comprehensive code of conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences on non compliance thereof. The Company follows quiet periods (closure of trading window) prior to the publication of price sensitive information. During the period, the Company has set up a mechanism where the management and relevant staff and business associates of the Company are informed about the same and are advised not to deal in Company's securities.

ORGANISATION STRUCTURE



Senior Management

In addition to our Board of Directors as set forth above, the following are members of our senior management. All members of our senior management are our permanent employees on a full time basis.

Name	Designation	Age (in years)
Mr. Anil Sachidanand	Chief Executive Officer	41
Mr. Rajeev Sathe	Chief Operating Officer	51
Mr. Jitendra N. Shah	Senior General Manager – Accounts & Taxation	58
Mr. Prashant Chaturvedi	General Manager – Finance & Resources	33
Mr. S. Y. Sankhe	Company Secretary and GM - Legal	54

The following are brief biographies of our senior management:

Mr. Anil Sachidanand is the Chief Executive Officer of our Company. He has done his M.B.A in Marketing and is an ICWAI. Prior to joining our Company in August 2008, he was associated with Adventity BPO India Pvt. Ltd for 18 years. His responsibilities in the Company include over all control, supervision over Marketing, Credit, Human Resource and Information Technology in the Company.

Mr. Rajeev Sathe the Chief Operating Officer of our Company. He is a senior banker with about three decades of diverse managerial experience in banking operations with the State Bank of India. He is an engineer and post graduate in bank management (NIBM), with a dissertation on applying IT for control of priority sector advances. In India he has handled a wide gamut of credit in rural and semi urban areas, retail banking, SSI and large corporates. Internationally he has managed trade finance, operations and IT in USA. He has developed and marketed financial and IT based banking products and has driven initiatives like six sigma in banking operations and provided management consultancy services for quality and productivity improvements in the manufacturing industry. He has been associated with the Company since February 2007 and is in-charge of day-to-day operations of our Company.

Mr. J. N. Shah is the Senior General Manager (Accounts & Taxation) of our Company. He is a B. Com., F.C.A., and reports to the Vice Chairman & Managing Director on accounts and taxation related issues. Prior to joining our Company in February 1993, Mr. Shah has worked with Purity Textiles Pvt. Ltd. as Manager (Accounts & Finance), P. J. Pipes and Vessels Pvt. Ltd as Manager (Accounts and Banking), Govind Rubber Ltd. in the position of Chief Accountant, and Bedrock Limited as Accounts Officer.

Mr. Prashant Chaturvedi is a Chartered Accountant and a Company Secretary. He is the General Manager (Finance and Resources) of our Company. His responsibilities in our Company include ensuring availability of funds at competitive rates from capital markets, multilateral agencies and banking systems, ensuring the private placement of our Equity Shares and treasury management. He has been associated with the Company since August 1998.

Mr. S. Y. Sankhe has completed his M.Com. from Pune University, his LL.B from Bombay University, C.A.I.I.B under the Indian Institute of Bankers, Bombay and his A.C.I.S from the Institute of Chartered Secretaries, U.K. Mr. Sankhe is also a qualified F.C.S. (Fellow member of Institute of Company Secretaries of India, New Delhi). He is the Company Secretary and GM - Legal of our Company. He has been associated with the Union Bank of India from 1975 to 1983, with Orkay Industries Limited as the General Manager, Finance and Company Secretary from 1983 to 1998, with KFA Corporation Limited as the General Manager, Finance and Company Secretary from 1998 to 2003 and with Uniqueklinger Limited as General Manager, Legal and Company Secreterial from 2003 to 2005.

Interest of our Senior Management

The total interests of the senior management in our Company's Equity Shares as at March 31, 2009 are set out in the table below:

Name of Senior Management	Number of Equity Shares held
Mr. Anil Sachidanand	Nil

Name of Senior Management	Number of Equity Shares held
Mr. Rajeev Sathe	Nil
Mr. Prashant Chaturvedi	250
Mr. S. Y. Sankhe	Nil
Mr. J. N. Shah	450

Transactions with Senior Management

There have been no transactions during the current or previous fiscal year between our Company and any of its senior management, which, because of their unusual nature or the circumstances in which they have been entered into, are or should be required to be disclosed in our Company's accounts or approved by its shareholders and there are no such transactions during an earlier fiscal year which remain in any respect outstanding or unperformed.

Changes in Senior Management in the last three years

Name	Date of Change	Reason
Mr. Rajeev .V. Sathe *Chief Operating Officer*	05/02/2007	Appointment
Mr. Arun Kumar Singh *Deputy General Manager – Administration & Marketing*	01/09/2007	Appointment
Mr. Anil Sachidanand *Chief Executive Officer*	21/08/2008	Appointment
Mr. Pradeep Sawant *Head – Legal*	03/10/2006	Resignation
Mr. Janardhan Amballa *Assist. G.M. Office & Credit Admin.*	25/04/2007	Resignation
Mr. Manoj Parwatker *AGM – Credit Admin. & Receivables*	26/11/2007	Resignation
Mr. Gaurav Modwel Head Corporate Planning & Strategy	01/01/2008	Resignation
Mr. Sivkumar Mani *GM Marketing*	31/05/2008	Resignation
Mr. Bikrum Sen *CEO*	31/07/2008	Resignation
Mr. Bipin Lanjekar *GM Projects*	18/03/2009	Resignation

Employee Stock Option Schemes

As at the date of this Placement Document, our Company has granted the following options under ESOS to the key managerial personnel:

Name	Positions	Number of options granted under ESOP
Mr. Rajeev .V. Sathe	Chief Operating Officer	55,000
Mr. Jitendra N. Shah	Senior General Manager – Accounts & Taxation	45,050
Mr. Prashant Chaturvedi	General Manager – Finance & Resources	40,000
Mr. Anil Sachidanand	Chief Executive Officer	Nil
Mr. S.Y. Sanhke	Company Secretary & GM-Legal	30,000

ORGANISATIONAL STRUCTURE AND PRINCIPAL SHAREHOLDERS

Our Company was originally incorporated as "Dewan Housing Finance & Leasing Company Ltd." on April 11, 1984 under the Companies Act, 1956. The name of our Company was subsequently changed to "Dewan Housing Development Finance Ltd." on the September 26, 1984 and later to "Dewan Housing Finance Corporation Ltd." on August 25, 1992.

Our Registered office is located at Warden House, Sir P M Road, Fort, Mumbai - 400 001, India.

Our Corporate office is located at Dheeraj Arma, 6th Floor, Anant Kanekar Marg, Bandra (East), Mumbai – 400 051, India.

Our Company made an initial public offering of its Equity Shares in 1985 and is currently listed on both BSE and the NSE. The Promoters and the Promoter Group have an aggregate 55.87 % shareholding in our Company.

Capital Structure as at date of this Placement Document

(Rs. in million)

Authorized Share Capital	
175,000,000 Equity Shares of Rs.10 each	1,750.00
75,000,000 Preference Shares of Rs.10 each	750.00
Total	**2,500.00**
Issued Share Capital	
61,213,944 Equity Shares of Rs.10 each	612.14
3,000,000 Redeemable 1% Non-convertible Preference Shares of Rs.10 each	30.00
Subscribed and Paid-up Share Capital	
60,522,975 Equity Shares of Rs.10 each	605.23
3,000,000 Redeemable 1% Non-convertible Preference Shares of Rs.10 each	30.00
Share Premium Account	3,443.20

Principal Shareholders:

The following table contains shareholding information as of March 31, 2009:

Sr. no	**Category of Shareholder**	**Pre-issue**		**Post-issue**	
		Number of Shares	**% of pre-issue capital**	**Number of Shares**	**% of post issue capital**
(A)	**Shareholding of Promoter and Promoter Group**				
1	**Indian**				
	Individuals / Hindu Undivided Family	33,812,350	55.87	33,812,350	44.18
	Sub Total	**33,812,350**	**55.87**	**33,812,350**	**44.18**
2	**Foreign**	-	-	-	-
	Total shareholding of Promoter and Promoter Group (A)	**33,812,350**	**55.87**	**33,812,350**	**44.18**
(B)	**Public Shareholding**				
1	**Institutions**				
	Insurance Companies	-	-	1,773,050	2.32
	Mutual Funds / UTI	19,500	0.03	161,500	0.21
	Financial Institutions / Banks	389,723	0.64	3,013,822	3.94
	Foreign Institutional Investors	5,180,277	8.56	16,653,359	21.76
	Any Others (Specify)				
	Foreign Institutional Investors - FDI	7,065,456	11.67	7,065,456	9.23

	Sub Total	**12,654,956**	**20.91**	**28,667,187**	**37.46**
2	**Non-Institutions**				
	Bodies Corporate	9,311,981	15.39	9,311,981	12.17
	Individuals				
	Individual shareholders holding nominal share capital up to Rs. 100,000	3,379,048	5.58	3,379,048	4.42
	Individual shareholders holding nominal share capital in excess of Rs. 100,000	1,228,040	2.03	1,228,040	1.60
	Any Others (Clearing Members)	74,737	0.12	74,737	0.10
	NRI (Repatriation)	54,201	0.09	54,201	0.07
	NRI (Non Repatriation)	7,662	0.01	7,662	0.01
	Sub Total	**14,055,669**	**23.22**	**14,055,669**	**18.36**
	Total Public shareholding (B)	**26,710,625**	**44.13**	**42,722,856**	**55.82**
	Total (A)+(B)	**60,522,975**	**100.00**	**76,535,206**	**100.00**
	(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	Total (A)+(B)+(C)	**60,522,975**	**100.00**	**76,535,206**	**100.00**

The total number of shareholders of the company as on March 31, 2009 is 16,437.

The shareholding pattern of persons belonging to the category of “Promoters and Promoter Group” as at March 31, 2009 has been set out in the table below:

Sr. No.	Name of the Shareholder	Number of shares	Percentage (%)
1.	Mr. Kapil Wadhawan	5,929,339	9.80
2.	Mr. Dheeraj Wadhawan	5,302,250	8.76
3.	Mr. Rakesh Kumar Wadhawan	5,098,744	8.42
4.	Ms. Aruna Wadhawan	4,932,737	8.15
5.	M/s. Wadhawan Holding Private Limited	4,545,229	7.51
6.	Ms. Damyanti Wadhawan	2,340,769	3.87
7.	Mr. Sarang Wadhawan	1,835,572	3.03
8.	Ms. Malti Wadhawan	1,827,710	3.02
9.	Ms. Anu S Wadhwan	1,000,000	1.65
10.	Ms. Pooja Wadhawan	1,000,000	1.65
	TOTAL	**33,812,350**	**55.87**

The shareholding pattern as at March 31, 2009, of persons belonging to the category “Public” and who are holding more than 1% of the total number of our Company’s issued and paid-up share capital has been set out in the table below:

Sr. No.	Name of shareholder	Number of Equity Shares	Percentage holding (%)
1.	Caledonia Investments PLC (FDI)	7,065,456	11.67
2.	Hemisphere Infrastructure India Private Limited	2,300,000	3.80
3.	Sapphire Land Development Private Limited	1,952,425	3.23
4.	Galaxy Infraprojects and Developers Private Limited	1,933,596	3.19
5.	Caledonia Investments PLC	1,952,467	3.19
6.	Kuroto Fund LP	1,680,819	2.78
7.	Awas Developers and Constructors Private Limited	1,320,000	2.18
8.	Elara India Opportunities Fund Limited	864,209	1.43

	Total	**19,068,972**	**31.51**

OVERVIEW OF OUR SUBSIDIARY

DHFL Vysya Housing Finance Limited

DHFL Vysya Housing Finance Limited ("DVHFL") was incorporated as Vysya Bank Housing Finance Limited under the Companies Act on November 26, 1990. Its registered office is located at S 401, Brigade Plaza, Ananda Rao Circle, S.C. Road, Bangalore - 560 009, India. On July 2, 2003, DHFL and its Promoters acquired 91.21% shareholding in it. Subsequent to the acquisition, its name was changed to DVHFL on October 15, 2003. DVHFL is engaged in the business of providing housing finance and is a housing finance company registered with NHB.

Shareholding pattern

The shareholding pattern of DVHFL as of March 31, 2009 is as follows:

Name of the Shareholder	Number of Shares	% of Shareholding
Dewan Housing Finance Corporation Limited	4,120,989	58.21%
Mr. Kapil Wadhawan	600,000	8.47%
Mr. Rakeshkumar Wadhawan	556,791	7.86%
Mr. Sarang Wadhawan	600,000	8.47%
Mr. Dheeraj Wadhawan	600,000	8.47%
Total Promoters Holdings	**6,477,780**	**91.48%**
Bank(s)	465,000	6.57%
Bodies Corporate	37,200	0.53%
Trust and Charitable Institutions	5,000	0.07%
Resident Individuals	95,725	1.35%
Grand Total	**7,080,705**	**100.00%**

Board of Directors

The Board of Directors of DVHFL as of March 31, 2009 are as follows:

1. Mr. Kapil Wadhawan - Chairman
2. Mr. R. Nambirajan – Managing Director
3. Mr. R. S. Hugar
4. Mr. Bikram Sen
5. Mr. Ashok Kumar Gupta
6. Mr. G. P. Kohli

Financial Information

(Figures in million except per share data)

Particulars	For the year ending March 31,		
	2005	**2006**	**2007**
Paid up Equity Share Capital	70.81	70.81	70.81
Reserve and surplus (excluding Revaluation Reserve)	294.2	317.8	350.18
Income from Operations	178.08	194.42	254.64
Profit/ (loss) after tax	44.39	46.87	55.03
Earning per share (EPS) Rs.	6.3	6.62	7.77
Net assets value (NAV) Rs.	51.55	54.88	59.46

DHFL Property Services Limited

DHFL Property Services Limited ("DPSL") was incorporated as DHFL Developers Limited under the Companies Act, 1956 on January 17, 1997. Its registered office is located at Madhava, ground floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India. Its name was changed to DPSL on May 10, 2002. On May 14, 2009 DHFL and its nominees acquired 100.0% shareholding in it. DPSL is engaged in the business of property services, fee based activities like agents, brokers, lessors, lessees, licensors, licensees etc.

Shareholding pattern

The shareholding pattern of DVHFL as of May 14, 2009 is as follows:

Name of the Shareholder	**Number of Shares**	**% of Shareholding**
DHFL	999,940	99.99
Mr. Kapil Wadhawan (DHFL Nominee) Joint with DHFL	10	0.00
Mr. Dheeraj Wadhawan (DHFL Nominee) Joint with DHFL	**10**	0.00
Ms. Aruna Wadhawan (DHFL Nominee) Joint with DHFL	10	0.00
Mr. Anil Sachidanand (DHFL Nominee) Joint with DHFL	10	0.00
Mr JN Shah (DHFL Nominee) Joint with DHFL	10	0.00
Mr. Satish Kotian (DHFL Nominee) Joint with DHFL	10	0.00
Grand Total	**1,000,000**	**100.00**

Board of Directors

The Board of Directors of DPSL as of May 14, 2009 are as follows:

Mr. Kapil Wadhawan - Chairman
Mr. Anil Sachidanand
Mr. Ajay Vazirani

Financial Information

DPSL became a subsidiary company of our Company on May 14, 2009 subsequent to a 100.0% acquisition of its equity shares by our Company and its nominees and, therefore, the annual accounts of DPSL as of March 31, 2009 do not form a part of the Consolidated Financial statements of our Company.

PLACEMENT PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the bidding, payment, allocation and allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and prospective eligible Investors are assumed to have appraised themselves of the same from the Company or the Lead Manager and Sole Book-Runner. Prospective eligible Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them.

Qualified Institutions Placements

The Issue is being made in reliance upon Chapter XIII-A of the SEBI Guidelines through the mechanism of Qualified Institutions Placements, pursuant to which an Indian listed company may issue and allot Equity Shares, fully convertible debentures, partly convertible debentures or any other security (excluding warrants) on a private placement basis to QIBs, provided that:

- equity shares of the same class of such company are listed on a stock exchange in India that has nationwide trading terminals for a period of at least one year as on the date of issuance of notice to its shareholders for convening the meeting; and
- such company complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange referred to above.

Additionally, there is a minimum pricing requirement under the SEBI Guidelines. The issue price of the Shares shall not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "**relevant date**" referred to above means the date of the meeting in which the Board or the committee of directors duly authorized by the board of the Company decides to open the Issue. And "stock exchange" means any of the recognized stock exchanges in which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The Company has applied for the in-principle approval of the Stock Exchanges under Clause 24 (a) of the Listing Agreements. The Company has also filed a copy of this Placement Document with the Indian Stock Exchanges.

Issue Procedure

1. The Company and the Lead Manager and Sole Book-Runner shall identify Eligible Investors and circulate the serially numbered copies of the Preliminary Placement Document and the Application Form either in electronic form or physical form to not more than 49 QIBs.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the Lead Manager and Sole Book-Runner at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. QIBs may submit their bids/applications through the Application Form during the bidding period to the Lead Manager and Sole Book-Runner.

4. QIBs would have to indicate the following in the Application Form:

    a. the full official name of the QIB;

    b. the number of Equity Shares bid for;

    c. the price at which they are willing to apply for the Equity Shares, provided that QIBs may also indicate that they are willing to submit a bid at "Cut-off Price" which shall be any price as may be determined by the Company in consultation with the Lead Manager and Sole Book-Runner at or above the minimum price calculated in accordance with clause 13A.3 of the SEBI Guidelines ("the Floor Price") (being, in the case of the Company, Rs. 140.49); and

d. the details of the dematerialized account(s) to which the Equity Shares should be credited.

Note: Each sub-account of an FII will be considered as an individual QIB and separate Application Form would be required from each sub-account for submitting bids. <u>Each scheme/fund of a mutual fund will be required to submit a separate Application Form</u>.

5. Based on the Application Forms received from the QIBs who have received a serially numbered copy of this Placement Document either in electronic form or physical form, the Company shall decide: (i) the price at which the Equity Shares will be offered (the "Offer Price"), which shall be at or above the Floor Price; and (ii) the number of Equity Shares to be issued, in each case, in consultation with the Lead Manager and Sole Book-Runner. The Company shall notify the Stock Exchanges of the Offer Price. On determination of the Offer Price, each QIB to whom an allocation shall be made shall be sent Confirmation of Allocation Note (each, a "CAN"). Each CAN shall contain details of the number of Equity Shares allocated to the QIB, the details of the amounts payable by the QIB for the allocation of Equity Shares in its name and the date applicable to the respective QIB on which payment of the application monies is required to be made in respect of the Equity Shares. The decision of the Company and the Lead Manager and Sole Book-Runner in this regard shall be at their sole and absolute discretion.

6. After the receipt of the Application Forms, the Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of the same. Upon receipt of the application monies from the QIBs, the Company shall issue and allot the Equity Shares to those QIBs as per the details provided for in their respective CANs. The Company shall intimate to the Stock Exchanges the details of such allocation.

7. After receipt of the in-principle approval of the Stock Exchanges, the Company shall credit the Equity Shares into the depository participant accounts of the QIBs.

8. The Company shall then apply for the final trading and listing permissions from the Stock Exchanges.

9. The Equity Shares that have been so allotted and credited to the depository participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

10. The Stock Exchanges shall notify the final trading and listing permissions, which are ordinarily available on their websites, and the Company shall communicate the receipt of the final trading and listing permissions from the Stock Exchanges to those QIBs to whom the Equity Shares have been allotted. The Company shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to appraise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Company.

Qualified Institutional Buyers

Only QIBs as defined in clause 1.2.1(xxiv a) of the SEBI Guidelines are eligible to invest. Currently these include:

- public financial institutions as defined in section 4A of the Companies Act, 1956;
- scheduled commercial banks;
- mutual funds registered with the SEBI ("Mutual Funds");
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- multilateral and bilateral development financial institutions;
- venture capital funds registered with the SEBI;
- foreign venture capital investors registered with the SEBI;
- state industrial development corporations;

- insurance companies registered with Insurance Regulatory and Development Authority, India;
- provident funds with minimum corpus of Rs.250 million;
- pension funds with minimum corpus of Rs.250 million; and.
- The National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.

FIIs are permitted to participate in the Issue through the portfolio investment scheme. FIIs are permitted to participate in the Issue, subject to compliance with all applicable laws and such that the shareholding of the FIIs does not exceed the specified limits in this regard. The Company and the Lead Manager and Sole Book-Runner are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the draft of the Preliminary Placement Document is filed with the Stock Exchanges. QIBs are advised to make their own independent investigations and satisfy themselves that they are eligible to bid. QIBs are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that may be held by them under applicable laws or regulation or as specified in the Preliminary Placement Document. Further, QIBs are required to satisfy themselves that any requisite compliances pursuant to this allotment such as public disclosures under applicable laws are complied with. QIBs are advised to consult their advisers in this regard. Further, QIBs are required to satisfy themselves that their bids would not eventually result in triggering a tender offer under the Takeover Code.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible Investor being our Promoter or any person related to our Promoter(s). Eligible Investors which have all or any of the following rights shall be deemed to be persons related to Promoter(s):

- rights under a shareholders agreement or voting agreement entered into with our Promoters or persons related to our Promoters;
- veto rights; or
- right to appoint any nominee director on our Board.

Note: Affiliates or associates of the Lead Manager and Sole Book-Runner who are QIBs may participate in the Issue in compliance with applicable laws.

A minimum of 10% of the Equity Shares in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof, as the case may be, may be Allotted to other Eligible Investors.

Application and Bidding

Application Form

QIBs shall only use the serially numbered Application Form supplied by the Lead Manager and Sole Book-Runner in either electronic form or by physical delivery for the purpose of making a bid in accordance with the terms of the Preliminary Placement Document.

By making a bid for Equity Shares pursuant to the terms of the Preliminary Placement Document, each QIB will be deemed to have given the following representations and warranties and to have agreed to comply with the provisions set out under “Placement — Selling Restrictions”, namely:

a. the QIB confirms that it is a Qualified Institutional Buyer in terms of Clause 1.2.1(xxiv a) of the SEBI Guidelines and is eligible to participate in the Issue;

b. The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its application does not directly or indirectly represent the Promoters or promoter group;

c. the QIB confirms that it has no rights under a shareholders agreement or voting agreement with the Company, no veto rights or right to appoint any nominee director on the Board of the Company other than that acquired in the capacity of a lender;

d. the QIB has no right to withdraw its bid after the Issue Closing Date;

e. the QIB confirms that if allotted Equity Shares pursuant to this Placement Document, it shall, for a period of one year from allotment, sell the Equity Shares so acquired only on the floor of the Stock Exchanges;

f. the QIB confirms that the QIB is eligible to bid and hold Equity Shares so allotted and together with any Equity Shares held by the QIB prior to the Offering and the QIB further confirms that the holdings of the QIB, do not, and shall not, exceed the level permissible as per any regulations applicable to the QIB;

g. the QIB confirms that the bid would not eventually result in triggering an open offer under the Takeover Code; and

h. the QIB confirms that to the best of its knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control, the allotment to the QIB shall not exceed 50 per cent of the aggregate amount of the Issue.

For the purposes of this statement:

(i) the expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

(ii) "Control" shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

i. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant Account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; and

j. The QIB confirms that the submission of an Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Demographic details like address, bank account etc. will be obtained from the Depositories as per the Depository Participant account details given above.

Submission of Application Form

All Application Forms shall be duly completed including price and the number of Equity Shares bid. All Application Forms duly completed along with copy of the PAN card shall be submitted to the Lead Manager and Sole Book-Runner. The Application Form shall be submitted within the Bidding Period to the Lead Manager and Sole Book-Runner either in electronic form or through physical delivery at the following address:

Name:	**Motilal Oswal Investment Advisors Private Limited**
Address:	113/114, 11th Floor, Bajaj Bhawan, Nariman Point, Mumbai - 400 021
Contact Person:	Mr. R. Anand / Mr. Nitin Gera
Contact No:	+91-22-3980 4380
Fax No:	+91-22-3980 4315
Email:	dhfl@motilaloswal.com

The Lead Manager and Sole Book-Runner shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build-up of the Book

The QIBs shall submit their bids through the Application Forms within the Bidding Period to the Lead Manager and Sole Book-Runner who shall maintain the Book.

Price Discovery and Allocation

The Company, in consultation with the Lead Manager and Sole Book-Runner, shall finalize the Offer Price which shall be at or above the Floor Price.

Method of Allocation

The Company shall determine the allocation in consultation with the Lead Manager and Sole Book-Runner in compliance with Chapter XIII-A of the SEBI Guidelines. Bids received from QIBs at or above the Offer Price shall be grouped together to determine the total demand. Any allocation to all such QIBs will be made at the Offer Price. Allocation shall be decided by the Company in consultation with the Lead Manager and Sole Book-Runner on a discretionary basis for a maximum of 49 investors.

Allocation to Mutual Funds for up to a minimum of 10 per cent of the aggregate amount of the Issue shall be undertaken subject to valid bids being received at or above the Offer Price.

THE DECISION OF THE COMPANY AND THE LEAD MANAGER AND SOLE BOOK-RUNNER IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE COMPANY AND QIBS MAY NOT RECEIVE ANY ALLOCATION, EVEN IF THEY HAVE SUBMITTED VALID BIDS AT OR ABOVE THE OFFER PRICE. NEITHER THE COMPANY NOR THE LEAD MANAGER AND SOLE BOOK-RUNNER ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Lead Manager and Sole Book-Runner as per the details provided in the respective CAN.

Number of Allottees

The minimum number of allottees of Equity Shares shall not be less than:

- two, where the issue size is less than or equal to Rs.2.5 billion; or

- five, where the issue size is greater than Rs.2.5 billion,

provided that no single allottee shall be allotted more than 50 per cent of the aggregate amount of the Issue.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single allottee for the purpose of this paragraph. For details of what constitutes "same group" or "common control" see the section titled "**Placement Procedure – Application Process – Application Form**" on page 94 of this Placement Document.

The maximum number of Allottees of Equity Shares shall not be greater than 49 Allottees. Further, the Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the Placement.

THE DECISION OF THE COMPANY AND THE LEAD MANAGER AND SOLE BOOK-RUNNER IN RESPECT OF ALLOTMENT SHALL BE FINAL AND BINDING ON ALL QIBS.

CAN

Based on the Application Forms received, the Company and the Lead Manager and Sole Book-Runner will decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for allotment of the same in their respective names shall be notified to such Investors. Additionally, the CAN would include details of the bank account(s) for transfer of funds if done electronically, address where the application money needs to be sent, Pay-In Date as well as the probable designated date ("Designated Date"), being the date of credit of the Equity Shares to the investor's account, as applicable to the respective QIBs. The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN. The dispatch of the serially numbered Placement Document and the CAN by the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Lead Manager and Sole Book-Runner and to pay the entire Offer Price for all the Equity Shares allocated to such QIB.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, SUB-ACCOUNTS OF A FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

Each scheme or fund of a mutual fund will have to submit separate Application Forms. Demographic details like address, bank account etc. will be obtained from the Depositories in accordance with the dematerialised account details given above. By submitting the Application Form, the QIB will be deemed to have made the representations and warranties as specified under the section, "Notice to Investors" and further that such QIB shall not undertake any trade in the Equity Shares credited to its depository participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Issue.

Bank Account for Payment of Application Money

The Company has opened a special bank account (the "Account") with Axis Bank Limited, in terms of the arrangement between the Company and the Bank. Each QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the CAN. If the payment is not made in favor of the Account within the time stipulated in the CAN, the CAN of the concerned QIBs is liable to be cancelled. In the case of cancellations or default by the QIBs, the Company and the Lead Manager and Sole Book-Runner have the right to reallocate the Equity Shares at the Offer Price among existing or new QIBs at their sole and absolute discretion.

Payment Instructions

The payment of the application money shall be made by the QIBs in the name of "DHFL - QIP – Escrow Account" as per the payment instructions provided in the CAN. QIBs may make payment through cheques or electronic fund transfer.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Payment through cheques should only be through high value cheques payable at Mumbai.

In case of cancellations or default by the QIBs, our Company and the Lead Manager and Sole Book-Runner have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are not sent to more than 49 QIBs.

Designated Date and Allotment of Equity Shares

a. The Equity Shares will not be allotted unless the QIBs pay the Offer Price to the Account as stated above.

b. In accordance with the SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in dematerialized form to QIBs. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act, 1996.

c. The Company reserves the right to cancel the Issue at any time up to allotment without assigning any reasons whatsoever.

d. Post allotment and credit of Equity Shares into the QIBs' depositories accounts, the Company will apply for trading/listing approvals from the Stock Exchanges.

e. The Payment Collection Bank shall not release the monies lying to the credit of the Account to the Company until such time that the Company delivers to the Payment Collection Bank the approval of the Stock Exchanges for the final listing and trading of the Equity Shares offered in this Issue.

f. In the unlikely event of any delay in the allotment or credit of the Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty will be payable by the Company.

After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Submissions to the SEBI

The Company shall submit this Placement Document to the SEBI within 30 days of the date of allotment for record purposes.

Other Instructions

Permanent Account Number

The copy of the PAN cards or PAN allotment letter is required to be submitted along with the payment for the Equity Shares allocated to the QIBs through the CAN. Without this information, the CAN will be liable to be cancelled. It is to be specifically noted that the applicant should not submit the GIR number or any other identification number instead of the PAN as the bids are liable to be rejected on this ground.

Company's Right to Reject Bids

The Company in consultation with the Lead Manager and Sole Book-Runner may reject bids, in part or in full, without assigning any reasons whatsoever. The decisions of the Company and the Lead Manager and Sole Book-Runner in relation to a bid shall be final and binding.

Equity Shares in dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares pursuant to the Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but to be fungible and to be represented by the statement issued electronically).

a. A QIB applying for Equity Shares must have at least one beneficiary account with either of the depository participants of either NSDL or CDSL prior to making the bid.

b. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the depository participant) of the QIB.

c. Equity Shares in electronic form can be traded only on those stock exchanges which have electronic connectivity with NSDL and CDSL. All the stock exchanges where the Company's Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.

d. The trading of the Equity Shares of the Company will be in dematerialized form only for all QIBs in the dematerialized segment of the respective exchanges.

e. The Company will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form on part of the QIBs.

PLACEMENT

Placement Arrangement

On June 27, 2009, the Lead Manager entered into a Placement Agreement with our Company, (the "Placement Agreement"), pursuant to which the Lead Manager has agreed to use their best efforts to place up to such number of the Equity Shares, the aggregate subscription amount of which shall be the Rupee equivalent of up to 3,000 million, to QIBs, pursuant to Chapter XIII-A of the SEBI Guidelines (i) within India to QIBs in reliance on Regulation S under the United States Securities Act of 1933, as amended, and (ii) outside the United States, in reliance on Regulation S under the United States Securities Act of 1933, as amended.

The Placement Agreement provides that the obligations of the investors to pay for and accept delivery of our Equity Shares offered by the Preliminary Placement Document is subject to the approval of certain legal matters by the counsels to the Lead Manager and Sole Book-Runner and to other conditions. The Placement Agreement also provides that our Company will indemnify the Lead Manager and Sole Book-Runner against certain liabilities.

Applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares. See "Risk Factors".

The Preliminary Placement Document or this Placement Document have not been, and will not be, registered as a prospectus with the Registrar of Companies in India and that, with the exception of QIBs, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than QIBs.

In connection with the Issue, the Lead Manager (or their affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Lead Manager may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes (see "P-Notes").

The Lead Manager and other affiliates have performed investment banking and advisory services for our Company from time to time for which they have received customary fees and expenses. The Lead Manager and other affiliates may, from time to time, engage in transactions with and perform services for our Company in the ordinary course of their business for which they may receive customary compensation.

Lock-up

Our Company has agreed that it will not, for a period of 60 days from the date of the Placement Document, without the prior written consent of the Lead manager and Sole Book-Runner, directly or indirectly, (a) offer, issue, contract to issue, grant any option, right or warrant for the issuance and allotment, or otherwise dispose of or transfer, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position with respect to, any Equity Shares or securities convertible into or exchangeable or exercisable for such Equity Shares (including any warrants or other rights to subscribe for any Equity Shares), (b) enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any Equity Shares, whether any such aforementioned transaction is to be settled by allotment of any Equity Shares or such other securities, in cash or otherwise, or (c) publicly disclose the intention to make any such offer, issuance and allotment or disposition, or to enter into any such transaction, swap, hedge or other arrangement. Our Promoters and members of the Promoter Group have agreed to not, directly or indirectly, sell his/its existing equity shareholding in our Company to any person for a period of 60 days from the date of allotment of the Equity Shares under this Issue. The foregoing shall not apply to (1)equity shares to be allotted to the Promoters / Promoter Group pursuant to the authority of the shareholder resolution dated June 27, 2009 and (2) the Equity Shares to be allotted pursuant to the DHFL ESOS – 2008.

SELLING RESTRICTIONS

Certain Distribution and Solicitation Restrictions

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Manger and Sole Book-Runner has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it has not made and will not make an offer of any Equity Shares which are the subject of the placement contemplated by this Placement Document to the public in that Relevant Member State, except that it may make an offer to the public in that Relevant Member State of any Equity Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

a. to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

b. to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

c. to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager or Sole Book-Runner for any such offer; or

d. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Manager and Sole Book-Runner of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Future Act 2001 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA;

(ii) (ii) where no consideration is or will be given for the transfer; or

(iii) (iii) by operation of law.

United Kingdom

The Lead Manger and Sole Book-Runner has represented, warranted and agreed in the Placement Agreement that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the sale or issue of Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

Certain Transfer Restrictions

Resale of Equity Shares by QIBs, except on recognized stock exchanges, are not permitted for a period of one year from the date of allotment, pursuant to Chapter XIII-A of the SEBI Guidelines. Because the following additional restrictions will apply, purchasers of Equity Shares are advised to consult their own legal counsel prior to making any offer, sale, resale, pledge or transfer of the Equity Shares.

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Securities and Exchange Board of India and the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, and has not been prepared or independently verified by the Company or the Lead Manager and Sole Bookrunner to the Placement, or any of their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulation

India's stock exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended (the "SCRA") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR") along with the rules, by-laws and regulations of the respective stock exchanges, which regulate the recognition of stock exchanges, the qualifications for membership and the manner in which contracts are entered into and enforced between members. The Securities and Exchange Board of India Act, 1992, as amended (the "SEBI Act") granted the SEBI powers to regulate the business of Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organisations, prohibit fraudulent and unfair trade practices and insider trading, and regulate substantial acquisitions of shares and takeovers of companies. The SEBI has also issued regulations guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, credit rating agencies and other capital market participants.

Listing

The listing of securities on recognised Indian stock exchanges is regulated by the SCRA, SCRR and the listing agreement of the respective stock exchanges, under which the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of a listed company's obligations under such agreement, subject to such company receiving prior notice of such intent of the stock exchange.

Pursuant to a circular dated 8 April 2008 SEBI has amended Clause 49 of the Listing Agreement to state that if the non-executive chairman of a listed company is a promoter or is related to promoters of the company or persons occupying management positions at the board level or at one level below the board, at least one-half of the board of the company should consist of independent directors.

In the context of the expression "related to any promoter" of the company, SEBI, vide its circular dated 23 October 2008, has specified that:

(a) where the promoter is a listed entity, its directors, other than the independent directors, its employees or its nominees shall be deemed to be related to it;

(b) where the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.

The aforesaid amendments are to be implemented, for entities seeking listing for the first time at the time of seeking in-principle approval for such listing, whilst for existing listed entities, the same are to be implemented by 31 March 2009.

Furthermore, the SEBI has decided at its board meeting held on 2 February 2009 (as specified in SEBI's press release no. 73/2009), to amend the Lisitng Agreements to provide that listed entities may declare dividend on a per share basis only, and not as a percentage of the face value of shares.

We have entered into listing agreements with the Stock Exchanges for the continuous listing of our Equity Shares. Each of these agreements and/ or the Takeover Code requires that:

- We adhere to certain corporate governance requirements including ensuring the minimum number of independent Directors on the Board, and composition of various committees such as audit committees and remuneration committees;

- We comply with continuing disclosure requirements and publish unaudited financial statements on a quarterly basis and immediately inform the stock exchanges of any unpublished price sensitive information;
- We maintain a minimum level of shares held by the public as required under these agreements;
- If any person acquires more than 5% of our Equity Shares or voting rights we and the acquiror shall comply with the provisions of the Takeover Code;
- No person shall acquire, or agree to acquire, 15% or more of our Equity Shares or voting rights, unless the provisions of the Takeover Code are complied with; and
- If any takeover offer is made or if there is any change in management control, then we and the persons securing management control of us need to comply with the Takeover Code.

Any non-compliance with the terms and conditions of the listing agreements with the Stock Exchanges may entail the delisting of our Equity Shares from such stock exchanges.

Delisting

Prior to June 10, 2003, a listed company could be delisted under the provisions of the SEBI (Delisting of Securities) Guidelines, 2003, which governed voluntary and compulsory delistings of shares of Indian companies from the stock exchanges.

On June 10, 2009, SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "**SEBI Delisting Regulations**"). The SEBI Delisting Regulations are applicable to delisting of equity shares of a company from all recognized stock exchanges where such shares are listed and provides for the grounds for (i) delisting of securities by a recognized stock exchange; (ii) voluntary delisting; (iii) exit opportunity; (iv) compulsory delisting; and (v) miscellaneous provisions including those with respect to powers of SEBI and special provisions for small companies. The SEBI Delisting Regulations also provide for transitional provisions for those listed companies which had done anything or omitted to do, or any right, privilege, obligation or liability acquired or accrued under the SEBI (Delisting of Securities Guidelines, 2003 prior to the commencement of the SEBI Delisting Regulations.

Based on the introduction of the SEBI Delisting Regulations, a new rule 21 has been incorporated in the SCRR, which pertains primarily to the delisting of securities

Indian Stock Exchanges

There are now 23 stock exchanges in India. Most of the stock exchanges have their own governing board for self-regulation. The BSE and NSE together hold a dominant position among the stock exchanges in terms of number of listed companies, market capitalization and trading activity.

To restrict abnormal price volatility, SEBI has instructed stock exchanges to apply the fol1owing price bands calculated at the previous day's closing price (there are no restrictions on price movements of index stocks):

Market Wide Circuit Breakers - In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers, which do not allow transactions beyond certain price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and the circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices: the BSE Sensex for the BSE and the Nifty for the NSE, or the NSE Nifty, whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in al1 equity and equity derivatives markets nationwide is halted.

Price Bands - Price bands are circuit filters of 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. In addition to the market-wide index based circuit breakers, there are currently in place varying individual scrip wise bands (except for scrips on which derivative products are available or scrips included in indices on which derivative products are available) of 20% either ways for all other scrips.

NSE

NSE is one of the stock exchanges in India on which our Equity Shares are listed. NSE serves as a national exchange, providing nationwide on-line satellite-linked screen-based trading facilities with market makers and electronic clearing and settlement for securities, including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on-market" are exchanged through the National Securities Clearing Corporation Limited. NSE does not categorize shares into groups as in the case of BSE, except in respect of the trade to trade category. NSE uses satellite communication technology to energise participation using VSATs covering nearly 339 cities spread across India. NSE commenced operations in the wholesale debt market in June 1994, in capital markets in November 1994 and derivatives in June 2000. The average daily traded value in the capital market segment was Rs. 191.28 billion during April, 2009. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap index on January 1, 1996. The securities in the NSE 50 Index are highly liquid. As of April 30, 2009, there were 1,329 companies trading on the NSE and the estimated market capitalisation of stocks trading on the NSE was Rs. 33,750.25 billion (*Source*: NSE website)

BSE

Our Equity Shares are also listed in India on the BSE. Established in 1875, it is the oldest stock exchange in India. The BSE switched over to on-line trading network ("**BOLT**") since May 1995. As of April 30, 2009, the BSE had 1008 members comprising 175 individual members, 810 Indian companies and 23 foreign institutional investors. As of April 30, 2009, there were 4,930 companies trading on the BSE and the estimated market capitalisation of stocks trading on the BSE was Rs. 35,869.79 billion. The average daily turnover on the BSE as of April 30, 2009 was Rs. 52.32 billion. Only a member of the BSE has the right to trade in the stocks listed on the BSE. BSE has a nation-wide reach with a presence in 417 cities and towns of India. Derivatives trading commenced on the BSE in 2000. The BSE has also wholesale and retail debt trading segments. The retail trading in government securities commenced in January 2003. (*Source*: BSE website)

Trading Hours

Trading on both the BSE and the NSE occurs normally Monday through Friday, between 9:55 a.m. and 3:30 p.m. The BSE and the NSE are closed on public holidays.

Trading Procedure

NSE introduced for the first time in India, fully automated screen based trading called National Exchange for Automated Trading ("**NEAT**") is a fully automated screen based trading system, which adopts the principle of an order driven market.

In order to facilitate smooth transaction, BSE had replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. The enhanced transparency in dealings due to implementation of BOLT has assisted considerably in smoothening settlement cycles and improving efficiency in back office work.

Settlement

With effect from December 31, 2001, trading in all securities listed in the equity segment of the BSE takes place in one market segment, known as the Compulsory Rolling Settlement Segment.

With effect from April 1, 2003, in accordance with SEBI directives, stock exchanges in India operate on a trading day plus 2, or T+2 rolling settlement system, although SEBI has proposed to move to a T+1 settlement system. T+2, settlement requires that a transaction is settled on the second business day following the relevant trade date. The equity shares of the Company are listed in the B-1 segment on the BSE and trades in the shares are settled on a T+2 basis.

Stock Market Indices

There is an array of indices of stock prices on NSE. The popular indices are the S&P CNX Nifty, CNX Nifty Junior, S&P CNX Defty, S&P CNX 500, CNX Midcap and CNX 100.

The following two indices are generally used in tracking the aggregate price movements on the BSE:

- the BSE Sensitive Index (the "**Sensex**") consists of listed shares of 30 large market capitalisation companies. The companies are selected on the basis of market capitalisation, liquidity and industry representation. The Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979 as its base year. This is the most commonly used index in India; and

- the BSE 100 Index (formerly the BSE National Index) consists of listed shares of 100 companies including the 30 comprising the Sensex. The BSE 100 Index was introduced in January 1989 with the fiscal year ended March 31, 1984 as its base year.

Internet-based Securities Trading and Services

SEBI approved Internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing Internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the akeover Code, which prescribes certain thresholds or trigger points that give rise to these obligations. The Takeover Code is under constant review by the SEBI and was last amended on January 28, 2009. Since the Company is an Indian listed company, the provisions of the Takeover Code apply to the Company.

The salient features of the Takeover Code are as follows:

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any person acting in concert with him) who acquires shares or voting rights that would entitle him to more than 5%, 10%, 14%, 54% or 74% of the shares or voting rights in a company is required to disclose the aggregate of his shareholding or voting rights in that company to the company and to each of the stock exchanges on which the company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15% of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on March 31 (which in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, such person who holds 15% or more but less than 55% of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2% of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (which in turn is required to disclose the same to each of the stock exchanges on which the company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within 21 days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as of March 31 of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of the company are also required to disclose to the company the details of the shares of the company pledged by them within 7 days of the creation, or invocation, of the pledge, as the case may be. The company is, in turn, required to disclose the information to the stock exchanges within 7 days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares taken together with the shares already pledged during that quarter exceeds 1% of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15% or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company would be required to make a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15% or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, the company and the stock exchanges on which a company's equity shares are listed.

- An acquirer who, together with persons acting in concert with him, has acquired 15 per cent, or more, but less than 55% of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights in any financial year ending on March 31 unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, if any, holds 55% or more but less than 75% of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights in the company) in a company cannot acquire additional shares entitling him to exercise voting rights or voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5% voting rights in the company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75%.

- Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an open offer under the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, i.e. up to the delisting threshold (75% or 90%, as the case may be).

- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "frequently" or "infrequently" traded (as defined in the Takeover Code). In the case of shares which are Frequently traded, the minimum offer price shall be the highest of:

  (a) the negotiated price under the agreement for the acquisition of shares or voting rights in the company;

(b) the highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or

(c) the average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.

- The open offer for the acquisition of a further minimum of 20% of the shares of a company has to be made by way of a public announcement which is to be made within four working days of entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such change(s) is made which would result in acquisition of control.

- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.

- The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.

- Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfil his/her obligations.

The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, *inter alia*, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfilment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15% in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under Section 18 of SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance on succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Indian Government unless such acquisition is made pursuant to a disinvestment process undertaken by the Indian Government or a State Government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

Minimum Level of Public Shareholding

In order to ensure availability of floating stock of listed companies, SEBI has recently notified amendments to the Listing Agreement. All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25%. This requirement does not apply (A) to those companies who at the time of their initial listing had offered at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, and which fulfill the following conditions (i) a minimum of 2,000,000 securities were offered to the public, (ii) the size of the issue was at least Rs.1,000 million, and (iii) the issue was made only through book building method with allocation of 60% of the issue size to qualified institutional buyers as specified by SEBI or (B) to those companies that have reached a size of 20,000,000 or more in terms of the number of listed shares and Rs.10,000 million or more in terms of market capitalisation. However, such listed companies are required to maintain the minimum level of public shareholding at 10% of the total number of issued ordinary shares of a class or kind for the purposes of listing. Failure to comply with this clause in the Listing Agreement requires the listed company to delist its shares pursuant to the terms of the SEBI Delisting Guidelines and may result in penal action being taken against the listed company pursuant to the Securities and Exchange Board of India Act, 1992.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ("Insider Trading Regulations") have been notified by SEBI to prevent insider trading in India by prohibiting and penalising insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his/her own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price sensitive information. The Insider Trading Regulations define an insider to mean any person who is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or who has received or has had access to such unpublished price sensitive information.

Price sensitive information means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of the company, such as the periodical financial results of the company, intended declaration of dividends (both interim and final), issue of securities or buy-back of securities.

The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price sensitive information to any other person who whilst in possession of such unpublished price sensitive information shall not deal in securities while in possession of such information.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading deals and also to regulate disclosure of unpublished price sensitive information within such entities so as to minimize misuse thereof. To this end, the Insider Trading Regulations provide a model code of conduct. Further, the Insider Trading Regulations specify a model code of corporate disclosure practices to prevent insider trading, which is to be implemented by all listed companies. The Insider Trading Regulations require any person who holds more than 5% shares or voting rights in any listed company to disclose to the company the number of shares or voting rights held by such person and any change in such shareholding or voting rights, within two working days of:
(i) the receipt of intimation of allotment of shares; or
(ii) the acquisition of shares or voting rights, as the case may be.

On a continuing basis any person who holds more than 5% shares or voting rights in any listed company is required to disclose to the company, the number of shares or voting rights held by him and any change in shareholding or voting rights, even if such change results in shareholding falling below 5%, if there has been change in such holdings from the last disclosure made, provided such change exceeds 2% of the total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of:

(i) the receipt of intimation of allotment of shares; or
(ii) the acquisition or sale of shares or voting rights, as the case may be.

Every listed company within 2 working days of receipt of the above information, is required to disclose the same to all stock exchanges on which the company is listed.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act, 1996 which provides a legal framework for the establishment of depositories to record ownership details and effectuate transfers in electronic book-entry form. The SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 which provide for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, the beneficial owners and the companies. The depository system has significantly improved the operations of the Indian securities markets. Trading of securities in book-entry form commenced in December 1996. In January 1998, the SEBI has notified scrips of various companies for compulsory dematerialized trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialized trading in specified scrips for all retail investors. The SEBI has subsequently significantly increased the number of scrips in which dematerialized trading is compulsory for all investors. Under guidelines issued by the SEBI, a company shall give the option to subscribers/shareholders to receive the security certificates and hold securities in dematerialized form with a depository.

However, even in the case of scrips notified for compulsory dematerialized trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements to report such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities. Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depositary participants registered with the depositaries established under the Depositories Act, 1996. Charges for opening an account with a depositary participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depositary participant and must be borne by the account holder. Upon delivery, the shares shall be registered in the name of the relevant depositary on the company's books and this depositary shall enter the name of the investor in its records as the beneficial owner, thus effecting the transfer of beneficial ownership. The beneficial owner shall be entitled to all rights and benefits of the shareholder and be subject to all liabilities in respect of his/her securities held by a depositary. Every person holding equity shares of the company and whose name is entered as a beneficial owner in the records of the depository is deemed to be a member of the concerned company. The Companies Act compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs. 100 million should issue the securities in dematerialized form.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities," as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of the SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

EXCHANGE CONTROLS

Restrictions on Conversion of Indian Rupees

There are restrictions on conversion of Rupees into U.S. dollars. Before February 29, 1992, RBI determined the official value of the Rupee in relation to a weighted basket of currencies of India's major trading partners. In the February 1992 budget, a new dual exchange rate mechanism was introduced by allowing conversion of 60% of the foreign exchange received on trade or current account at a market-determined rate and the remaining 40% at the official rate. All importers were, however, required to buy foreign exchange at the market rate except for certain priority imports. In March 1993, the exchange rate was unified and allowed to float. In February 1994 and again in August 1994, RBI announced relaxations of the payment restrictions previously applicable to certain transactions. Since August 1994, the Central Government has substantially complied with its obligations to the International Monetary Fund, under which India is committed to refrain from using exchange restrictions on current international transactions as an instrument to manage the balance of payments. Effective July 1995, the process of current account convertibility was advanced by relaxing restrictions on foreign exchange for various purposes, such as foreign travel and medical treatment. The Central Government has also relaxed restrictions on capital account transactions by resident Indians since 1999. For example, resident Indians are now permitted to remit up to US$200,000 for any capital account transaction.

DESCRIPTION OF THE EQUITY SHARES

Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of our Memorandum and Articles of Association, the Companies Act and certain related legislation of India, all as currently in effect.

General

The Authorized Share Capital of the Company is Rs. 2500,000,000 (Rupees Two Thousand Five Hundred million) divided into 175,000,000 (Rupees One hundred Seventy Five million) Equity Shares of Rs. 10/- (Rupees ten only) each, 75,000,000 (Seventy Five million) Preference Shares of Rs. 10/- (Rupees ten only) each.

Dividend

The profits of the Company which it shall from time to time determine, subject to the provisions of Section 205 of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid upon the equity shares. Where the capital is paid-up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carry interest, confer the right to dividend or to participate in profits. All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. The Company in general meeting may subject to the provisions of Section 205 of the Act declare a dividend to be paid to the members according to their right and interests in the profits and may fix the time for payment. No larger dividend shall be declared that is recommended by the Board but the Company in general meeting may declare a smaller dividend

Where a dividend has been declared by the Company but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days open a Special Account in that behalf in any Schedule Bank called, "The unpaid Dividend Account of Dewan Housing Finance Corporation Limited" and transfer therein the total amount of dividend that has remained unpaid or unclaimed as aforesaid. Any money transferred to the unpaid dividend account of a Company in pursuance of this Section, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 205 C.

The Directors may retain the dividends payable upon shares in respect of which any person in under the transmission Article entitled to become a member or which any person under that is entitled to transfer until such person shall duly become a member in respect thereof shall transfer the same. Any one of the several persons who are registered as a joint-holder of any share may give effectual receipts of all dividends and payments on account of dividend in respect of such shares.

Alteration of Share Capital

The Company may subject to the provisions of Section 78, 80 and 100 to 105 and other applicable provisions (if any) of the Act, from time to time by special resolution reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

The company may in general meeting alter the conditions of its Memorandum of Association as follows:

(a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares.

- Sub-divide its shares, or any of them into shares of smaller amount so however, that in the sub-division the proportion between the amount paid and amount, if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

- Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Preference Shares

Subject to the provisions of Section 80 and other applicable provision of the Act, the Company shall have power to issue Preference Shares of such face value with such rights, privileges, and conditions to security, redemption, conversion into Equity shares, rate of dividend, right of accumulation of dividend, etc, as the Board of Directors of the Company may deem fit.

General Meetings of Shareholders

The Directors may, whenever they think fit, call an extraordinary general meeting provided however if at any time there are not in India Directors capable of acting who are sufficient in number to form a quorum any Directors present In India may call an extra ordinary general meeting in the same manner as possible as that in which such a meeting may be called by the Board. The Board of Directors of our Company shall on the requisition of such members of member our Company as is specified in subsection (4) of Section 169 of the Act forthwith proceed to call an extraordinary meeting of our Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of section 169 of the Act and of any statutory modification there of for time being shall apply.

Five members entitled to vote and present in person shall be a quorum for a general meeting.

The Chairman of the Board, shall, if willing preside as Chairman at every general meeting, annual or extraordinary. If there be no such Chairman or if at any meeting, he shall not be present within fifteen minutes after the time appointed for holding such meeting or being present declines to take the chair, the Director present may choose one of the members to be chairman and in default of their doing so the members present shall chose one of the Directors to be chairman if no Director present be willing to take the Chair shall, on a show of hands elect one of their members to be chairman of the meeting if a poll is demanded on the election of the Chairman it shall be taken forth with in accordance with the provisions of the Acts and these Articles, and the Chairman under the said provisions. If some other person is elected Chairman as a result of the Poll, he shall be the Chairman for the rest of the meeting .

Voting Rights

On a show of hands every member present in person and being a holder of Equity shares shall have one vote and every person present either as a proxy on behalf of a holder of Equity Shares or as a duly authorised representative of a body corporate being a holder of Equity Shares, if he is not entitled to vote in his own rights, shall have one vote. On a poll the voting rights of a holder of Equity shares shall be as specified in Section 87 of the Act.

The voting rights of the holders of the Preference Shares including the Redeemable Cumulative Preference Shares shall be in accordance with the provisions of section 87 of the Act.

A person becoming entitled to a share shall not before being registered as a member in respect of the share entitled to exercise in respect thereof any right conferred by membership in relation to meetings of our Company. Where there are joint holders of any of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order in the said register in respect of such share shall alone be entitled to vote in respect thereof, Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders therof. The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its Attorney. This instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarized certified copy of the power of authority shall be deposited at the office not less than forty eight hours before the time of holding meeting at which the person named in the instrument proposes to vote in default the instrument or proxy shall not be treated as valid. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of the Meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Every instrument appointing a prox
y shall, as nearly as circumstances will admit, be in the form set out in Schedule IX to the Act. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes and no member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of our Company in respect of any share registered in his name on which any calls or other sum presently payable by him have not been paid or in regard to which our Company has exercised any right or line.

Transfer of Shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownerships of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with National Securities Depository Limited and the Central Depository Services India Limited.

The SEBI requires that our Company's shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book called the register of transfer in which every transfer or transmission of shares will be entered.

The shares are freely transferable, subject only to the provisions of the Companies Act, under which, if a transfer of shares contravenes the SEBI provisions or the regulations issued under it, or the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), or any other similar law, our Company Law Board may, on an application made by a company, a depository incorporated in India, an investor, the SEBI or other parties, direct a rectification of the register of members. If a company without sufficient cause refuses to register a transfer of shares within two months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the Indian Company Law Board seeking to register the transfer of equity shares. Our Company Law Board may, in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention. Under the Companies (Second Amendment) Act, 2002, the Indian Company Law Board will be replaced with the National Company Law Tribunal. Further, under the Sick Industrial Companies (Special Provisions) Repeal Act, 2003, which is expected to come into force shortly, the SICA is sought to be repealed and the Board of Industrial and Financial Reconstruction, as constituted under the SICA, is to be replaced with the National Company Law Tribunal.

The Companies Act provides that the shares or debentures of a publicly listed company shall be freely transferable. Subject to the provisions of section 111 of the Act, the Board without assigning any reason such refusal, may within one month from the date on which the instrument of transfer was delivered to our Company, refuse to register any transfer of a share upon which our Company has lien and, in the case of a share not fully paid up, may refuse to register to a transferee of whom the Board does not approve. However, the registration of transfer of a share shall not be refused on the ground of the transfer being either alone or jointly with any other person or persons indebted to the company on any account whatsoever.

A transfer may also be by transmission. The executors or administrators' or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only person whom our Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of any one or more of the joint-holders of any registered shares, the survivors shall be only persons recognised by our Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any legal representative or heir or person otherwise claiming title to the shares our Company may require him to obtain a grant of probate or letters of administration or succession certificate, or other legal representation, as the case may be, from a competent Court, provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with production of probate or letter of administration or a succession certificate or such other legal representation upon such terms as to indemnify or otherwise as the Board may consider desirable.. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer. Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor or transferee has been delivered to our Company together with the certificate or certificates of the shares, or if no such certificate is in existence along with the the letter of allotment of shares, The installment of transfer of any shares shall be signed both by or on behalf of transferees and the transferor shall be deemed to remain the holder of such share until none of the transferee is entered in the Register in respect thereof.

Right of First Refusal in Further Issue

Each of the Promoters and the company have jointly agreed, covenanted and undertaken that as long as the shareholding of the Investor in the Company is at least 5% (which shareholding shall be calculated on the basis of equity shares held by the Investor pursuant to conversion of any preference shares and any equity holding of the Investor prior to the 18^{th} of February 2006) shall :

(a) in order to prevent dilution for the Investor, in the event the Company raises equity capital funds ("**Further Issue**") the Company shall offer to the Investor subject to applicable laws, a Right of First Refusal ("**ROFR**") to subscribe to such Further Issue on a pro rata basis to the Investor actual and deemed converted percentage of the enlarged issue share capital on terms and similar to and not less favourable than those being offered to other new investor(s) including the Promoters;

(b) Notwithstanding what is stated in (a) above, it is agreed that the ROFR granted by the Company under this section shall only be available:

- (i) to the Investor and such right shall not be assignable to any other person;
- (ii) in respect of capital raised by the Company upto an amount as envisaged in Article 6.4 of the Agreement;
- (iii) for a period of thirty six (36) months from the date of execution of the Subscription Agreement;
- (iv) if such subscription to any Shares or such other convertible instrument by the Investor, as a result of the exercise of the ROFR by the Investor does not result in any increase of the Investor's shareholding in the Company exceeding 14% on a fully diluted basis, so long as 15% continues to be the level which would trigger any public offer obligations under the Takeover Code;
- (v) the subscription to any Shares or such other convertible instrument by the Investor, as a result of the exercise of the ROFR, does not trigger any such public offer obligations under the Takeover Code.

(c) In the event the Company proposing to make a Further Issue the Company shall :

- (i) call a meeting of the Board of Directors to consider the same;
- (ii) keep the Investor informed of any definitive offers made to the new investor and/or the Promoters by the Company and any response received from such new investor(s) and/or the Promoters.

Tag-Along Rights

In the event the Promoters or any of the entities forming part of the desire to sell to or accept an offer to buy from a third party ("Third party") the shares for the time being held by the Promoters or any of them in the Company and if, as a result of such sale, the shareholding of the Promoters together with the other entities within the Promoters Group in aggregate after such sale falls below 37% of the Share Capital then, in such event:

(a) the Promoters shall within fifteen (15) days of receipt of such offer give a notice in writing to the Investor ("the Tag-along Notice") of such desire. The Tag-along Notice shall specify the name of the Third party to whom the Promoters proposes to transfer such shares, names of the Promoters who propose to transfer such shares, the number of shares proposed to be transferred ("the Proposed Shares"), the price and the other terms and conditions of such transfer;

the Investor shall be entitled (but not obliged) to require the Promoters to procure the third party (or some other third party) to offer to purchase the same percentage of all the Investor Shares as the percentage of the Promoters' total shareholding in the Company, proposed to be sold by the Promoters, on the same terms and conditions (including the price) as those available to the Promoters ("**the Tag-along Right**") by notifying the Promoters in writing ("**the Interested Notice**") within fifteen (15) days of the date of the Tag-along Notice that it desire Promoters to exercise the Tag-along Right.

Reconstruction

If the Company shall be would up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the members shall be more than sufficient to pay the whole of the capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the capital paid up or which ought to have been paid at the commencement of the winding up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of share issued upon special terms and conditions.

LEGAL PROCEEDINGS

Except as described below, our Company is not involved in any legal proceedings, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, properties, financial condition or operations of Our Company. Our Company believes that the number of proceedings in which our Company is involved is not unusual for a company of its size in the context of doing business in India.

CONTINGENT LIABILITIES OF THE COMPANY

As per audited accounts, as on March 31, 2009, our Company has contingent liabilities in respect of Guarantees provided by the Company to the tune of Rs. 108.5 million. In the event such contingent liabilities materialize it may have an adverse effect on the company's financial condition and future financial performance.

I. OUTSTANDING LITIGATIONS INVOLVING THE COMPANY

CASES FILED AGAINST THE COMPANY

Except for the details of proceedings given below:

i. There are no outstanding litigation suits or criminal or civil prosecution, proceedings or tax liabilities against the company, directors or promoters. There are no defaults, non-payment of statutory dues, overdues to banks / financial Institutions.

ii. There are no defaults in creation of full security as per terms of issue / other liabilities.

iii. There are no proceedings initiated for civil / economic / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956) that would result in a material adverse effect on Company's consolidated business taken as a whole.

Disputes which are pending are tabulated below:

i. Civil cases filed against the Company

Sr.No.	Reference to Case No.	Filed By	Gist of the case
1	OS No. 57/2004 Munsiff's Court, Shathamcotta	Chellamma Mani & another	Chellamma Mani and another are the plaintiffs in the suit. The suit has been filed against Company as the 1st Defendant and one Mr. Krishnan Kutty as the 2nd Defendant. The Company had granted a housing loan to the 2nd Defendant against the security of a property belonging to him and which was purchased by him from the Plaintiffs. On his failure to repay the loan amount as per the Loan Agreement entered into between him and the Company, the Company initiated steps to recover the amount through the sale of the property. The Plaintiffs have filed the suit with a prayer to restrain the 1st Defendant (i.e. the Company) to proceed against the property for the recovery of the amount due to it from the 2nd Defendant, since the property sought to be sold belongs to the Plaintiffs and not to 2nd Defendant. In the suit, an application seeking interim relief of injunction against the Company from

			proceeding against the sale of the property was also filed. The Company has filed a Written Statement refuting the allegations made in the Plaint. It is the case of the 1st Defendant that the property which has been mortgaged to the Company by the 2nd Defendant was sold by the Plaintiffs to the 2nd Defendant, which had been mortgaged by the 2nd Defendant to the Company. The application filed by the Plaintiffs for an injunction has been dismissed.
2	Regular .Civil Suit No. 68/2007 Civil Judge, Senior Division Yavatmal	Ms. Yamunabai (wife of Mr. Pandurang Agarwal) & Mr. Umesh (son of Mr. Pandurang Agarwal)	Ms.Yamunabai and Mr. Umesh are the Plaintiffs in the suit, which has been filed against 234 defendants. The State of Maharashtra, through Collector, Yavatmal is the 1st Defendant, while the Company is 234th Defendant. The suit has been filed by the Plaintiffs alleging that the Plaintiffs and defendants 2,3,4 and 7 have inherited the tenancy rights of Mr. Pandurang Agarwal (since deceased) and consequently each of the Plaintiffs and defendants 2,3,4 and 5 are entitled for 1/6th share therein. It has also been alleged that the Additional Collector, Yavatmal, had by his order dated 31/12/2002 had recorded the name of the 2nd Defendant as the owner of the suit land. The Additional Collector, Yavatmal, by his another order dated 18/07/2004, without enquiry, permitted the conversion of the suit land for non-agricultural residential purpose of layout. The suit has been filed for partition of the suit land between the Plaintiffs and Defendants 2,3,4 and 5 and for delivery of possession of the share of land and for a decree that the orders dated 31/12/2002 and 18/07/2004 passed by the Additional Collector, Yavatmal, be declared as illegal and for a mandatory injunction to demolish the illegal construction on the plaintiff's share of the land. The Company had advanced loan to the 2nd Defendant on the security of the suit land and hence the Company has been added as a party to the suit.
3	G.P. No. 189/2004	Mr. Shakir Sheikh (Claimant)	The claimant being the EX- Employee of DHFL has filed this claim for release of disputed gratuity amount aggregating approximately Rs. 0.2 million allegedly withheld by DHFL. The controlling authority has passed an order dated 29/12/2008 in favour of the claimant. DHFL has filed an appeal before the Deputy Labour Commissioner, Indore against the order. The matter is pending.

ii. Cases filed against the Company under the Consumer Protection Act

Sr No.	Reference to Case No.	Name/s of the Complainant/s	Amount claimed (Rs.)	Nature of claim

Sr No.	Reference to Case No.	Name/s of the Complainant/s	Amount claimed (Rs.)	Nature of claim
1.	**C.C.No 533/07,** Consumer Disputes Redressal Forum, Thrissur	**Ms. Anita George & Mr. George** R/at : Second Cross, B.S.V. Reddy Layout, Rama Moorthi Nagar, Bangalore	26,367/-	Towards refund of excess amount paid, conveyance and other expenses incurred and mental agony suffered.
2.	**O.P 91/2004** Consumer Disputes Redressal Forum, Trichur, Thrissur	**C. Radhakrishnan Menon** R/at: Changarankndath House, P.O. Arimpoor,Trichur.	1,00,000/-	For refund of amount illegally collected, for expenses incurred in sending the notice and compensation for mental agony, aggregating to Rs. 1,00,000 together with interest @12% p. a .
3.	**C.C.No 376/2006** Consumer Disputes Redressal Forum, Thrissur	**R.G.Babu** R/at – Raijirath(h), Thalikkadi, Pattikkad P.O	3,500/-	Claim for return of Processing Fees.
4.	**C.C.No 1767/2008** District Consumer Disputes Redressal Forum, New Delhi.	**Nagendra Pal Singh** R/at Block No 7, OTR No 105, Lodhi Colony, New Delhi – 110003.	1,00,000/- plus monetary relief under different heads, which have not been quantified.	For adjustment of unjustified penal interest, for re-calculation of loan amount on the basis of justified interest rate, compensation for harassment, mental pain and agony.
5.	**C.C.No 1431/2002** District Consumer Disputes Redressal Forum, Mehrauli, New Delhi.	**P. K. Mahindra & Pushp Mahindra** R/at 288, Aravli Apartment, Alaknanda, New Delhi - 110019	1,41,519/-	Refund of LIC Money back policy collected (Rs 10,000/-), refund of excess amount paid (Rs.31,519) and both the amounts to carry 15.5% p.a. and compensation for mental agony (Rs. 1,00,000/-)
6.	**O.P.No 832/2005** District Consumer Disputes Redressal Forum, Mehrauli, **New Delhi**	**Manoj Kumar Singh** R/at RZH-740,Gali No 14, Raj Nagar –II, Palam Colony, New Delhi -110045	10,00,000/-	Complaint for deficiency in services caused by the delay in processing the loan application of the Complainant and for collecting processing fee, even though the loan was not sanctioned. The complainant has claimed Rs. 1 million tog- ether with interest @ 18% p.a. from 16/12/2004.
7.	**C.C.No 80/2008** District Consumer Disputes Redressal Forum, Theni.	**P. Ganesan & Mr. Saravanakumar** R/at – 159/5, Mahatma Gandhi station, Thamarai Kulam, Paryakulam,Theni.	3,35,000/-	For a direction to the Opposite Party to disburse the loan amount of Rs.1,50,000/- at the rate of interest of 12% p.a,, expenses incurred by the complainants (Rs.20,000/-), in obtaining the documents required by the Opposite Party, expenses in curred for conveyance and compensation for mental agony (Rs.60,000/-), amount towards deficiency in services and for unfair trade

Sr No.	Reference to Case No.	Name/s of the Complainant/s	Amount claimed (Rs.)	Nature of claim
				practices, (Rs.1,00,000/-) and for other expenses incurred (Rs.5000/-)
8.	**C.C.No 50/2008** District Consumer Disputes Redressal Forum, Dindigul Madurai	**P. Shanti** R/at – Old No 10, New No 19, Subethar Lane, Palani Road, Dindigul	5,40,680/-	Complaint for recovery of amount under the following heads: Damages for mental agony and inconvenience (Rs.2,00,000/-)Deficiency in service (Rs.3,00,000/-) Excess amount of EMI collected (Rs.15,680/-) Amount obtained through assignment of LIC policy (Rs.25,000/-) The amounts have been claimed together with interest @ 12%p.a.
9.	**O.P.No 88/2004** Court of Consumer Disputes Redressal Forum, Malappuram.	**V.Tulsidharan** R/at – Thiilaiakathu Thulasi Bhavan, Karunechi Edukera	20,750/-	Refund of closing charges (Rs.15,750/-) for the loan and compensation (Rs.5000/-)
10.	**C.C.No 1543/2008** Honble Gujarat State Consumer Disputes Redressal Commission, Ahmedabad. Appellate Jurisdiction, Indore	**Dinesh Sisodiya** R/at – PH No 11, S.No 402/3,403/3,406/3, H.No 4, Brij Vihar Colony,Near Railway Crossing Rau Indore.	89,082/-	Claim of amount received from the LIC Policy of the complainant (Rs 14082/-) and compensation for mental agony (Rs 75,000/-)
11.	**C.C.No 511/2005** Consumer Disputes Redressal Forum, Mumbai Suburban District. Mumbai Metro	**Anil Kumar Desai** R/at – Falt No 104, 1st Floor,Shripal Classiic,Shripal complex, Virar(w). Mumbai	57,346/-	Complaint for a direction to the Opposite Party to comply with the terms and conditions of the Supplementary Agre-ement dated 03/06/2002, for a direction to the Opposite Party to withdraw its letter dated 23/10/2002 for a sum of Rs. 2,349/-, and for damages suffered by the complainant (Rs. 57,346/-)
12.	**C.O.P 38/2008** District Consumer Disputes Redressal Forum, Tiruvelveli	**T.Jebarani** Ra/t – Plot No 113, Teacheres Colony ,Meetparnagar, Tirunelveli – 627007.	59,811/-	For a direction to the Opposite Party to accept the future EMI as per the calculation given in the schedule to the complaint, (Rs.37,801/-), interest on EMI received in advance (Rs.2,010/-), and for payment of damages (Rs.20,000/-).
13.	**C.C.No 30/2008** Consumer Disputes Redressal Forum, Erode	**C. Jothilakshmi** 21, Teacher's colony, Rayapalayam Pudur Chithodu Erode Taluk	2,00,000/-	Claim for damages for mental agony (Rs.2,00,000/-)
14.	**C.C.No 67/2008** Consumer Disputes Redressal Forum,	**Om Prakash Godhara** R/at – Barsingsar, Bikaner	Nil	The complainant has prayed for issue of loan statement and that, rate of interest on his home loan

Sr No.	Reference to Case No.	Name/s of the Complainant/s	Amount claimed (Rs.)	Nature of claim
	Bikaner			to be reduced.
15.	**C .C. No 611/2007** Consumer Disputes Redressal Forum, Bikaner, Uttar Pradesh, Lucknow	**Manju Bajpai & Krishnakumar Bajpai** Plot No4, Samoli Vihar Colony, Gate No 2 Sahara Sate Jankipuram, Lucknow	62,630/-	Claim for refund of processing fee paid (Rs.7630/-) claim towards mental agony (Rs. 50,000/-) and expense for litigation (Rs 5000)
16.	**C.C.No 272/2007** District Consumer Disputes Redressal Forum, Gurgaon	**Savitri Devi** R/at – Kh.No 486,Basai Road, Gurgaon,Haryana.	1,00,000/-	Complaint for increase rate of interest and claim towards mental agony (Rs. 100,000/-)
17.	**C.C.No 1278/2007** District Consumer Disputes Redressal Forum, Jaipur	**Mugre Khan** R/at – Gram Post Khiya, tahsil Jaisalmer Chainpura, Jaipur	26,500/-	Claim towards mental agony (Rs. 20,000/-) and expense for litigation (Rs 6,500/-)
18.	**C.C.No 752/2008** District Consumer Disputes Redressal Forum, Jaipur	**Gyarashi Lal Sharma** R/at – Jankiballabpura, Besides Government Hospital, Chaksu, Jaipur.	73,500/-	Complaint for increase of rate of interest, claim towards mental agony (Rs. 50,000/-) and expense for litigation (Rs.11,000/-) and Installme- nts collected against LIC Policy (Rs.12,500)
19.	**C.C.No 407/2008** District Consumer Disputes Redressal Forum, Jaipur	**Gulab Devi** R/at – P.W 22, Durga Nagar, Kalwada Road, Jaipur.	69,844/-	Refund of processing fee (Rs.5744/-), claim for mental agony (Rs.50,000/-), claim for purchase of materials for construction of house (Rs.11,000/-), expenses for issuing legal notice Rs. 3100/-
20.	**C.C.No 001/2009** Consumer Disputes Redressal Forum, Bikaner	**Om Prakash Godhara** R/at – Barsingsar, Bikaner	Nil	Prayer in the complaint is to restrain the Opposite Party from proceeding against the complainant under SARFAESI ACT 2002, in respect of the housing loan availed by the complainant.
21.	**Appeal No. 216 of 2007** State Consumer Disputes Redressal Commission, Maharashtra, Circuit Bench Nagpur	**(i)Ms. Jyoti Dodaji Tumdam** Guruwani Society Ward No. 4, Waghapur Yavatmal Taluk (ii) **Mr.Dinesh Rambhauji Pawar** Near Hotel Ekveera Dharwha Road Yavatmal Taluk (iii) **Dewan Housing Finance Corporation Ltd**., Nagpur.	86,000/-	Mr.Shailendra Raut is the appellant in the appeal. The appeal has been filed against the order dated 17th January 2007 in Complaint No. 231 of 2006 before the Consumer Dispute Redressal Forum, Yavatmal, directing the appellant to refund to the complainant an aggregate sum of Rs.86,000/-. Since the Company is one of the parties to the main complaint, the company has been added as a party in the appeal.
		Total	**30,92,529/-**	

iii. Appeals filed by the Company against the orders passed under Consumer Protection Act

Sr. No.	Reference to case No	Opposite party	Amount (Rs.)	Nature of the claim .
1.	Appeal No. 133 of 2009 Before the State Consumer Disputes Redressal Commission, Kerala	Mr. Mohammed Ali S. S/o. Santhu Mohammed Scrambi House Mettuvalavu Tattamangalam Palakkad 678 012	39,920/-	The Company is the Appellant in the appeal. The appeal has been filed against the order dated 27th January 2009 passed by the District Consumer Disputes Redressal Forum, Pallakad in C C No. 56 of 2007 by which the Hon'ble Forum directed the Company: (i) to return to the complainant an amount of Rs.37,720/- collected from the complainant after the death of his wife and to exempt the complainant from further payment of EMI to the loan availed by the wife of the complainant (iii) to pay to the complainant Rs.1000/- towards compensation and Rs.500/- as cost of the complainant.
2.	Appeal No. 816 of 2007 Before the Gujarat State Consumer Disputes Redressal Commission, Ahmedabad	Mr. Ramesh M Patel A/4, Matruka Society Near Ranesh Mahadev Vasana Road Vadodara	1,17,212/-	The Company is the Appellant in the appeal. The appeal has been filed against the order dated 28th May 2007 passed by the Additional District Consumer Dispute Redressal Forum, Vadodara, by which the Hon'ble Forum had directed the Company to pay to the complainant (i) Rs.1,12,712/- together with interest at 9% p.a. from 1/07/2005 till payment (ii) Rs.3000/- for mental agony and inconvenience (iii) Rs.1,500/- towards cost of the proceedings.
3.	Appeal No. 284 of 2008 Before the State Commission of Consumer Protection for Rajasthan At Jaipur	Mr. Om Prakash Sharma PlotNo.85, Bhuvneshvari Vatika Extn. Meenawala Jaipur	18,283/-	The Company is the Appellant in the appeal. The appeal has been filed against the order dated 24th September 2008 passed by the District Consumer Forum –I, Jaipur in Case No. 224 of 2007, by which the Hon'ble Forum had directed the company to pay to the complainant : (i) Rs.6,283/- being the processing fee collected by the company, together with interest at 10% p.a from 14.2.2007 till date of payment (ii) Rs.10,000/- for mental agony and

Sr. No.	Reference to case No	Opposite party	Amount (Rs.)	Nature of the claim .
				(iii)Rs.2000/- towards costs of the complaint.
4.	Appeal No. 206 of 2007 Maharashtra State Consumer Disputes Redressal Commission, Nagpur Bench	(i)Ms. Jyoti Dodaji Tumdam Guruwani Society Ward No. 4, Waghapur Yavatmal Taluk (ii) Mr. Shailendra Wasudevrao Raut Estari Construction Girija Nagar Dhamangaon Road Yavatmal Talik (iii) Mr.Dinesh Rambhauji Pawar Near Hotel Ekveera Dharwha Road Yavatmal Taluk	2,75,000/-	The Company is the appellant in the appeal. The appeal has been filed against the order dated 17.1.2007 passed by the District Consumer Redressal Forum, Yavatmal, in Complaint No. 231 of 2006 by which the Hon'ble Forum: had directed the Company to pay to the complainant Rs.24,028/- together with interest at 10%p.a. from 1.4.2004 and restrained the company from making any demand on the complainant in respect of housing loan availed by the complainant from the company.
5.	Appeal No. 207 of 2007 Before the Maharashtra State Consumer Disputes Redressal Commission, Nagpur Bench	Mr. Doma Dashrath Ghutke Tirupati Nagar Yavatmal Taluk.	6000/-	The Company is the appellant in the appeal. The appeal has been filed against the order dated 5th February 2007 in Complaint No. 312 of 2006 directing the Company to give No Due Certificate to the complainant in respect of housing loan availed by the Complainant from the company and to return the loan documents to the complainant . The company was also directed to pay to the complainant a sum of Rs.5000 for mental agony and Rs.1000/- towards cost of proceedings.
		Total	**4,56,415/-**	

iv. Cases filed against the Company before the Debt Recovery Tribunal (DRT)

Sr. No.	Reference to Case No	Opposite Party	Gist of the Case
1.	A S A No. 277 of 2008, Before the Hon'ble Debt Recovery Tribunal, Bangalore	Mr. Hemappa S/o Mr. Chennabasappa Residing at Chalakere Road Hiriyur Chitradurga	Mr. Hemappa is the Applicant before the Hon'ble Debt Recovery Tribunal. The Applicant had availed from the Company a home loan of Rs.3,00,000/- along with Mrs. Lalithamma, his wife. On their failure to repay the amount as per the Loan Agreement, the Company had published in the Newspapers the Possession Notice in terms of Rule 8 (1) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, of the property given as security for the repayment of the loan. The Applicant has filed an Application before the Debt Recovery Tribunal seeking to set aside the

Sr. No.	Reference to Case No	Opposite Party	Gist of the Case
			possession notice issued by the Company and praying for other reliefs. The Applicant has also prayed for an interim relief seeking grant of stay on the possession notice. The Hon'ble Debt Recovery Tribunal passed an interim order on 17th September 2008, staying all further proceedings such as taking physical possession, conducting auction sale, confirmation of the same etc. Until further orders, subject to the applicant depositing a sum of Rs.40,000/- .
2.	St. No. 523 of 2007 in Misc. Application No. 95 of 2007 In S. Application No. 73 of 2006 Before the Debt Recovery Tribunal, Mumbai.	Mr. Baburam K Maurya Residing at Building No. 2, Flat No. 302 Dhiraj Sagar Opp.Toyata Show Room Malad (West), Mumbai - 400 064.	Mr. Baburam K Maurya is the applicant before the Hon'Tribunal. The applicant had availed a housing loan of Rs.1.5 million from the Company. On his failure to repay the amount due under the Loan Agreement, the Company initiated proceedings under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (**"the Act"**) and took formal possession of the flat which mortgaged to the Company. The Company had also issued Public Notice of having taking possession of the flat. The Applicant filed S A Application No. 73 of 2006 before the Hon'ble Tribunal seeking to restrain the Company from taking any further steps in further to the Possession Notice dated 23rd September 2005 and for interim orders. The application was contested by the Company. The said application was dismissed for default on 2nd April 2007. Against the dismissal order, the Applicant preferred a Misc.Application No.95 of 2007seeking to set aside the order dated 2nd April 2007 and praying for deciding the original application on merits. By its order dated 27th September 2007, the Hon'ble Tribunal rejected that application also. Against the order dated 27th September 2007, the Applicant filed the Appeal. The same is being contested by the Company. The matter is pending The next date of hearing is on 3rd August 2009.
3.	I.A No. 945 of 2008 In S A No. UN of 2008, Before the Debt Recovery Tribunal, Vishakhapatnam	Smt. Gudiya Padmavathi Residing at D no.10-118/1, Plot No.18 Chinamushidivada Village Pendurthy Visakahpatnam,	Smt. Gudia Padmavathi is the Appellant before the Hon'ble Tribunal. It has been stated in the Appeal that the Applicant is the owner of Plot No. 18, S. No. 107/20 situate at Chinamushidivada Village, Pendurthy Visakahpatnam under registered sale deed dated 15th April 1989. Subsequently, she constructed a building on the plot and has been in possession and enjoyment of the same. The Municipal Corporation had allotted door no. 10-118/1 to the building and that the applicant has been paying property tax. A Possession Notice was published by the

Sr. No.	Reference to Case No	Opposite Party	Gist of the Case
			Company alleging that Mr.Killada Victor and Mrs. Killada Sarada, had borrowed loan from the Company and that on their failure to pay the amount due to the Company under the loan, the Company had taken possession of the property mortgaged. It is stated in the Appeal that she had never borrowed any money from the Company and that she had constructed the building on the plot with the loan availed from LIC. According to the averments in the Appeal, she was never a party to the loan transaction and that the Company, without conducting proper enquiry and genuiness of the document might have granted loan to Mr. Killada John Victor and Mrs. Killada Sarada. Since the Company was initiating proceedings under the Act to recover the amount due to it, the Appellant has filed the appeal before the Hon'ble Tribunal. Alongwith the Appeal, an application for condoning the delay in filing the appeal has also been filed. The Company had filed a reply to the Application for condoning the delay in filing the appeal. It is the case of the Company that the Appellant had sold the property through a registered document to Mr. Killada John Victor and Mrs. Killada Sarada, who had borrowed loan on the security of the property. The Company had sought for dismissal of the application for condoning the delay. The matter is pending
4	O. A. No. 89 of 2009	Bank of India	Bank of India has filed application with DRT, Mumbai, against Anita Morvekar and 5 others wherein DHFL is Defendant No. 5. DHFL has called for copy of application from Bank of India, which is awaited. In the absence of copy of the Application filed with DRT, we are not aware as to why we are made one of the Defendant in the said application. DHFL has initiated action under SARFAESI Act, against Anita Morvekar for recovery of dues and has published Sale Notice for sale of Flat No. 702 and 703, 7th Floor, A-Wing, Jay Shree Sonam Ekta Co-op. Hsg. Soc. Ltd. Golden Next, Phase – 6, Above Balaji Hospital, Mira Bhayander Road, Mira Road (E), Dist – Thane - 401 107, which are mortgaged to DHFL

v. Cases filed against the Company under Income-tax Act

Sr. No.	Assessment Year	Reference to Case No.	Opposite Party	Brief Particulars of the Case
1	1999-00	Appeal No. 5662 dt.30/8/2007 against the Company	Appeal filed by Deputy Commissioner of Income Tax against the order of CIT (Appeal)	Assessing Officer reopened the assessment for Assessment year 1999-00 u/s 147 and passed the same making certain additions by disallowing certain expenses. The Company filed an appeal with CIT (Appeal) challenging the said order on the ground that the said reassessment is bad in law on the following grounds

Sr. No.	Assessment Year	Reference to Case No.	Opposite Party	Brief Particulars of the Case
				1. There was no reason to believe that any income had escaped in terms of section 147. 2. The initiation as well as the completion of reassessment was beyond the stipulated time limit. 3. The reassessment is out come of change of opinion and not on additional information received by the assessing officer. The learned CIT (A) held that the notice issued u/s 148 of the Act is not valid notice and consequently the assessment order passed is also not valid in the eyes of the law and can not be upheld. Since the main grounds of the appeal have been decided in the favour of appellant other grounds of appeal have become academic in nature and hence they are not adjudicated upon. Against the said order the department filed an appeal with ITAT on the ground that the CIT (A) was not correct in treating the notice issued u/s 148 as not valid and that the assessee failed to disclose fully and truly all material facts necessary for assessment. The Appeal is yet to be heard by ITAT
2	2004-05	Appeal No. 6311 dt. 11/10/2007 Before The Income Tax Appellate Tribunal Mumbai	Assistant Commissioner of Income Tax (Appeals) Central Circle 37 Mumbai U/s 143(3)	The Assessing Officer passed an order of assessment u/s 143(3) assessing total income to Rs. 13,86,74,140/- against the returned income of Rs. 11,00,76,483/-. Being aggrieved against the said order the Company filed an Appeal with the Commissioner of Income Tax (A). The learned CIT (A) allowed the said appeal partly. The Company filed an appeal with ITAT for certain issues which were not considered by learned CIT (A). 1. The Assessing officer did not allow the claim u/s 36(1)(viii) being special reserve fully and the short allowance to the extent of Rs. 40,07,184/- . 2. The Company incurred a loss of Rs. 2,63,48,194/- on sale of investments. The Assessing officer disallowed the said claim and learned CIT (A) upheld the said disallowance on the ground that the said loss is not business loss and hence is to be carried forward for set off in the subsequent year.
3	2004-05	Appeal No. 6176 of 2008 Before The Income Tax Appellate Tribunal Mumbai	Assistant Commissioner of Income Tax (Appeals) Central Circle 37 Mumbai u/s 154	In the return filed for the Assessment Year 2004-05 the Company had claimed a deduction of Rs. 8,90,36,500/- being special reserve u/s 36(1)(viii) of Income Tax Act. The Assessing officer had allowed special reserve deduction of Rs.8,50,27,316/-. On appeal, the Commissioner of Income Tax (A) revised the income of the Company. However subsequently it was noticed by the department that excess deduction to the extent of Rs. 40,27,316/- had been allowed. Before preceding to rectify the mistake, a notice was issued to the Company to explain its position. The Company replied that it had excess reserve of Rs. 38.7 million upto A Y 2004-05

Sr. No.	Assessment Year	Reference to Case No.	Opposite Party	Brief Particulars of the Case
				and hence the benefit of excess special reserve created as per provisions of section 36(1)(viii) of the Income Tax Act should be given to the Company. The Assessing Officer did not accept the explanation of the Company and restricted the reserves created by the Company to the extent of Rs. 8,10,,00,000/- and consequently withdrew excess deduction of Rs. 40,27,316/-. On appeal, the Commissioner of Income Tax (A), by his order dated 19.9.2008 rejected the appeal of the Company. Against that order, the Company had filed an appeal before the Tribunal. The matter is pending.
4.	2005-06	Appeal No. 6312 dt. 11/10/2007 Before The Income Tax Appellate Tribunal Mumbai	Assistant Commissioner of Income Tax (Appeals) Central Circle 37 Mumbai	The Assessment was made u/s 143 (3) assessing total income of Rs.17,05,19,140/- against the returned income of Rs.14,30,98,910/-. The assessing officer disallowed certain expenses and made certain additions. Being aggrieved the Company filed an appeal with the Commissioner of Income Tax (A) against the said order. The learned CIT (A) allowed certain grounds and upheld certain additions. The Company filed an appeal with ITAT against the ground not allowed by the CIT (A). 1. The Company incurred a loss of Rs.1,26,92,861/- being loss on sale of Investments on the ground that the said loss is not incurred in the normal course of business and should have been treated as capital loss to be carried forward for set of in subsequent year. 2. Interest Tax liability of Rs. 1,08,97,865/- The said addition was relevant at that time which has now been settled and in view thereof the said ground is not to be pressed upon.
5	2005-06	Appeal No. 6177 of 2008 Before The Income Tax Appellate Tribunal Mumbai	Assistant Commissioner of Income Tax (Appeals) Central Circle 37 Mumbai	In the return filed for the Assessment Year 2005-06 the Company had claimed a deduction of Rs. 10,82,86,824/- being special reserve u/s 36(1)(viii) of Income Tax Act. The Assessing officer had allowed special reserve deduction of Rs. 10,50,00,000/-. On appeal, the Commissioner of Income Tax (A) revised the income of the Company. However subsequently it was noticed by the department that excess deduction to the extent of Rs. 32,86,824/- had been allowed. Before proceeding to rectify the mistake, a notice was issued to the Company to explain its position. The Company replied that it had excess reserve of Rs. 38.7 million upto A Y 2004-05 and hence the benefit of excess special reserve created as per provisions of section 36(1)(viii) of the Income Tax Act should be given to the Company. The Assessing Officer did not accept the explanation of the Company and restricted the reserves created by the Company to the extent of Rs. 10,50,00,000/- and consequently withdrew excess deduction of Rs. 32,86,824/-. On appeal, the Commissioner of Income Tax (A), by

Sr. No.	Assessment Year	Reference to Case No.	Opposite Party	Brief Particulars of the Case
				his order dated 19.9.2008 rejected the appeal of the Company. Against that order, the Company had filed an appeal before the Tribunal. The matter is pending.
6.	2006-07	Nil dt. 30/1/2009 before the Commissioner of Income Tax	Assistant Commissioner of Income Tax (Appeals) Central Circle 37 Mumbai	Assessment for the Assessment year 2006-07 was made on 30/12/2008 assessing the total income of Rs.33,63,78,770/-. The Company filed an appeal against the said order and also made an application for rectification u/s 154. The Assessing officer revised the total income to Rs.20,79,30,490/- by allowing certain items. The Appeal is pending for the pending issues which have been not rectified u/s 154. The said issue are as under 1. Disallowing setoff of claim of Rs.32208654/- being carried forward capital loss of earlier year against the income of the current year of the same nature and adding the same amount to the taxable income again though the same was already included in the taxable income which amount to double taxation. 2. Short allowance of claim u/s 36(1)(viii) amounting to Rs.61,23,511/- being special reserve u/s 36(1)(viii). The matter is pending to be heard.

MATERIAL DEVELOPMENTS AFTER THE DATE OF THE LAST BALANCE SHEET

There are no material developments after the date of the latest balance sheet, that are likely to materially affect the performance and the prospects of the company. The company has not discontinued any of its existing business nor commenced any new business during past year.

ADVERSE EVENTS

There are no adverse events affecting the operations of the Company occurring within one year prior to the date of filing of the Letter of Offer with the Stock Exchange.

TAXATION

The following is a summary of the material Indian tax consequences of owning and disposing of Equity Shares purchased in this Issue.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

We hereby confirm that the enclosed annexure, prepared by the Company, states the possible tax benefits available to Dewan Housing Finance Corporation Limited, ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/would be met.

TAX BENEFITS AVAILABLE TO THE COMPANY

1. Under the Income Tax Act, 1961

A. **The Company**

1. The company is eligible under section 35D of the Income Tax Act, 1961 to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and conditions specified under the said section.

2. The company would be eligible for depreciation @ 15% on the cost of Plant & Machinery as per the provisions of Income Tax Act, 1961. Further the company would be entitled to depreciation @ 80% of the cost of Plant & Machinery in the nature of energy saving devices and would also be entitled to depreciation on its other assets as per Rule 5 of the Income Tax Rules, 1962.

3. As per provisions of section 32(1)(iia) of the Income Tax Act, 1961 the company would be entitled to additional depreciation @ 20% of the actual cost of new Plant & Machinery during previous year ending on or after 31.3.2006 subject to the fulfillment of other conditions specified under the said section.

4. Deduction under section 80IA of the Income Tax Act.

   As per the provisions of section 80IA of the Income Tax Act, The Company is eligible for income tax expemption from the profits from Power plant for the period of 10 (ten) consecutive assessment years commencing from initial assessment year 2004-05 in which undertaking has started power generation.

5. Under Section 115 JAA (1A) of the Income Tax Act, 1961 tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT credit initially arose.

B. The Shareholders

I. Resident Indians

1. Under Section 10(34) of the Income Tax Act, 1961 income earned by way of dividend on the shares of the company is exempt from income-tax in the hands of the shareholders. The Company is liable to pay a 'dividend distribution tax' currently at the rate of 16.99% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend (whether interim or final).

2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.

3. As per the provisions of section 111A of the Income Tax Act, 1961 tax on short term capital gain is charged to tax @ 15% (plus applicable surcharge and education cess) provided the capital gain arises from the transfer of equity shares of the company which are held for a period of not more than 12 months and on which security transaction tax has been charged.

4. As per the provisions of section 112 of the Income Tax Act, 1961 the long term capital gains arising from the transfer of shares of the company being long term capital asset, other than as mentioned in point 2 above, shall be chargeable to tax @ 20% (plus applicable surcharge and education cess) after indexation as provided in second proviso to Section 48, or @ 10% (plus applicable surcharge and education cess) without indexation.

5. Long term capital gains as stated in point 4 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds /shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections. In the case of individual or HUF members, exemption is also available u/s 54F subject to the fulfillment of the conditions specified in the said section.

6. In terms of section 88E of the Income Tax Act, 1961 the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions subject to the fulfillment of other conditions specified under the said section.

7. Under section 48 of the Income Tax Act, 1961 if the company's shares are sold after being held for not less than twelve months, [in cases not covered under section 10(38) of the Act] if any will be treated as long term capital gains and the gains shall be calculated by deducting from the sale consideration, the indexed cost of acquisition. No deduction shall be allowed in computing the income chargeable under the head "Capital gains" in respect of any sum paid on account of securities transaction tax under Chapter VII of the Finance (No. 2) Act, 2004.

II. Non-Resident Indians

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.

2. In the case of Non Resident Indians taxability of long term capital gains and short term capital gains is similar to resident Indians. Refer paras above.

3. Further under Section 115E of the Income Tax Act, 1961 income by way of long term capital gains arising from the transfer of shares (otherwise than as mentioned in paras B.I.2 and B.I.4 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess) subject to the fulfillment of other conditions specified under Chapter XII –A of the Income Tax Act, 1961. Further above said long term capital

gains shall be exempt under section 115F of Income Tax Act, 1961 subject to the fulfillment of other conditions specified under the said section.

4. Under section 115G of the Act, it shall not be necessary for the Non-resident Indians to furnish their return of Income, under section 139(1) of the Act, if their source of income is only investment income or income by way of long term capital gains or both, provided income tax deductible at source under the provisions of chapter XVII B has been deducted from such income.

5. Rebate of Securities Transaction Tax paid is available under section 88E of the Income Tax Act, 1961. Refer para B.I.7 above.

III. Foreign Institutional Investors (FII)

1. Any income by way of dividends received on the shares of the company is entitled to be exempted u/s 10(34) of the Income Tax Act, 1961.

2. Under Section 10(38) of the Income Tax Act, 1961 long term capital gains arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. equity shares held for the period of more than twelve months) and on which security transaction tax has been charged is exempt.

3. Under Section 115AD(1)(iii) of the Income Tax Act, 1961 income by way of long term capital gain arising from the transfer of shares (otherwise than as mentioned in 2 above) held in the company will be taxable @ 10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation are not available to FIIs.

4. Short term capital gains on transfer of securities shall be chargeable @ 30% / 10% (plus applicable surcharge and education cess) as per clause (ii) to Section 115AD of the Income Tax Act, 1961.

5. Long term capital gains as stated in point 3 above on sale of shares of the company shall be exempt from income tax if such gains are invested in bonds/shares specified in section 54EC or section 54ED of the Income Tax Act, 1961 subject to the fulfillment of the conditions specified in the said sections.

IV. Venture Capital Companies/ Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all venture capital companies /funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including income from sale of shares of the company.

V. Mutual Funds

As per the provisions of section 10(23D) of the Income Tax Act, 1961 any income of Mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder or any other Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax.

VI. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the I.T. Act in case of residents.

However, the provisions of Section 195 of the I.T. Act, any income by way of capital gains, payable to non residents (long-term capital gains exempt under Section 10(38) of the I.T. Act), may be eligible to the provisions of with-holding tax, subject to the tax treaty.

Accordingly income tax may have to be deducted at source in the case of a non-resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

VII. Tax Treaty benefits

An investor has an option to be governed by the provisions of the I.T. Act or the provisions of a tax treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

2. Benefits available under the Wealth Tax Act, 1957

All assesses are entitled to exemption from wealth tax in respect of the shares of the company as shares or securities are not included in the definition of asset u/s 2(ea) of the Wealth Tax Act, 1957.

3. Benefits available under the Gift-tax Act, 1958

Gift of shares of the company made on or after October 1, 1998 would not be liable to Gift tax under the erstwhile Gift Tax Act. However, under section 56(2) (v) of the Income Tax Act, 1961, where any sum of money (which could include gift of shares also) exceeding twenty five thousand rupees is received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004, the whole of such sum, would be taxed as income in the hand of the recipient, Provided that this clause shall not apply to any sum of money received:

a) from any relative; or
b) on the occasion of the marriage of the individual; or
c) under a will or by way of inheritance; or
d) in contemplation of death of the payer.

For the purposes of this clause, "relative" means -

a) spouse of the individual;
b) brother or sister of the individual;
c) brother or sister of the spouse of the individual;
d) brother or sister of either of the parents of the individual;
e) any lineal ascendant or descendant of the individual;
f) any lineal ascendant or descendant of the spouse of the individual;
g) spouse of the persons referred to in clauses (b) to (f).

4. Benefits available Under Central Excise Tariff

In respect of the Capital goods and allied machinery being purchased for ongoing projects, the benefit of Cenvat credit is available under Rule 4 of the Cenvat Credit Rules, 2004 subject to fulfillment of the conditions specified.

5. Benefits available Under Finance Act 1994 -Service Tax

In respect of services availed for ongoing projects, the benefit of Cenvat-Service Tax is available under Rule 4 of the Cenvat Credit Rules, 2004 subject to fulfillment of the conditions specified.

6. Benefits available Under Export Import Policy

Import of Capital Goods under Export Promotion Capital Goods scheme (EPCG scheme) at concessional rate of duty subject to fulfillment of obligations.

Notes:

- All the above benefits are as per the current tax laws and will be available only to the sole/ first named holder in case the Equity Shares are held by joint holders.
- In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.

INDEPENDENT ACCOUNTANTS

Our audited consolidated and stand alone financial statements for fiscal years 2007, 2008, 2009 have been audited by M/s. B. M. Chaturvedi & Co., our Company's statutory auditors who have agreed to the inclusion of their audit report in this Placement Document. M/s. B. M. Chaturvedi & Co. have also given their consent for the conversion of all the figures in the financial statements or results from lacs / lakhs to million.

GENERAL INFORMATION

1. We were incorporated on April 11, 1984 under the name of Dewan Housing Finance & Leasing Company Limited and received our certificate of commencement of business on April 11, 1984. Subsequently the name of our Company has changed to Dewan Housing Development Finance Limited with effect from September 26, 1984 and later to Dewan Housing Finance Corporation Limited with effect from August 25, 1992.

2. The Issue was authorized and approved by our Board of Directors on June 4, 2009, and approved by the shareholders in their meeting held on June 27, 2009.

3. We have obtained consent from Caledonia Investments P.L.C., London, who currently own 11.67% of the total shareholding of our Company.

4. We have applied for in-principle approval to list the Equity Shares on BSE and the NSE.

5. Copies of our Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday (except Saturdays and public holidays) at our Registered Office.

6. We have obtained all consents, approvals and authorizations required in connection with this Issue.

7. Except as disclosed in this Placement Document, there no significant change in our financial position since March 31, 2009, the date of our last published interim financial results.

8. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue of Equity Shares.

9. Our Company's auditors are M/s. B. M. Chaturvedi and Co., Chartered Accountants have audited and reviewed the Company's accounts for the periods ended, March 31, 2009, 2008 and 2007 and they have consented to the inclusion of their report in this Placement Document..

10. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

11. The Floor Price for the Issue is Rs. 140.49 per Equity Share of face value of Rs.10 each on June 29, 2009 as the Relevant Date. The Floor price calculated as per clause 13A.3 of the SEBI Guidelines.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IAS/IFRS

The following is a general summary of significant differences between Indian GAAP and International Financial Reporting Standards ("IFRS") as applicable to the Company. The financial position and the results of the operations of the Company have been prepared in accordance with Indian GAAP, which differs in certain aspects from IFRS. Certain significant differences between Indian GAAP and IFRS relevant to the Company's financial position and results are summarised below. There can be no assurance that the financial positions and results of operations of the Company reported in accordance with Indian GAAP would not be adversely impacted if determined in accordance with IFRS. Such summary should not be construed to be exhaustive. No numerical reconciliation of the financial results of operations under Indian GAAP and IFRS is included in this Placement Document. In addition, no attempt has been made to identify disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in either the Company's financial positions and results or notes thereto. The following is a summary of the significant differences between Indian GAAP and IAS/IFRS insofar as they are relevant to the Financial Statements. There can be no assurance that the table below is complete, or that the differences described disclose the most material differences between Indian GAAP and IAS/IFRS.

Subject	**IGAAP**	**IFRS**
Historical Cost	Uses historical cost, but property, plant and equipment may be revalued. There is no comprehensive guidance on revaluation of derivatives and biological assets.	Uses historical cost, but intangible assets, property plant and equipment (PPE) and investment property may be revalued. Derivatives, biological assets and certain securities should be revalued.
First-time adoption of accounting frameworks	First-time adoption of Indian GAAP requires retrospective application. In addition, particular standards specify treatment for first-time adoption of those standards.	IFRS 1 gives guidance on preparation of first IFRS financial statements. A number of mandatory and optional exemptions are provided to enable companies to convert from their respective GAAP to IFRSs.
Basis of presentation	Financial statements must be presented in compliance with Indian GAAP.	Presentation of financial statements must comply with IFRS
Contents of financial statements — General	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year. Public company: Consolidated financial statements along with the standalone financial statements. For a public offering, selected financial data for the five most recent years are required, adjusted to the current accounting norms and pronouncements.	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.
Balance Sheet	The Companies Act, 1956 prescribes the format of balance sheet; short-term/ long-term distinction is only required for selected balance sheet items. There is no separate disclosure required on the face of the balance	IFRS does not prescribe any particular format that entities should follow in presentation of classified balance sheet. Assets and liabilities should be disclosed in an order which reflects their relative liquidity with current and non-current classification. Certain selected items

	sheet for restricted accounts.	must be presented on the face of the balance sheet.
Income Statement	No prescribed format for the profit and loss account but there are disclosure norms for certain income and expenditure items under the Companies Act 1956 and the accounting standards. Other industry regulations prescribe industry specific formats.	Does not prescribe a standard format, although expenditure must be presented in one of two formats (function or nature). Certain items must be presented on the face of the income statement.
Cash flow statements — format and Method.	Similar to IFRS, except that use of indirect method is required for listed companies.	Standard headings, but limited flexibility of contents. IFRS permits the use of either direct or indirect method.
Cash flow statements — definition of cash and cash equivalents	Cash excludes overdrafts but includes cash equivalents with original short-term maturities of three months or less except that restricted or encumbered cash included in cash and cash equivalents is required to be disclosed separately. Cash and bank balances are disclosed on the face of the balance sheet.	Cash includes overdrafts and cash equivalents with original short-term maturities (less than three months). Cash and cash equivalents are disclosed on the face of the balance sheet.
Cash flows — classification of specific items	(i) Interest and dividend paid – financing activities. (ii) Interest and dividend received — Investing activities. (iii) Taxes paid — Similar to IFRS.	(i) Interest and dividend paid – operating or financing activities. (ii) Interest and dividend received — Operating or investing activities. (iii) Taxes paid — Operating, unless specific identification with financing or investing.
Statement of changes in Shareholders' Equity	No separate statement required. However, any adjustments to equity and reserve account are shown in the schedules/notes accompanying the financial statements.	The statement must be presented as a primary statement. The statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity.
Comprehensive income	No concept of comprehensive income. However, certain adjustments are allowed through reserves where prescribed by accounting standards, statute or is done in accordance with industry practices and court orders.	The total of gains and losses recognized in the period comprises net income and the following gains and losses recognized directly in equity: • fair value gains (losses) on land and buildings, available for sale investments and certain financial instruments; • foreign exchange translation differences; • the cumulative effect of changes in accounting policy; and • changes in fair values on certain

		financial instruments if designated as cash flow hedges, net of tax, and cash flow hedges reclassified to income and/or the relevant hedged asset/liability. Recognized gains and losses can be presented either in the notes or separately highlighted within the primary statement of changes in shareholders' equity.
Correction of Fundamental Errors	Include effect in the current year income statement. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.	Restatement of comparatives is mandatory
Changes in Accounting Policies	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.	Restate comparatives and prior-year opening retained earnings.
Contents of financial statements — Disclosures	Generally, disclosures are not extensive as compared to IFRS. Disclosures are driven by the requirements of the Companies Act and the accounting standards.	In general, IFRS has extensive disclosure requirements. Specific items include, among others: the fair values of each class of financial assets and liabilities, customer or other concentrations of risk, income taxes and pensions. Other disclosures include amounts set aside for general risks, contingencies and commitments and the aggregate amount of secured liabilities and the nature and carrying amount of pledged assets.
Consolidation and investment in subsidiaries	In India, the reporting entity generally follows legal form, and under the Companies Act, a company is considered to be the legal entity rather than a group. Accordingly, there is no legal requirement to prepare consolidated financial statements. Consolidation is required only for listed entities as per listing norms. Investments in subsidiaries are accounted for at cost less an allowance for other than temporary impairments. Current investments	Similar to Indian GAAP except that a subsidiary is identified based on voting control or the power to exercise dominant influence. Investment is accounted for in the parent company's financial statements either by cost method or under IAS 39, but not by equity

	are carried at the lower of cost and fair value. Accounting Standard (AS21) on “Consolidated Financial Statements”, does not require consolidation, but sets out the principles to be followed in the event that consolidated financial statements are presented or required by law or regulation. The Securities and Exchange Board of India requires listed companies and those seeking a listing to publish consolidated financial statements in accordance with AS21 in addition to the separate financial statements of the parent. For the purposes of identifying the voting interests held in an investee, direct interests and those indirect interests held through a subsidiary are considered. Unlisted companies with subsidiaries will continue to have the option of not presenting consolidated financial statements. Investment in subsidiary is accounted for in the books of the parent company under cost method. Minority interest is presented outside equity shareholders’ funds. Reporting date difference between the parent and the subsidiary cannot be more than six months. Adjustments should be made for effects of significant transactions occurring between two dates. Consolidated financial statements should be prepared using the uniform accounting policies. If not practicable, the proportions of the items accounted for using the different accounting policies should be disclosed.	method. Minority interest is presented in equity Reporting date difference between the parent and the subsidiary cannot be more than three months. Adjustments must be made for significant intervening transactions. Consolidated financial statements must be prepared using the uniform accounting policies
Investments in associates and affiliates	The equity method of accounting for investments in associates is required in consolidated financial statements wherever the same are prepared (generally for listed companies). The definition of associates and equity accounting are essentially similar to IFRS. There is no requirement to	An associate is identified based on significant influence which is presumed to exist if there is 20 per cent. interest or participation in an entity’s affairs. Investment in associate in the parent’s financial statements is

	apply the equity method of accounting in the standalone financial statements of the parent and the same are accounted for in the same manner as other investments in the stand alone financial statements of the parent Unlisted companies that do not prepare consolidated financial statements could continue to account joint venture investments.	accounted for either by cost method or under IAS 39, but not by using equity method.
Goodwill	Goodwill arising on amalgamation arrived at using the purchase method, is amortised to profit and loss account on a systematic basis over its useful life, not exceeding five years unless a longer period can be justified. The amount of goodwill recognised is the difference between the consideration paid and the book value of the net assets acquired. Negative goodwill is credited to a capital reserve. Goodwill arising on the acquisition of shares of a company is generally not separately recognised, but is included in the cost of the investment. For companies that prepare consolidated financial statements, goodwill arising on consolidation is recognised upon consolidation. Such goodwill is not required to be amortized.	Goodwill is not amortised but is tested for impairment at least annually.
Revenue Recognition	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities of tan enterprise from the sale of good, from the rendering of services And from the use by other of enterprises resources yielding interest, royalties and dividends. ICAI has issued a recent clarification which prohibits recognition of interdivision sales. As regards excise duty, the same is reduced from turnover. Sales tax currently can be included or excluded in turnover. AS per the recent recommended note on VAT issued by ICAI, it is recommended that sales should be disclosed net of VAT. Revenue is measured by the charges made to the customers or clients for	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue should be measured at the fair value of the consideration

	good supplied or services rendered by them and by the charges and rewards arising fro the use of resources by them. In case of installment sales, discounting is required.	received or receivable. Where the inflow of cash or cash equivalents is deferred, discounting to a present value is required to be done.
	Broadly based on IFRS, though IFRS criteria are more elaborate and detailed.	Revenue from sales of goods should be recognized when all the following conditions are satisfied: ➢ The entity has transferred to the buyer the significant risks and rewards of ownership of the goods; ➢ The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; ➢ The amount of revenue can be measured reliably; ➢ It is probable that the economic benefits associated with the transaction will flow to the entity; and ➢ The costs incurred or to be incurred in the respect of the transaction can be measured reliably.
	Similar to IFRS except that AS 9 permits both completed contract method and proportionate completion method to be used in measurement of performance while recognizing revenue from rendering of services.	When the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue associated with the transaction should be recognized by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied; ➢ The amount of revenue can be measured reliably; ➢ It is probable that the economic benefits associated with the transaction will flow to the entity; ➢ The stage of completion of the transaction at the balance sheet date can be measured reliably; and ➢ The costs incurred fro the transaction and the costs to complete the transaction can be measured reliably. When the outcome cannot be estimated reliably, the surrogate of completed contract method is

		applied. As per this method, revenue equal to cost is recognized. If loss is anticipated on the contract the entire loss is recognized upfront.
	Similar to IFRS except that interest is recognized based on the time proportion basis based on rates applicable.	Revenue arising from the use by others of entity asset yielding interest, royalties and dividends should be recognized if: ➢ It is probable that the economic benefits associated with the transaction will flow to the entity; ➢ The amount of the revenue can be measured reliably. Revenue shall be recognized on the following bases: ➢ Interest shall be recognized using the effective interest method; ➢ Royalties shall be recognized on an accrual basis in accordance with the substance of the relevant agreement; and ➢ Dividends shall be recognized when the shareholder's right to receive payment is established.
	As per guidance note on recognition of revenue by real estate developers issued by the ICAI, revenue on real estate sales by developers is recognized on a percentage of completion method once the sale deed is executed with the buyer even though the real estate may not be ready for transfer or possession by the buyer.	D21 a draft IFRIC interpretation deals with real estate sales. This is still in draft stages, According to D21, real estate sales by developers is to be treated as product sales and consequently revenue is recognized when the real estate is eventually delivered to the buyer.
Interest expense	Similar to IFRS, however, practice varies with respect to recognition of discounts, premiums and costs of borrowings.	Recognized on an accrual basis. Effective yield method used to amortise non-cash finance charges.
Employee benefits — Defined benefit plans	Discount rate to be used for determining defined benefit obligation is by reference to market yields at the balance sheet date on government bonds of a currency and terms consistent with the currency and term of the post employment benefit obligations. Recognition of minimum pension liability is not required	Discount rate to be used for determining defined benefit obligations is by reference to market yields at the balance sheet date on high quality corporate bonds or government bonds where there is no deep market for corporate bonds of a currency and term consistent with the currency and term of the post employment benefit obligations. Recognition of minimum pension liability is not required
Employee benefits — Compensated absences	Determine liability for compensated absences based on an actuarial	Discounting not prohibited when computing liability for compensated

	valuation.	absences.
Employee share compensation	It is mandatory only for listed entities. Employee stock options granted to the employees under stock option schemes are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of the fair / intrinsic value of the stock option as on the date of grant of options is charged to the Profit and Loss Account on straightline- method over the vesting period of the options. The fair / intrinsic value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.	Recognise expense for services acquired. The corresponding amount will be recorded either as a liability or as an increase in equity, depending on whether the transaction is determined to be cash or equity-settled. The amount to be recorded is measured at the fair value of the shares or share options granted.
Deferred revenue expenditure	Under Indian GAAP, after the issuance of AS 26-Intangible Assets, no such deferred revenue expenses should be recognized. The balances for these items on the date of adoption of AS 26 should continue to be expensed over the number of years originally contemplated.	Expensed under IAS 38. Even advertising costs need to be expensed as incurred even though the expenditure incurred may provide future economic benefits.
Preliminary expenses	AS-26 requires this to be expensed.	Expense as incurred under IAS 38
Capital issue expenses	May be set off against the securities premium account.	The transaction costs of an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction which fails to be completed should be expensed
Property, Plant and Equipment	Use historical cost or revalued amounts. On revaluation, an entire class of assets is revalued, or selection of assets is made on systematic basis. No current requirement on frequency of valuation.	Use historical cost or revalued amounts. Regular valuations of entire classes of assets are required, when revaluation option is chosen
Intangible Assets	Expenditure incurred from the date of incorporation to the date of commencement of commercial operations and directly attributable to fixed assets, is capitalized as part of the cost of the respective asset.	There are 2 classifications of intangible assets, “indefinite life”, (i.e., there is no foreseeable limit over which the asset is expected to generate net cash inflows for the entity) and “finite life”, (i.e., limited period of benefit to the entity).

	There is no concept of classification of finite and infinite life of assets. As per the standard, the useful life of an intangible asset may be very long but it is always finite. \Intangible items including revenue expenditure that benefit more than one period such as advertising costs, product research costs and internally generated intangible assets in the research phase are to be expensed when incurred. Intangible assets arising from development should be recognised if the enterprise can clearly demonstrate technical feasibility, intention to complete, ability to use or sell the asset and to measure expenditure incurred and future economic benefits. If the intangible asset is amortised over a period exceeding ten years from the date when the asset is available for use, the enterprise should estimate the recoverable amount of an intangible asset at least at each financial year end even if there is no indication that the asset is impaired. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	Intangible assets with indefinite useful life are not amortised but are tested for impairment annually or whenever there is an indication that the intangible amount may be impaired. Intangible assets with a finite useful life are amortised on a systematic basis over their useful lives and subject to impairment testing only when there is an indicator of impairment.
Capitalisation of asset retirement obligations	No specific guidance. However, in practice similar to IFRS, except that discounting of an obligation is prohibited	Includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Such asset retirement obligations are re-measured annually applying the prevailing discount rates valid for the relative balance sheet. Asset retirement asset adds to the cost basis of the asset and is amortised to expense over the economic useful life of the asset.
Capitalisation of borrowing costs	Borrowing cost is recognized as an expense in the period in which they are expensed. However, an entity must capitalize borrowing cost that are directly attributable to the acquisition, construction, production of a qualifying asset.	As per IAS 23, borrowing cost my be recognized as an expense in the period in which they are incurred. Alternatively, an entity has an option to capitalize the borrowing cost that are directly attributable to the acquisition, construction, production of a qualifying asset.
Capitalisation of preoperative, incidental expenses and trial run expenses, net of revenue earned during trial run Period	Capitalisation of preoperative, incidental expenses and trial run expenses, net of revenue earned during trial run period is required.	Not permitted, except certain trial run expenses may be capitalised if they are a necessary part of bringing the asset to its working condition.

Depreciation and Amortisation	Depreciation is provided at the rates specified in Schedule XIV of the Companies Act. Depreciation can also be provided on estimated useful life of the assets, based on some technical evaluation of assets. however, such rates cannot be less than the rates as prescribed in schedule XIV above. There is no concept of indefinite life intangible assets.	Allocated on a systematic basis to each accounting period over the estimated useful life of the asset. Estimated useful life should be reviewed every year. Intangible assets with indefinite life are not amortised but are tested for impairment annually.
Impairment of longlived assets	Similar to IFRS. Accounting Standard 28 – "Impairment of Assets", is mandatory.	If impairment is indicated, write down assets to recoverable amount which is the higher of net selling price and value in use based on discounted cash flows. If no loss arises, reconsider useful lives of those assets. Impairment loss is recorded in the income statement. Reversal of loss is permitted in certain cases.
Leases — classification	Similar to IFRS	A lease is a finance lease if substantially all risks and rewards of ownership are transferred. Substance rather than form is important.
Investment property	Consider as long-term investment and carry at cost less impairment	Measure at depreciated cost or fair value, and recognise changes in fair value in the income statement.
Inventories	There is no scope of exemption from AS-2 for any inventories held in commodity traders. Work in progress arising in the ordinary course of business of service providers has been kept out of AS-2. Inventories purchased on deferred settlement terms are not explicitly dealt with in the accounting standard or inventories. No specific guidance in AS-2. However, reversals may be permitted as AS-5, new profit or loss for the period , prior period items and changes in accounting policies requires this to be disclosed as a separate line item in the statement of profit and loss.	IAS-2 does not apply to inventories held by commodity broker-traders who measure their inventories at fair value less costs to sell. Changes in fair value less cost to sellare recognized in profit or loss in the period of the change Differences between the purchase price of inventories for normal credit terms and the amount paid for deferred settlement terms is recognized as interest expense. A new assessment of net realizable value is required to be made in each subsequent period. Write down of inventory is reversed if circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in the new realizable value because of changes in economic circumstances.
Investments	Investments are classified as current and long term. Long-term investments are carried at cost (with provision for other than temporary	Investments are classified as held-to maturity, available-for-sale or held trading at acquisition.

	diminution in value). Current investments carried at lower of cost or fair value. In a non-consolidated financial statements, investment in subsidiary is carried at cost less impairment, if any.	 Investments classified as held-to maturity are recorded at amortised cost less impairment, if any. Realised gains and losses are reported in earnings. Investments classified as available for sale are reported at fair value. Unrealised gains and losses on the change in fair value are reported in equity, less impairment, if any. Investments classified as trading are reported at fair value with unrealized gains and losses included in earnings. There is an option in IFRS to classify any financial asset "at fair value through profit or loss". Changes in fair values in respect of such securities are recognized in the income statement. This is an irrevocable option to classify a financial asset at fair value through profit or loss. Generally, in a Non - consolidated financial statements, investment in subsidiary is accounted under the equity method.
Foreign Currency Transactions	Similar to IFRS, except for the following: ➢ exchange difference arising on repayment/ restatement of liabilities incurred for the purposes of acquiring fixed assets from a country outside India, is adjusted in the carrying amount of the respective fixed assets. The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets.	Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are restated at the year-end exchange rates.
Provisions	Similar to IFRS Discounting is not permitted.	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting required if effect is material.
Contingent Assets	Similar to IFRS, except that certain disclosures as specified in IFRS are not required.	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more

		uncertain future events not wholly within the entity's control. The item is recognized as an asset when the realization of the associated benefit such as an insurance recovery, is virtually certain.
Contingent liability	Similar to IFRS. Disclosure may be limited compared to IFRS	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognized because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.
Debt issue costs	Debt issue costs are expensed as incurred.	Permits, but does not require, direct incremental costs of issuing debt to be deferred as an asset and amortised as an adjustment to yield.
Dividends	Dividends are recorded as provisions when proposed.	Dividends are recorded as liabilities when declared.
Deferred income taxes	Deferred tax assets and liabilities should be recognized for all timing differences subject to consideration of prudence in respect of deferred tax assets. Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it is certain that such previously unrecognized deferred tax assets will be realized. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.	Use full provision method (some exceptions), driven by balance sheet temporary differences. Recognise deferred tax assets if recovery is probable Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.
Fringe Benefits Tax	Fringe Benefits Tax should be disclosed as a separate item after determining profit before tax on the face of the profit and loss account for the period in which the related fringe benefits are recognized.	Fringe Benefits Tax is included as part of the related expense (fringe benefit) which gives rise to incurrence of the tax.
Derecognition of financial assets	No specific guidance. In general,	Derecognise financial assets based

	derecognise financial assets based on risks and rewards of ownership. A guidance note issued by ICAI on securitisation requires derecognition based on control.	on risks and rewards first; control is secondary test.
Financial liabilities – classification	No specific guidance. In practice, classification is based on legal form rather than substance. All preference shares are shown separately as share capital under shareholders' funds.	Classify capital instruments depending on substance of the issuer's obligations. Mandatorily redeemable preference shares classified as liabilities.
Derecognition of financial liabilities	No specific guidance but practice is similar to IFRS. No 10 per cent. Criteria is specified.	Derecognise liabilities when extinguished. The difference between the carrying amount and the amount paid is recognized in the income statement. IFRS uses 10 per cent. threshold for differentiating modification in the terms from extinguishment of liabilities.
Functional currency definition	Does not define functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements.	Currency of primary economic environment in which entity operates.
Financial currency — determination	Does not require determination of functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements. If a different currency is used, requires disclosure of the reason for using a different currency.	If indicators are mixed and functional currency is not obvious, use judgement to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy that determines the pricing of transactions (not the currency in which transactions are denominated).
Earnings per share — diluted	Similar to IFRS	Use weighted average potential dilutive shares as denominator for diluted EPS. Use 'treasury share' method for share options/warrants
Post balance sheet events	Similar to IFRS. However, nonadjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.
Related Party Disclosures	The scope of parties covered under the definition of related party could be less than under IFRS. Unlike IFRS, the name of the related party is required to be disclosed.	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these

		disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement
Segment reporting	Similar to IFRS	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.
Guarantees	These are required to be disclosed as contingent liabilities.	Guarantees, other than those which qualify as derivatives, are initially recognised at fair values. No specific requirements currently, an ED has been issued to require all guarantee to be measured at fair value. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Guarantees that qualify as derivatives are accounted for in accordance with IAS 39 (Revised) Financial Instruments: Recognition and Measurement.
Off-balance sheet items	There is no specific guidance or the accounting and reporting for offbalance sheet items. Commitments and contingencies are required to be disclosed.	Extensive disclosures required as per IAS 32.
Extraordinary Items	Extraordinary items are required to be disclosed in the profit and loss account as part of net profit or loss for the period, showing separately the nature and amount of each item.	Extraordinary items are prohibited

FINANCIAL STATEMENTS

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors
Dewan Housing Finance Corporation Limited.

We have audited the attached Balance Sheet of **Dewan Housing Finance Corporation Limited**, and its Subsidiary as at **31st March 2009,** and also consolidated Profit and Loss and the consolidated Cash Flow statement for the year ended on that date, annexed thereto. These financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit 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 provided a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company and its subsidiary as at 31st March, 2009.

b) In the case of consolidated Profit & Loss Account, of the profit for the year ended on that date; and

c) In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/s. B. M. Chaturvedi & Co.**
Chartered Accountants

B. M. Chaturvedi
Partner
Membership No. 17607

Place: Mumbai
Date: 11th May, 2009

CONSOLIDATED BALANCE SHEET

(Rs. in million)

Particulars	**Schedules**	**As at the financial year ended March 31,**		
		2009	**2008**	**2007**
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	635.2	675.2	742.9
Equity Share Warrants	2	-	-	25.0
Reserves and surplus	3	4,056.3	3,868.6	2,963.1
Share Application Money		560.0	-	-
Sub Total		**5,251.5**	**4,543.9**	**3,731.0**
Minority Interest		**203.1**	**186.7**	**176.0**
Loan Funds				
Secured Loans	4	60,398.9	40,499.5	30,979.2
Unsecured Loans	5	1,361.8	2,087.7	3,423.6
Sub Total		**61,760.7**	**42,587.2**	**34,402.8**
Deferred Tax Liability	9	**43.7**	**42.5**	**35.2**
Total		**67,259.1**	**47,360.3**	**38,345.0**
APPLICATION OF FUNDS				
Fixed Assets	6			
Gross Block		627.2	562.8	532.3
Less : Accumulated Depreciation		120.0	99.3	79.8
Net Block		**507.2**	**463.6**	**452.5**
Housing and Other Loans	7	**61,358.5**	**44,690.4**	**35,531.8**
Investments	8	**945.9**	**885.0**	**822.6**
Current Assets, Loans and Advances	10	5,646.4	2,053.7	2,056.0
Less : Current Liabilities and Provisions	11	1,198.9	732.4	518.0
Net Current Assets		**4,447.5**	**1,321.3**	**1,538.0**
Miscellaneous Expenditure	12	-	-	-
Total		**67,259.1**	**47,360.3**	**38,345.0**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in million)

Particulars	**Schedules**	**For the financial year ended March 31,**		
		2009	**2008**	**2007**
INCOME				
Income from Operations	13	7,311.5	5,539.3	3,568.1
Other Income		45.1	29.0	3.9
Total Income		**7,356.6**	**5,568.2**	**3,572.0**
EXPENDITURE				
Interest & Other Charges	14	5,221.7	3,882.3	2,466.8
Payment to and Provision for Employees	15	306.3	196.3	132.5
Operational & Other Expenses	16	419.2	297.1	231.0
Provision for contingencies		136.2	103.0	57.4
- Bad Debt Written Off		21.2	10.1	29.7
Less: Provision for Contingencies Reserve used for Bad Debts		(16.0)	(10.3)	(29.7)
Less: Transferred from General Reserves		(75.0)	(50.0)	-
Less: Transferred from Contingency Reserves I & II		(3.0)	-	-
Net		63.3	52.7	57.4
Total Expenditure		**6,010.6**	**4,428.4**	**2,887.6**
Profit Before Depreciation, Tax and exceptional items		**1,346.0**	**1,139.8**	**684.4**
Depreciation		26.5	23.6	21.5
Profit before tax and exceptional items		**1,319.6**	**1,116.2**	**662.9**
Add: Long term Capital gain on Sale of lease hold Land		-	-	-
Less: Provision for Taxation		349.0	249.6	124.7
Profit after tax (Before minority interest)		**970.5**	**866.6**	**538.2**
Add : Balance B/F from previous year		185.7	117.6	100.0
Less : Prior period adjustment		54.5	-	-
Less : Minority share in profits		16.5	10.7	23.0
Profit Available for Appropriation		**1,085.2**	**973.5**	**615.2**
Special Reserve under Section 36(l)(viii) of the Income Tax Act 1961		217.7	135.5	191.9
Transfer to General Reserve		457.5	457.5	127.5
Proposed Equity dividend		158.4	62.2	79.0
Proposed Preference Shares		0.7	0.7	9.2
Interim Dividend Paid on Equity		0.3	95.2	53.7
Interim Dividend Paid on Preference Shares		-	6.8	9.7
Tax On Dividend		28.8	30.0	26.7
Surplus carried to Balance Sheet		**221.8**	**185.7**	**117.6**
EPS	17	**15.8**	**15.0**	**9.9**

CONSOLIDATED CASH FLOW STATEMENT

(Rs. in million)

Sr. No.	Particulars	For the Year ended March 31, 2009	2008	2007
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit before Tax	1,314.1	1,162.2	662.9
	Adjustments for:			
	Depreciation	26.5	23.6	21.5
	Preliminary Exps.	-	-	-
	Loss on sale of Assets	1.5	0.9	1.5
	Provision for Contingencies	61.2	53.0	57.4
	Other operational treasury income	(195.9)	(372.5)	(74.2)
	Sub Total	**(106.8)**	**(295.0)**	**(6.2)**
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**1,207.3**	**821.2**	**669.1**
	Adjustments for:			
	(Increase)/Decrease in Current Assets	(208.8)	(139.1)	(61.2)
	(Increase)/Decrease Current Liabilities	214.6	103.0	78.1
	CASH GENERATED FROM OPERATIONS	**1,213.1**	**785.1**	**686.0**
	Tax paid	(340.0)	(212.5)	(169.4)
	NET CASH FROM OPERATING ACTIVITIES	**873.1**	**572.6**	**516.7**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Income from Treasury investment	195.6	372.0	74.1
	(Addition)/ Deduction to Investments	(67.5)	(61.8)	6.0
	Prior period adjustment	(54.5)	-	-
	Repayment of Class ‘B’ PTC of housing loans de-securitized	-	135.5	14.4
	Net addition to Fixed Assets	(66.9)	(35.5)	(27.2)
	NET CASH USED IN INVESTING ACTIVITIES	**6.7**	**410.2**	**67.3**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Issue of Equity Shares	-	104.0	-
	Premium on Issue of Equity Shares	-	676.0	-
	Proceeds from Issue of N.C. Preference Shares	-	70.0	65.0
	Premium from Issue of N.C. Preference Shares	-	630.0	585.0
	Proceeds from issue of Convertible Warrants	-	225.1	-
	Share application money received	560.0	-	-
	Loan received from Banks/ Institutions	18,915.3	13,673.3	11,984.3
	Refinance loans received from NHB	6,900.0	450.0	1,162.0
	Proceeds from issue of NCDs	2,250.0	3,490.0	3,970.0
	Fixed Deposit received	248.8	247.3	238.1
	Housing Loan repayments	6,084.2	8,533.3	4,168.7
	Other Loan repayments	635.3	861.6	884.9
	Preference Share Capital redeemed	(40.0)	(241.6)	-
	Premium on Redemption of N.C. Preference Shares	(360.0)	(938.3)	-
	Equity warrants redeemed	-	(250.1)	-
	NCD redeemed	(1,575.6)	(3,487.3)	(2,718.7)
	Loans repaid to Banks/Institution	(6,415.4)	(5,485.5)	(3,872.4)
	Refinance loans repaid to NHB	(874.9)	(368.1)	(282.2)
	Fixed deposit repaid	(274.7)	(383.1)	(450.4)
	Housing Loan disbursed	(22,843.0)	(17,901.2)	(14,147.1)
	Other loan disbursed	(544.6)	(787.9)	(15,84.8)
	Dividend & Tax thereon	(76.3)	(222.7)	(174.6)
	Share Premium utilized	(85.7)	(67.2)	(29.7)
	NET CASH FROM FINANCING ACTIVITIES	**2,503.5**	**(1,172.2)**	**(201.8)**
	NET INCREASE/(DECREASE) IN CASH & CASH	**3,383.3**	**(189.4)**	**382.2**

	EQUIVALENTS (A+B+C)			
	Cash and Cash Equivalents at the beginning of the year	1,410.0	1,599.4	1,217.3
	Cash and Cash Equivalents at the end of the year	**4,793.3**	**1410.0**	**1,599.4**

SCHEDULE 1 - SHARE CAPITAL

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
Authorized			
17,50,00,000 (15,00,00,000) Equity Shares of Rs.10/- each	1,750.0	1,500.0	1,200.0
Nil (75,00,000) Preference Share of Rs.25/- each	-	187.5	187.5
7,50,00,000 (8,12,50,000) Preference Share of Rs.10/- each	750.0	812.5	812.5
Nil (Nil) Unclassified Share of Rs.10/- each	-	-	500.0
Total	**2,500.0**	**2,500.0**	**2,700.0**
Issued			
6,12,13,944 Equity Shares of Rs.10/- each	612.1	612.1	508.2
Nil Optionally Convertible Preference Shares of Rs.25/-Each	-	-	176.6
30,00,000 (70,00,000) Redeemable 1% Non-Convertible Preference Shares of Rs.10 each	30.0	70.0	65.0
Total	**642.1**	**682.1**	**749.9**
Subscribed and paid up			
6,05,22,975 Equity shares of Rs.10/- each	605.2	605.2	501.2
Nil Optionally Convertible Preference Share of Rs.25/- each	-	-	176.6
30,00,000 (70,00,000) Redeemable 1% Non-Convertible Preference Shares of Rs.10 each	30.0	70.0	65.0
Total	**635.2**	**675.2**	**742.9**

SCHEDULE 2 – EQUITY SHARE WARRANT

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
Upfront payment of 33,35,000 equity warrants convertible into equity share Capital	-	-	25.0
Total	**-**	**-**	**25.0**

SCHEDULE 3 – RESERVES AND SURPLUS

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
a) Capital Reserve			
Balance as per last Balance Sheet	12.2	12.2	12.25
Add : Forfeited Share a/c			-
Sub Total	-	-	**12.25**
b) Capital Redemption Reserve			
Balance as per last Balance Sheet	77.5	77.5	77.5
c) Share Premium			

Balance as per last Balance Sheet	1,791.2	1,490.7	925.6
Add: Received during the year	-	1,306.0	585.0
	1,791.2	**2,796.7**	**1,510.6**
Less: Utilized during the year	(445.7)	(1,005.5)	(19.9)
Sub Total	**1,345.6**	**1,791.2**	**1,490.7**
d) Contingency Reserve			
Balance as per last Balance Sheet	12.9	17.5	17.5
Add: Created During the Year	-	-	-
Less: Utilized during the year	(3.0)	(4.6)	**-**
Sub Total	9.9	12.9	**17.5**
e) Contingency Reserve II			
Balance as per last Balance Sheet	0.0	1.5	3.7
Add: transferred from Contingency Provisions	-	0.3	-
Less: Transferred to P&L A/c	(0.0)	(1.2)	(2.2)
Sub Total	**-**	**0.0**	**1.5**
f) General Reserve			
Balance as per last Balance Sheet	692.9	285.4	157.9
Add: Transferred from Profit & Loss A/c	457.5	457.5	127.5
	1,150.4	742.9	**285.4**
Less : Transfer to Contingency Provision	75.0	50.0	-
Sub Total	**1,075.4**	**692.9**	**285.4**
e) Special Reserve under section 36(i)(viii) of the Income Tax Act, 1961.			
Balance as per last Balance Sheet	1,096.2	960.7	768.8
Add: Transferred from Profit & Loss A/c	217.7	135.5	191.9
Sub Total	**1,313.8**	**1,096.2**	**960.7**
f) Balance in Profit & Loss Account	221.8	185.7	117.6
Grand Total	**4,056.3**	**3,868.6**	**2,963.1**

SCHEDULE 4 – SECURED LOANS

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
From National Housing Bank	10,534.4	4,157.1	4,038.2
From Scheduled Banks	43,968.2	31,600.4	22,502.3
Foreign Currency Loan From Scheduled Banks	-	-	-
From Financial Institutions	1,100.9	1,320.9	1,479.7
Non-Convertible Debentures	4,795.5	3,421.1	2,868.3
Interest accrued and due	-	-	90.7
Grand Total	**60,398.9**	**40,499.5**	**30,979.2**

SCHEDULE 5 – UNSECURED LOANS

(Rs. in million)

Particulars	**As at the financial year ended March 31,**

	2009	2008	2007
Fixed Deposit	190.6	254.5	276.1
Cumulative Fixed Deposits	353.7	309.5	414.5
Other Deposits	7.9	5.7	6.2
From Banks	-	-	650.0
Non-Convertible Debentures (Subordinate Issue)	800.0	800.0	800.0
Others-Non Convertible Debentures	-	700.0	1,250.0
Interest accrued and due	9.5	18.0	26.8
Grand Total	**1,361.8**	**2,087.7**	**3,423.6**

SCHEDULE 6 – FIXED ASSETS

(Rs. in million)

Assets	GROSS BLOCK				DEPRECIATON				NET BLOCK		
	As on 01/04/08	Add	Less	As on 31/03/09	As on 01/04/08	Add	Less	As on 31/03/09	As on 31/03/09	As on 31/03/08	As on 31/03/07
Building	305.7	-	-	305.7	16.8	5.0	-	21.8	283.9	288.9	293.9
Furniture & Fixture	71.6	29.7	2.3	99.0	20.3	5.0	1.7	23.5	75.5	51.3	42.1
Office Equipments	34.9	10.0	0.4	44.5	7.5	2.0	0.2	9.3	35.2	27.4	25.1
Vehicles	16.2	12.5	3.5	25.2	5.6	1.5	1.8	5.3	19.9	10.6	10.7
Computers	89.5	19.8	1.4	107.9	49.1	13.0	2.0	60.1	47.7	40.4	35.7
Capital Work in Progress	45.0	-	-	45.0	-	-	-	-	45.0	45.0	45.0
TOTAL	**562.8**	**72.0**	**7.6**	**627.2**	**99.3**	**26.5**	**5.7**	**120.0**	**507.2**	**463.6**	**452.5**
PREVIOUS YEAR	532.3	35.8	5.3	562.8	79.8	23.6	4.1	99.3	463.6	452.5	

SCHEDULE 7– HOUSING AND OTHER LOANS

(Rs. in million)

Particulars	As at the financial year ended March 31,		
	2009	2008	2007
1) Housing Loans	56,360.3	39,840.6	30,438.8
2 (i) Securitized Individual Housing Loans [I]	-	752.1	752.1
Less : i) Mortgaged Backed Class A PTC held by Financial Institute at the end of the year	-	-	(83.8)
ii) Partly redeemed (Class A PTC)	-	(551.6)	(467.8)
iii) Partly redeemed (Class B PTC)	-	(200.5)	(65.0)
Sub Total	**-**	**-**	**135.5**
2 (ii) Securitized Individual Housing Loans [I]	697.9	697.9	697.9
Less : i) Mortgaged Backed Class A PTC held by Financial Institute at the end of the year	(103.0)	(157.4)	(273.7)
ii) Partly redeemed (Class A PTC)	(515.3)	(460.9)	(344.6)
iii) Partly redeemed (Class B PTC)	(29.2)	(29.2)	(29.2)

Sub Total	**50.3**	**50.3**	**50.3**
3)Housing Loan under Joint Syndication Scheme	259.1	-	-
Less: Funded by Syndicate Partner	(9.3)	-	-
Sub Total	**249.8**	**-**	**-**
4) Other Loans	4,698.0	4,799.5	4,907.1
Grand Total	**61,358.5**	**44,690.4**	**35,531.8**

Note: Balance Investment in Mortgaged Backed Class B PTC consists of securitised housing loan held by the company at the end of year.

SCHEDULE 8 - INVESTMENTS

(Rs. in million)

Particulars		**As at the financial year ended March 31,**		
		2009	**2008**	**2007**
Investment in Equity shares	**[A]**	217.8	96.7	33.2
Mutual Funds	**[B]**	601.1	659.0	619.3
Bonds Redeemable (Fully Paid)	**[C]**	141.8	141.8	185.4
Total Investments	**[A+B+C]**	**960.7**	**897.6**	**837.9**
Less : Provision for diminution in the value of investment		14.8	12.6	15.2
Net Investments		**945.9**	**885.0**	**822.6**
Market value of quoted Investments		411.5	1,784.3	9.7

SCHEDULE 9 – NET DEFERRED TAX ASSETS/ (LIABILITIES)

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
Deferred Tax Assets			
On Accounts Of Provision for contingency	52.3	39.3	28.65
On Accounts Of Others	0.1	0.1	0.06
Sub Total	**52.4**	**39.3**	**28.71**
Deferred Tax Liability			
On Accounts Of Depreciation	(34.2)	(26.7)	(21.8)
On Accounts Of Others -D	(61.9)	(55.2)	(42.1)
Sub Total	**(96.1)**	**(81.9)**	**(63.9)**
Net Deferred Tax assets [Liabilities]	**(43.7)**	**(42.5)**	**(35.2)**

SCHEDULE 10 – CURRENT ASSETS LOANS AND ADVANCES

(Rs. in million)

Particulars	As at the financial year ended March 31,		
	2009	**2008**	**2007**
Interest accrued but not due on investment	**19.1**	**13.4**	**8.1**
Sundry Debtors			
(Secured, Considered Good [PEMI])			
Outstanding for more than six month	19.5	4.4	13.4
Others	23.5	24.5	11.3
Sub Total	**43.0**	**28.8**	**24.7**
Cash & Bank Balance			
Cash in hand	11.0	12.7	12.2
Cash at Bank			
With Scheduled Banks-			
- in Current Account	4,436.0	1,042.9	1,285.4
- in Reinvestment & Short Term Deposits	346.3	354.4	301.8
Sub Total	**4,793.3**	**1,410.0**	**1,599.4**
Loans & Advances			
Installments due from borrowers (EMI) (secured)	281.9	191.8	126.5
Advance and other amounts recoverable in cash or in kind or for value to be received	462.3	368.4	259.5
Inter Corporate Deposits including interest receivable thereon to subsidiary Company	-	-	-
Deposits	46.9	41.3	37.9
Sub Total	791.0	601.5	**423.8**
Grand Total	**5,646.4**	**2,053.7**	**2,056.0**

SCHEDULE 11 – CURRENT LIABILITIES AND PROVISIONS

(Rs. in million)

Particulars	As at the financial year ended March 31,		
	2009	**2008**	**2007**
Current Liabilities			
Interest Accrued but not due	322.5	143.8	123.6
Sundry Creditors & Other Liabilities	347.7	314.6	229.5
Advance received	82.0	60.1	51.0
Unclaimed Dividend	5.9	6.3	5.0
Sub Total	**758.1**	**524.8**	**409.1**
Provisions			
For Taxation (Net of Advance & TDS)	(47.9)	(56.3)	(86.4)
For Proposed Equity Dividend	159.1	67.7	93.6
For Tax On Dividend	27.0	11.5	15.9
Sub Total	**138.2**	**22.9**	**23.1**
Provision for contingencies incl. provision for diminution in Investment			

As per last Balance sheet (Including Contingencies Reserve)	197.3	101.1	71.2
Add : Provision during the year	136.2	103.0	57.4
Sub Total	333.5	204.1	128.6
Less : Utilized During the year	16.0	6.8	27.5
Balance Provision at the end of the year	317.5	197.3	101.1
Less : Shown as diminution in Investment separately	14.8	12.6	15.2
Sub Total	**302.6**	**184.7**	**85.9**
Grand Total	**1,198.9**	**732.4**	**518.0**

SCHEDULE 12 – MISCELLANEOUS EXPENDITURE

(Rs. in million)

Particulars	**As at the financial year ended March 31,**		
	2009	**2008**	**2007**
(to the extent not written off or adjusted during the year)			
i) Share Issue Expenses			
As per last Balance Sheet	-	-	-
Less : Written off during the year			
Less : Written off during the year			
Sub Total	**-**	**-**	**-**
ii) NCD Issue Expenses			
As per last Balance Sheet-NCD	-	-	-
Add : During the year			
Less : Written off /adjusted during the year			
Sub Total	**-**	**-**	**-**
Grand Total	**-**	**-**	**-**

SCHEDULE 13 – INCOME FROM OPERATION

(Rs. in million)

Particulars	**For the financial year ended March 31,**		
	2009	**2008**	**2007**
Interest - Loans	6,803.6	4,962.8	3,323.9
Interest - Others	134.1	107.5	77.5
Fees & Other Services	176.1	108.1	70.7
Other Operational Treasury Income	197.6	360.9	96.1
Grand Total	**7,311.5**	**5,539.3**	**3,568.1**

SCHEDULE 14 – INTEREST AND OTHER CHARGES

(Rs. in million)

Particulars	**For the financial year ended March 31,**		
	2009	**2008**	**2007**
Interest on Loans	4,613.4	3,287.1	2,002.6
Interest on Deposits	42.9	46.5	57.4
Interest on Debentures	542.0	546.5	394.8
Interest on Others	20.6	2.2	10.9

Finance Charges	2.8	-	1.1
Grand Total	**5,221.7**	**3,882.3**	**2,466.8**

SCHEDULE 15 – PAYMENT TO AND PROVISION FOR EMPLOYEES

(Rs. in million)

Particulars	**For the financial year ended March 31,**		
	2009	**2008**	**2007**
Salaries and Bonus	278.1	171.1	103.1
Staff Welfare Expenses	14.9	14.1	21.8
Contribution to Provident Fund & Other Funds	13.3	11.1	7.6
Grand Total	**306.3**	**196.3**	**132.5**

SCHEDULE 16 – OPERATIONAL AND OTHER EXPENSES

(Rs. in million)

Particulars	**For the financial year ended March 31,**		
	2009	**2008**	**2007**
Rent	34.7	21.1	16.6
Rates & Taxes	12.3	6.0	10.2
Conveyance & Motor Car Expenses	13.7	10.9	8.2
Travelling Expenses	15.1	13.9	15.7
Printing & Stationery	13.2	8.9	7.4
Advertisement & Business Promotion	105.9	65.8	34.3
Insurance	9.4	7.7	7.8
Legal & Professional Charges	65.6	52.1	39.0
Postage, Telephone & Telegram	30.4	25.7	22.1
General Repairs & Maintenance	16.5	14.8	9.3
Electricity Charges	10.6	9.3	7.9
Bank Charges	27.3	24.9	21.4
Directors Sitting Fees	1.4	1.3	0.9
Brokerage	3.4	7.1	5.2
Loss On Sale Of Assets	1.6	0.9	1.5
Loss On Sale Of Investment	12.0	-	-
Commission to Directors	4.4	1.9	1.9
Credit Rating Charges	14.4	7.0	7.9
CIBIL Charges	-	0.1	0.1
Expenses under Miscellaneous Heads	27.3	17.8	13.6
Grand Total	**419.2**	**297.1**	**231.0**

SCHEDULE 17 – EARNING PER SHARE

(Rs. in million)

Particulars	For the financial year ended March 31,		
	2009	**2008**	**2007**
Net Profit Attributable to Equity Shareholders			
Profit after tax	970.5	866.6	538.2
Less: Minority Interest	(16.5)	(10.7)	(23.0)
Less : Preference Share dividend	(0.7)	(7.5)	(18.8)
Tax on above	(0.1)	(1.3)	(2.9)
Net Profit attributable to equity shareholders	**953.2**	**847.2**	**493.5**
No. of Equity shares (Number)	60,522,975.0	60,522,975.0	50,122,519
Weighted Average of No. of Equity Shares	60,522,975.0	56,629,908.0	50,122,519
Nominal value of Equity Shares (Rs.)	10.0	10.0	10.0
Earning Per Share (Rs.)	**15.8**	**15.0**	**9.9**

SCHEDULE 18 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES: -

1. Basis of preparation of financial statements:

a. The financial statements have been prepared under the historical cost convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 and Housing finance Companies, (NHB) Direction 2001. Accounting Standards (AS) referred to in the notes are as issued by the Institute of Chartered Accountants of India.

b. Accounting policies not specifically referred to otherwise are consistent with the generally accepted accounting principles followed by the Holding Company.

2. Principles of consolidation

The consolidated financial statements relate to Dewan Housing Finance Corporation Ltd. (The Holding Company) and its subsidiary company DHFL Vysya Housing Finance Ltd. The Consolidated Financial Statements have been prepared on the following basis:

a) The financial statements of the Holding Company and its subsidiary company are combined on a line-by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21-and "Consolidated Financial Statements".

b) The difference between cost on investment in the subsidiary over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Capital Reserve.

c) Minority interest's share of net profit of consolidated subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Holding Company.

d) Minority interest's share of net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Holding Company's shareholders.

e) In case of associates where the Holding Company directly or indirectly holds more that 20% of equity, Investments in associates are accounted for using equity method in accordance with

Accounting Standard (AS) 23-“Accounting for Investments in Associates in Consolidated Financial Statements”.

f) The Holding Company will account for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from the transactions between the Holding Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associate’s profit and loss account and through its reserves for the balance, based on the available information.

g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company’s separate financial statements.

3. Interest on housing loans:

Repayment of housing loans is by way of Equated Monthly Instalments (EMI) comprising principal and interest. Interest is calculated each year on the outstanding balance at the beginning of the Holding Company’s financial year or on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable.

4. Interest & other related financial charges:

Interest accrued on cumulative fixed deposits and payable at the time of maturity is clubbed with the principal amount on the date of periodical rest when interest is credited in Fixed Deposit account in accordance with the particular deposit scheme. Interest and related financial charges are recognized as an expense in the period for which they are incurred as specified in Accounting Standard (AS 16) on “Borrowing Costs”.

5. Revenue Recognition:

a. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts / interest swap derivatives, wherever executed.

b. Interest on performing assets is recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank.

c. In case of Holding Company and Subsidiary Company, dividend income on investments and penal interest income on delayed EMI/PEMI are recognised on receipt basis.

6. Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the rates prevailing on the dates of the transactions. Monetary items denominated in foreign currency are stated at contracted rates as those are covered by forward contracts. Premium for forward contracts is recognized as expenditure over the life of the contract.

7. Provision for Contingencies:

Provision for Contingencies has been made for diminution in investment value and on non-performing housing loans and other assets as per the Prudential Norms prescribed by the National Housing Bank. Holding Company also makes certain additional provision to meet unforeseen contingencies.

8. Investments:

All Investments, other than Investments in mutual funds and quoted shares including investment in associate companies, are in the nature of long term Investments and are valued at cost as per Accounting Standard (AS 13) on “Accounting for Investments” and the guidelines issued by the National Housing Bank. However, full provisions for diminution in the value of Investments is made.

9. **Fixed Assets:**

Fixed Assets are capitalised at cost inclusive of expenses incidental thereto. Depreciation on fixed assets is provided on straight-line method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

10. **Impairment of Assets**

An Asset is treated as impaired when the carrying cost of the Asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting periods is reversed if there has been a change in the estimate of recoverable amount as specified in Accounting Standard (AS 28) on impairment of assets.

11. **Special Reserve**

Holding Company creates Special Reserve every year out of its profits in terms of Sec 36(1) (viii) of the Income Tax Act 1961 read with Sec 29C of the National Housing Bank Act 1987.

12. **Prepaid Expenses:**

Financial expenses incurred during the year which provides benefit in several accounting years and Brokerage paid on long term fixed deposits mobilised during the year has been treated as revenue expense only for the period relating to the current year and balance is treated as prepaid expenses to be adjusted on prorata basis in the future accounting years.

13. **Employees Retirement Benefits:**

a. Contribution in respect of Employees' Provident Fund is made to Government provident fund and is charged to Profit & Loss Account.

b. In case of Holding Company, Gratuity and Leave encashment payable at the time of retirement are charged to Profit & Loss Account on the basis of actuarial valuation as required under AS-15

c. In the case of Subsidiary Company, in respect of Gratuity, contributions by way of Premium was earlier made to Life Insurance Corporation of India under Group Gratuity Scheme which is now replaced with M/s. Kotak Mahindra Old Mutual Life Insurance Ltd. under Group Gratuity Policy and are charged to Profit & Loss Account. At present, Company does not have scheme for leave encashment in respect of retiring employees and as such no provision has been made in this regard.

14. **Earnings per share**

The earnings per share has been computed as per Schedule "P" in accordance with Accounting Standard (AS-20) on, "Earnings per share" and is also shown in the profit & loss account.

15. **Income Tax:**

Income tax provision based on the present tax laws in respect of taxable income for the year and the deferred tax is treated in the accounts based on the Accounting Standard (AS-22) on "Accounting for Taxes on Income". The Deferred tax assets and liabilities for the year, arising out of timing difference, are reflected in the profit and loss account. The cumulative effect thereof is shown in the Balance sheet. The deferred tax assets are recognised only if there is a reasonable certainty that the assets will be realized in future.

16. **Housing and Other Loans :**

Housing Loans include outstanding amount of Housing Loan disbursed directly or indirectly to individual and other borrowers. It also includes unredeemed Class 'B' PTC of securitised housing loans, which are held for the benefit and on account of the Holding Company and other loans includes mortgage loan, non residential property loan and loan against the lease rental income from properties in accordance with directions of National Housing Bank. EMI due from borrowers against the housing loans are shown as current assets as loans and advances.

17. Securitised Assets :

Securitised Assets are derecognised in the books of the Holding Company based on the principle of transfer of ownership interest over the assets. Derecognition of securitised assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

B. OTHER NOTES : -

1. Non Convertible Debentures (NCD) of Holding Company amounting to Rs. 4,795.5 million (Rs. 3,421.1 million) are secured / to be secured by way of first charge as per note B-2 herein below and are redeemable at par, in one or more instalments, on various dates with the earliest redemption being 5th June 2009 and the last being 17th March, 2018.

2. Secured term loans of Holding Company and Subsidiary Company from the National Housing Bank, other Banks, International Finance Corporation (IFC Washington), Asian Development Bank (ADB, Manila), Financial Institutions and Secured Non Convertible Debentures are secured/to be secured by way of first charge to and in favour of the participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu inter-se, on the Holding Company's whole of the present and future book debts outstanding, investments including all the receivable of the company and other movable assets wherever situated. They are further secured / to be secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties, to the Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the Holding Company.

3. Term loans include cash credit received from banks, which are secured on pari passu basis with other term loans.

4. As certified by the management, loans given by the Holding and Subsidiary Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or assignment of Life Insurance Policies and/or personal guarantees and/or undertaking to create a security and are considered good.

5. Interest Income of Holding Company on loans includes income of Rs. 15.9 million (Rs. 37.9 million) being Income from Securitisation of certain housing loans.

6. The Holding Company has issued 70,00,000 preference shares in two tranches in earlier years as detailed hereunder :

(a) On 10th December 2007, the Holding Company has allotted 30,00,000 Non Convertible Redeemable Preference Shares (NCRPS), of Rs. 10/- each at a premium of Rs. 90/- per share, aggregating to Rs. 300 million to an applicant, carrying dividend @ 1% per annum, and are redeemable at the end of 36 months from the date of allotment @ Rs. 136.00 per share. Holding Company has utilised the share premium account by providing prorata premium payable on above for the year.

(b) During the year, the Holding Company has redeemed 40,00,000 Non Convertible Redeemable Preference Shares (NCRPS) of Rs. 10/- each issued at a premium of Rs. 90/- per share in earlier year aggregating to Rs. 400 million. The Holding Company has redeemed above NCRPS @ Rs. 112.55 per share and has utilized the share premium account by Rs. 410 million being difference between redemption price paid and face value of NCRPS.

7. The Non Performing Assets (NPA) of Holding Company consisting of the principal loans outstanding where payments of EMI / PEMI were in arrears for over 90 days amounted to Rs. 8,56.1 million (Rs. 666.2 million). As per the prudential norms prescribed by NHB, the Holding Company is required to carry a contingency provision of Rs. 160.6 million (Rs. 130.1 million) in respect of Non Performing Housing Loan, Non-Housing Standard Assets and Other loan Assets. Holding Company has also provided for 12.6 million (Rs.9.6 million) in respect of diminution in the value of Investment, Holding Company has written off Rs. 16.0 million (Rs. 4.3 million) as bad debts and by way of one time settlement to recover some of its NPA and Loss Accounts and has also utilised Rs. NIL (Rs. 2.6 million) being loss on investment provided in the earlier year. The Holding

Company has withdrawn Rs. 16.0 million (Rs. 4.3 million) from contingency provisions created out of the profits of the earlier years. Holding Company has made, during the year, required provision of Rs. 60 million (Rs.52.7 million) for Contingencies at the end of the year in accordance with guidelines on Prudential Norms issued by National Housing Bank.(NHB) and provision for derivative mark to market losses as per note no. 24 herein below. The amount of provision based on Non Performing Assets is given hereunder:

(I) Housing Loans

(Rs. In million)

Asset Classification	**Outstanding As on 31.03.2009**		**Provision As on 31.03.2009**
	Rs.	**%**	**Rs.**
Standard (considered good)	52,874.1	98.5	Nil
	(36,473.3)	(98.3)	(Nil)
Sub-standard Assets	626.9	1.2	62.6
	(483.0)	(1.3)	(48.1)
Doubtful Assets	197.6	0.4	76.6
	(166.0)	(0.5)	(61.8)
Loss Assets	Nil	-	Nil
	(Nil)	-	(Nil)
Total	**53,698.6**	**100.0**	**139.2**
	(37,122.3)	**(100.0)**	**(109.9)**

(II) Non Housing Loans:

Asset Classification	**Outstanding**		**Provision**
	As on 31.03.2009		**As on 31.03.2009**
	Rs.	**%**	**Rs.**
Standard (considered good)	4,336.1	99.28	17.3
	(4,441.2)	(99.61)	(17.8)
Sub-standard Assets	29.4	0.67	3.0
	(13.4)	(0.30)	(1.4)
Doubtful Assets	2.2	0.05	1.0
	(3.8)	(0.09)	(1.1)
Loss Assets	Nil	-	Nil
	(Nil)	-	(Nil)
Total	**4,367.7**	**100.00**	**21.4**
	(4,458.4)	**(100.00)**	**(20.2)**

In addition Holding Company has made an extra provision of contingency for Rs. 75 million (Rs. 50 million) and an equal amount is transferred from general reserve to meet the extra provisioning to Profit & Loss account during the year.

The Non Performing Assets of Subsidiary Company comprising of the principal loans outstanding including arrears of interest in respect of financing for housing and real estate projects where payments of EMI / PEMI were in arrears for over 90 days amounted to Rs. 38.3 million (Rs. 22.8 million). As per the prudential norms prescribed by NHB, Subsidiary Company is required to carry a contingency provision of Rs. 4.8 million (Rs.

3.2 million) in respect of Non Performing Housing Loan Assets, Rs. 1.7 million (Rs. 1.4 million) in respect Non Housing Standard Assets and Rs.2.3 million (Rs.3.0 million) in respect of diminution in the value of Investment in Government Securities. Subsidiary Company has written off Rs. 2.1 million by way of one time settlement to recover some of its NPA Accounts. Subsidiary Company has made during the year required provision of Rs. 1.2 million (Rs. 0.3 million) for Contingency in accordance with guidelines of Prudential Norms issued by National Housing Bank and Rs. 0.02 million has been with drawn from Contingency Reserve II created out of the profits of the earlier years and this has not affected current year profit. The amount of provision based on performing and non-performing assets is given hereunder:

Housing Loans:

Asset Classification	**Outstanding** as on 31.03.2009		**Provision** as on 31.03.2009
	Rs.	**%**	**Rs.**
Standard (considered good)	**293,15,72,634** (274,58,86,203)	**98.98** (99.18)	Nil Nil
Substandard Assets	**2,39,27,233** (1,77,25,341)	**0.81** (0.64)	**23,92,723** (17,72,534)
Doubtful Assets	**64,11,462** (50,87,887)	**0.21** (0.18)	**16,20,643** (14,24,471)
Loss Assets	Nil (Nil)		Nil (Nil)
Total Assets	**296,19,11,329** (276,86,99,431)	**100.00** (100.00)	**40,13,366** (31,97,005)

Non Housing Loans:

Asset Classification	**Outstanding** as on 31.03.2009		**Provision** as on 31.03.2009
	Rs.	**%**	**Rs.**
Standard (considered good)	**32,23,53,143** (34,10,06,681)	**97.59** (100.00)	**17,10,911** (13,64,027)
Substandard Assets	**79,76,217** (Nil)	**2.41** (Nil)	**7,97,622** (Nil)
Doubtful Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loss Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total Assets	**33,03,29,360** (34,10,06,681)	**100.00** (100.00)	**25,08,533** (13,64,027)

Quoted Investments:

Asset Classification	**Outstanding** as on 31.03.2009		**Provision** As on 31.03.2009
	Rs.	%	Rs.
Quoted Investments	**2,98,09,099** (2,94,97,880)	**100.00** (100.00)	**22,89,688** (30,42,506)

8. The Holding Company has reserved issuance of upto 5% of issued Equity share capital of the Holding Company for offering to eligible employees of the Holding Company. Holding Company has granted under Employee Stock option Scheme (ESOS-2008) option on 14,22,590 Equity shares of Rs. 10/- each @ Rs 114.70 which were repriced as approved in EGM held on 31st March 2009 to Rs 53.65. None of the options are vested till date.

9. The promoters of Holding Company have deposited non-refundable advance against their right entitlement and to meet any under subscription obligation an amount of Rs. 560 million against the Right Issue of

Equity shares aggregating Rs. 950 million as approved by EGM held on 31st March 2009 for which draft letter of offer is being submitted to SEBI for approval.

10. The Holding Company had received in the previous year a sum of Rs. 169.9 million from DHFL Venture Capital Fund on account of distribution of surplus of scheme "DHFL Real estate management fund – I (DREAM I)", which was shown as income from Venture Capital Fund in the previous year. During the current year, the Company was advised by DHFL Venture Capital Fund (after reclassification done by the fund) that, out of Rs. 169.9 million paid in the year 2007-08, Rs. 54.5 million is towards redemption of unit value of investments and only the balance of Rs. 115.4 million accrued by way of distribution of income from Venture Capital fund. Due to change in earlier stand and reclassification done by Venture Capital Fund, the of Holding Company has reduced its investment by Rs. 54.5 million and also the income related with Venture Capital fund in the current year and has shown in the P & L Account as Prior period adjustment for the year 2008-09.

11. Unsecured loans includes short term loans (Deposits and Non-convertible Debentures) due and payable within one year is Rs. 201.4 million (Rs. 768.2 million) in respect of the Holding Company and Rs. 42.5 million (Rs. 254.7 million) in respect of the Subsidiary Company.

12. During the year, the Holding Company has utilized Rs. 445.7 million (Rs. 1,005.5 million) out of the Share Premium Account in accordance with section 78 of the Companies Act, 1956 towards the premium paid/payable on the redemption of the Non Convertible Redeemable Preference Shares of the Holding Company.

13. Current Assets, Loans and advances include amount due from officers of the Subsidiary Company as at 31st March 2009, Rs. 6,41,167/- (Rs.7,13,075/-), maximum amount due during the year was Rs.8,26,061/- (Rs.8,74,112/-)

14. Other income of Holding Company includes Rent income of Rs. 18.1 million (Rs. 17.8 million), Commission income of Rs. 26.2 million (Rs. 9.5 million) and Misc income of Rs. 0.9 million (Rs. 1.6 million). In case of Subsidiary Company Rs. 0.5 million towards Misc. income.

15. Other Operational Treasury Income of Holding Company includes Income from mutual fund operation of Rs. 187.8 million (Rs. 97.9 million), Profit on sale of investments of Rs. NIL (Rs. 71.1 million), Dividend income of Rs. 20.1 million (Rs. 26.4 million). During the year, Holding Company has purchased 13,794,258 no. of shares of various companies amounting to Rs. 475.9 million and 1,973,153,498 mutual fund units for Rs. 33,626.8 million. Company has sold 1,808,149 no. of shares and 1,987,234,591 no. of MF units for Rs. 343.1 million and Rs. 33,872.5 million respectively during the year (including redemption of MF units redeemed in the earlier Refer Note No. 10 above). During the year, Subsidiary Company has purchased 14,300 no. of shares of various companies amounting to Rs. 4.0 million and sold 11,300 no. of shares for Rs. 2.4 million during the year

16. As per Accounting Standard (AS-18) on "Related Party Disclosures" the details of transactions of with related parties as defined therein are given below:

A) List of related parties with whom transactions have taken place during the year and relationship:

1) COMPANIES

(i) Associates

(a) DHFL Insurance Services Ltd.
(b) DHFL Properties Services Ltd.
(c) DHFL Venture Capital Fund (Trust)
(d) DHFL Venture Capital India Pvt. Ltd
(e) DHFL Venture Trustee Company Pvt. Ltd
(f) Housing Development and Infrastructure Ltd.
(g) Wadhawan Hospitality Pvt. Ltd.
(h) Wadhawan Holdings Pvt. Ltd. [WHPL]
(i) Wadhawan Retail Pvt. Ltd.

2) OTHERS

(a) Shri Rakesh Kumar Wadhawan
(b) Shri Sarang Wadhawan
(c) Shri Dheeraj Wadhawan

(e) Smt Aruna Wadhawan
(f) Smt Pooja Wadhawan
(d) Shri Rajesh Kumar Wadhawan Education Trust
(e) Shri Rajesh Kumar Wadhawan DHFL Employees Welfare Trust

3) KEY MANAGEMENT PERSONNEL

		(Present / Last held designation)
(a)	Shri Kapil Wadhawan	Vice Chairman & Managing Director
(b)	Shri Anil Sachidanand	Chief Executive Officer
(c)	Shri Bikrum Sen	Chief Executive Officer (Till 31-07-2008)
(d)	Shri Rajeev Sathe	Chief Operating Officer
(e)	Shri R Nambirajan	MD in Subsidiary Company

B) Transactions by Holding and Subsidiary Company during the year with related parties:

(Rs. in million)

Nature of Transactions (excluding reimbursements)	**Associate Companies**		**Key Management Personnel**	**Others**
	2008-09	**2007-08**		
1) Investments				
Opening Balance	435.2	280.5	-	-
Investment Made	120.0	154.7	-	-
Investment Redeemed	54.5	-	-	-
Closing Balance	500.7	435.2	-	-
2) Equity / Warrants subscription				
Opening Balance	-	25.0	-	-
Subscription/Advance subscription Received	280.9	506.0	96.4 (Nil)	182.7 (Nil)
Equity Shares Allotted (with Premium)	-	250.1	-	-
Closing Balance	280.9		96.4 (Nil)	182.7 (Nil)
3) Advances Recoverable In cash or kind				
Opening Balance	15.3	6.4	-	-
Advance during the year	0.1	11.4	-	-
Recovered during the year	15.3	2.5	-	-
Closing Balance	0.1	15.3	-	-
4) Current Liability *				
Opening Balance	-	-	-	-
Advance received during the year	1,310.0	-	-	-
Advance repaid during the year	1,310.0	-	-	-
Closing Balance	-	-	-	-
5) Income				
Dividend	8.1	5.4	-	-
Interest	-	-	-	-
Rent	16.3	12.7	-	-
Other income *(reversal of earlier year)	- 54.5*	169.9	-	-

5) **Expenditure**				
Remuneration	-	-	18.9 (8.6)	-
Rent, Rates & Taxes	5.1	6.5	-	-
Other Expenditures	0.4	0.7	-	-

17. The Holding Company's Income tax assessment has been completed up to the assessment year 2006-07. Additional demands have been raised by the departments which are pending in appeal. Holding Company has deposited the additional tax so demanded which is pending in appeals. No provision has been made as Holding Company has been advised that appeals will be allowed and there is no need to make any provision for the same and refunds will be received in due course of time based on the similar case laws on the subject.

18. The Income Tax Appeal filed by the Subsidiary Company for Assessment Year 2005-06 against the I T claim of Rs. 9.0 million is pending for final disposal before CIT (A). The Subsidiary Company has been legally advised that the tax claim is untenable, hence no provision has been made. However, to avoid any unpleasant recovery action against the Subsidiary Company from by the I.T. Department, the Subsidiary Company has with out prejudice deposited a sum of Rs. 9.0 million. The Subsidiary Company has received notice U/s 263 from I T Department in respect of Assessment Year 2004-05, which has been replied by the Subsidiary Company and no order has been passed in respect thereof by the Department.

19. The Holding Company has derecognized Interest income on Non-Performing Assets as on 31st March, 2009 of Rs. 40.4 million (Rs. 46.4 million) and the Subsidiary Company has derecognised Rs. 4.6 million (Rs. 3.2 million), in terms of the requirements of the National Housing Bank (NHB).

20. In case of Holding Company, Dividend includes Rs. 10.3 million (Rs 11.5 million) and Interest income includes Rs. 5.4 million (Rs. Nil) received from Subsidiary Company.

21. Provision for Taxation of holding Company includes Rs. 317.1 million (Rs. 220.2 million) as provision for the current year Income Tax, Rs. 5.5 million (Rs. 4.3 million) for Fringe Benefit Tax and Rs. 0.6 million (Rs. 7.0 million) for Deferred Tax liability for the year. In case of subsidiary Company, Income Tax Assessments have been completed upto Assessment Year 2006-07 raising demand of Rs. 0.3 million for 2006-07, which has been paid during the year. Income Tax / Interest Tax refundable for the Assessment Years 1997-98, 1999-2000 and 2001-02 for Rs. 0.4 million considered unrecoverable, has been written off during the year. Provision for tax includes Rs. 0.7 million as above relating to earlier years.

22. The main business of the Holding & Subsidiary Company is to provide loans for the purchase or construction of residential houses and all other activities of the Holding Company revolve around the main business and as such there are no separate reportable segments as specified in Accounting Standard (AS-17) on "Segment Reporting", and under paragraph 25 (2) of the Housing Finance Companies (NHB) Directions 2001, which needs to be reported.

23. As required under section 205 (C) of the Companies Act, 1956, the Holding Company has transferred Rs. 0.3 million (Rs. 0.1 million) to the Investor Education & Protection Fund (IEPF) during the year. There were no amounts due for transfer to IEPF on the date of balance sheet.

24. As a part of Asset Liability Management and to reduce the overall cost of borrowings, Holding Company has entered into Derivative transactions which are considered off balance sheet items. The principal notional amount of Rs. 400 million (Rs. 650 million) as on 31st March, 2009 is swapped whereby varying maturity liabilities are converted into different currency interest liabilities. The notional loss as on 31st March, 2009 based on mark to market valuation is Rs. 18.5 million (Rs. 35.7 million). Company has made provision against above notional loss of Rs. 18.5 million which may arise and vary in future at the time of closing of derivative transaction. Net cost of derivative transaction of Rs. 2.9 million (Rs. 10.8 million) is added to cost of borrowing.

25. Holding Company and Punjab & Sindh Bank (P&SB) have entered into a Loan Syndication arrangement, to provide Housing loan to borrower wherein the Holding Company (DHFL) originate the loan files from the branches and surrounding areas of P&SB and also from the open market and get it processed under a common credit norms at the Central Processing Unit set up in a premises of P&SB. Holding Company and

P&SB have agreed to participate equally to disburse approved loan portfolio. Processing fees and other charges / income fully accrued to the Holding Company (DHFL).

		(Rs. in million)
26. Contingent liability	**2008-09**	**2007-08**
Guarantees provided by the Holding Co	108.5	21.5
Claims against the Holding Company not acknowledged as debts	3.5	2.1

27. Managerial Remuneration (Consolidated details)		
Salaries and Commission	9.7	3.3
Contribution to Provident Fund	0.4	0.1
Perquisites	1.3	1.1

28. Auditors Remuneration (Consolidated details) (*)

Audit Fees	3.5	3.0
Tax Audit Fees	0.3	0.3
	3.8*	3.3*

(*) Includes payments to Branch Auditors of Rs. 1.6 million (Rs. 1.3 million) and reimbursement of actual out of pocket expenses.

29. The Subsidiary Company had received in 2004-05 from ING Vysya Bank a sum of Rs. 17.5 million towards one time settlement of certain identified accounts listed under Share Purchase Agreement (SPA) which was credited to Contingency Reserve I Account. During the current Financial Year from among the listed accounts under SPA, a few accounts classified as NPA have been written off as bad debts amounting to Rs. 3.0 million (Rs. 4.6 million) in Profit and Loss Account. Equal amount has been withdrawn during the year from Contingency Reserves Account-I created as above in line with the SPA and has not affected current year profit.

30. There is no amount payable by the Holding or the Subsidiary company to any small-scale industrial undertaking.

31. Expenditure in foreign currency incurred on Foreign travel by the Holding Company amounting to Rs. 1.0 million (Rs. 0.3 million) on foreign travel, Business Promotion Rs. 1.4 million (NIL) and Rs. 16.2 million (Rs. 3.9 million) on foreign liaison office expenses.

32. Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

33. Figures in brackets represent previous year's figures.

DECLARATION

Our Company certifies that all relevant provisions of Chapter XIII-A of the SEBI Guidelines have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter XIII-A of the SEBI Guidelines and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by

____

Mr. Kapil Wadhawan
(Vice Chairman and Managing Director)

Date: July 6, 2009

Place: Mumbai

REGISTERED OFFICE OF OUR COMPANY

Dewan Housing Finance Corporation Limited
Warden House, 2nd Floor,
Sir P M Road, Fort,
Mumbai - 400 001, India

BOOK RUNNING LEAD MANAGER TO THIS ISSUE

Motilal Oswal Investment Advisors Private Limited
113/114, Bajaj Bhawan,
11th Floor, Nariman Point,
Mumbai - 400 021, India

LEGAL ADVISORS TO THIS ISSUE

Khaitan & Co.
Advocates & Solicitors
4th and 5th Floor,
Meher Chambers,
R. K. Marg,
Ballard Estate,
Mumbai – 400 001

AUDITORS TO OUR COMPANY

M/s B. M. Chaturvedi & Co.
Chartered Accountants,
32, Jolly Maker Chambers II,
Nariman Point,
Mumbai 400 021, India