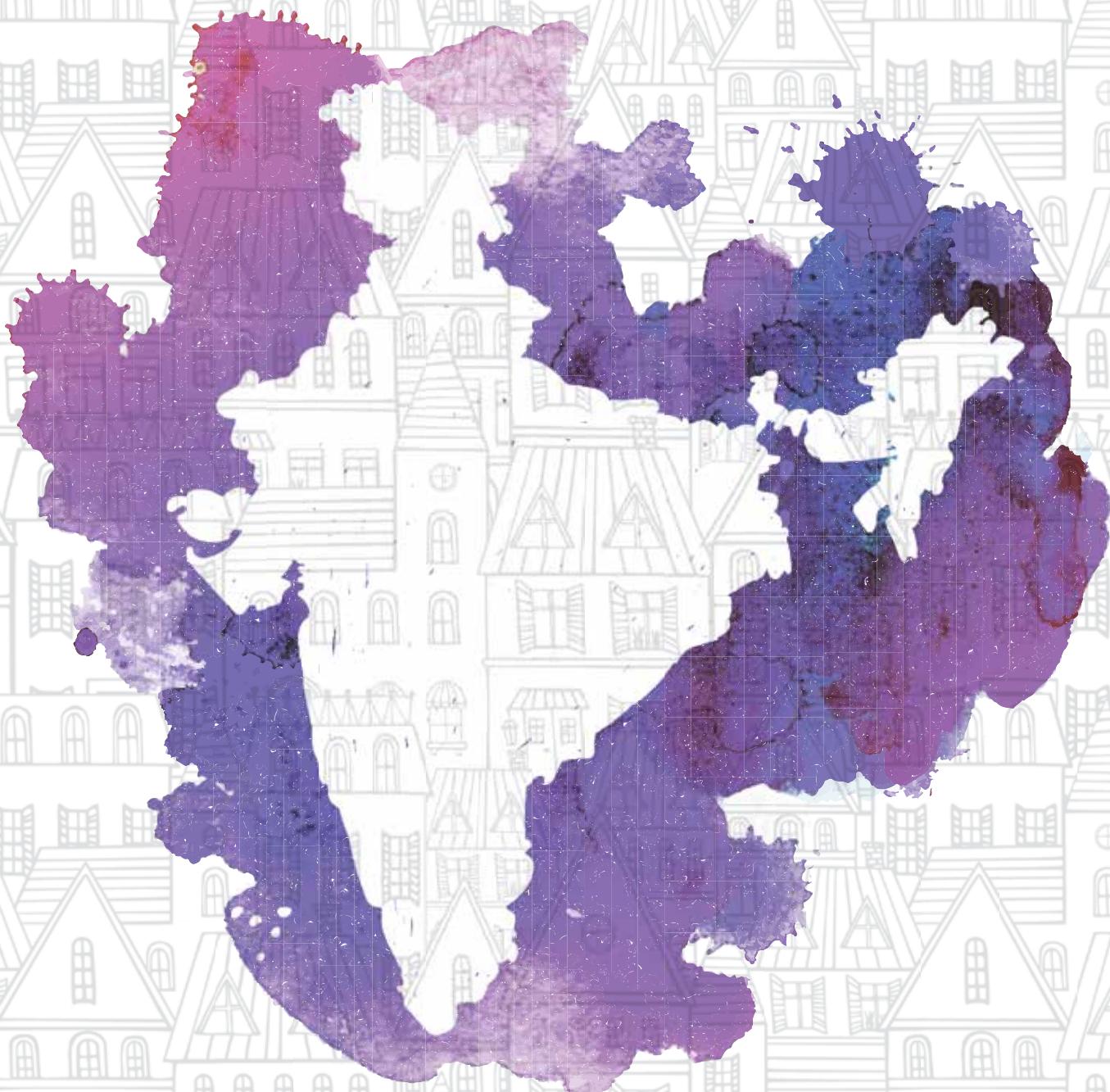




# Towards Building a Nation of Homeowners



**Dewan Housing Finance Corporation Limited**  
**Annual Report 2016-17**

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## FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated result based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words, such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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## KEY FINANCIAL HIGHLIGHTS\*

₹ 2,896.45 Cr.

Profit After Tax

₹ 95.76

Earnings per Share

\* including exceptional item



View this annual report online  
<http://www.dhfl.com/investors/annual-reports/>



# Towards building a nation of **homeowners**

Home. A word that lights up a million emotions in our heart. A basic necessity of life, which many in India are deprived of. A paradigm for social and economic development.

For over three decades, DHFL has been fulfilling the dreams of millions of Indians for home ownership. Our focus on providing easy accessible housing finance to the lower and middle income (LMI) groups in semi-urban and rural India, has turned their aspirations into reality.

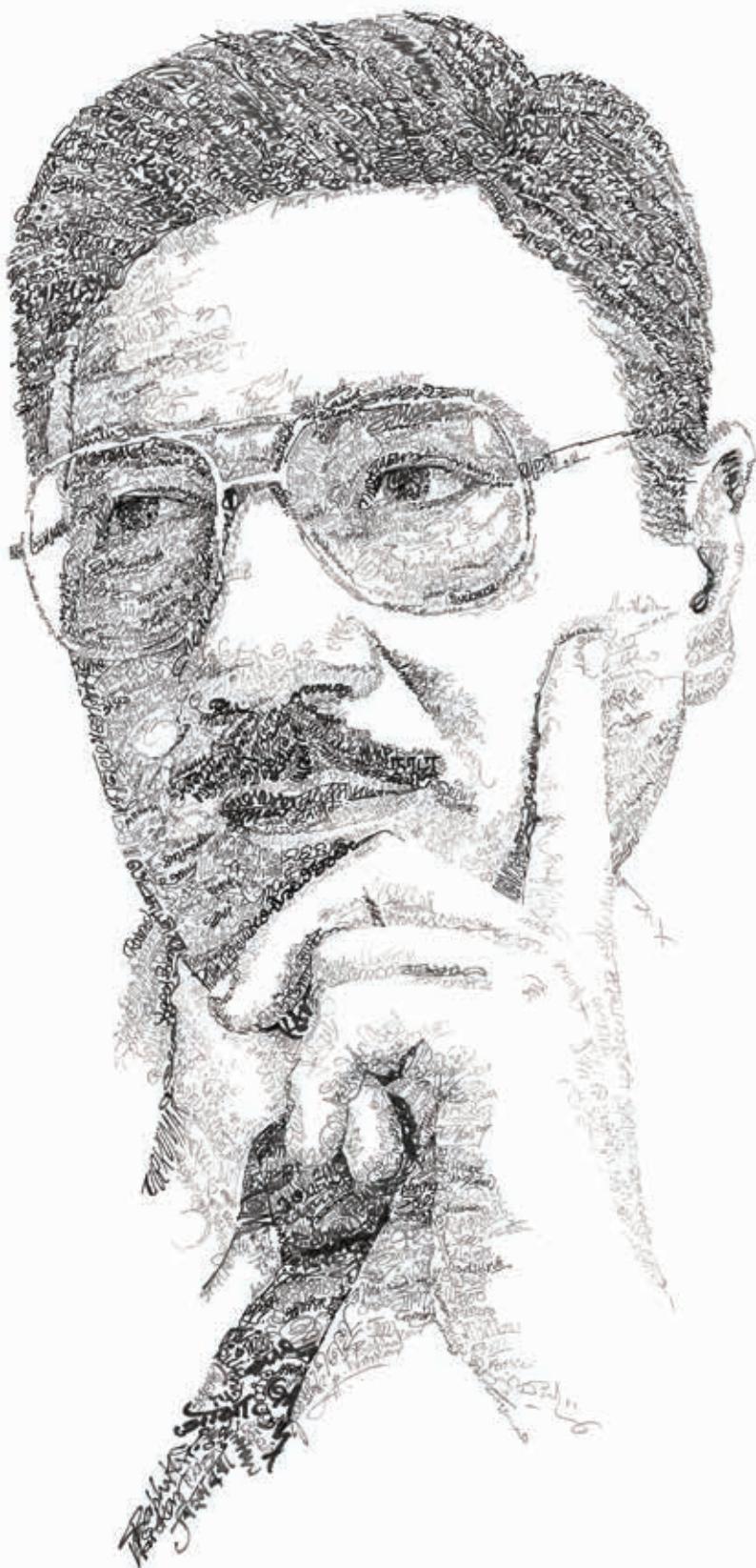
In this journey, we have gained immense knowledge and consumer insights, that help us design and offer innovative products and services, to meet the emerging financial needs of our customers. As we further our Founding Vision of 'enabling access to home ownership', we envisage playing a significant role towards building a nation of home owners.



## **OUR VISION**

To transform the lives of Indian  
households by enabling access to  
home ownership.

The portrait of DHFL's Founder Chairman has been created  
using signatures of hundreds of customers.



Late Shri Rajesh Kumar Wadhawan

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# Introducing DHFL



Our Founder, Late Shri Rajesh Kumar Wadhawan believed that every Indian aspires to own a home. And it is the right housing finance that converts the dream of home ownership into a reality, especially for the lower and middle income (LMI) segment. His belief translated into DHFL - an organisation that encouraged home ownership through home loan solutions for every customers.

For more than three decades, we have been serving the home finance segment of India. In the process, we have helped millions in the LMI segment transform their dreams to reality, especially in semi-urban and rural India.

We offer housing loan solutions, insurance services and fixed deposit schemes. With our deep market insights and core competencies, we have grown to become one of the leading housing finance company in India.

We encourage home ownership through 348 locations which includes 181 branches, 146 service centers, 18 circle/cluster offices, 2 disbursement hubs and 1 collection center. We also have overseas representative offices in Dubai and London. At DHFL, all our efforts are concentrated towards building a nation of home owners.

## KEY NUMBER HIGHLIGHTS

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A leading housing finance company.

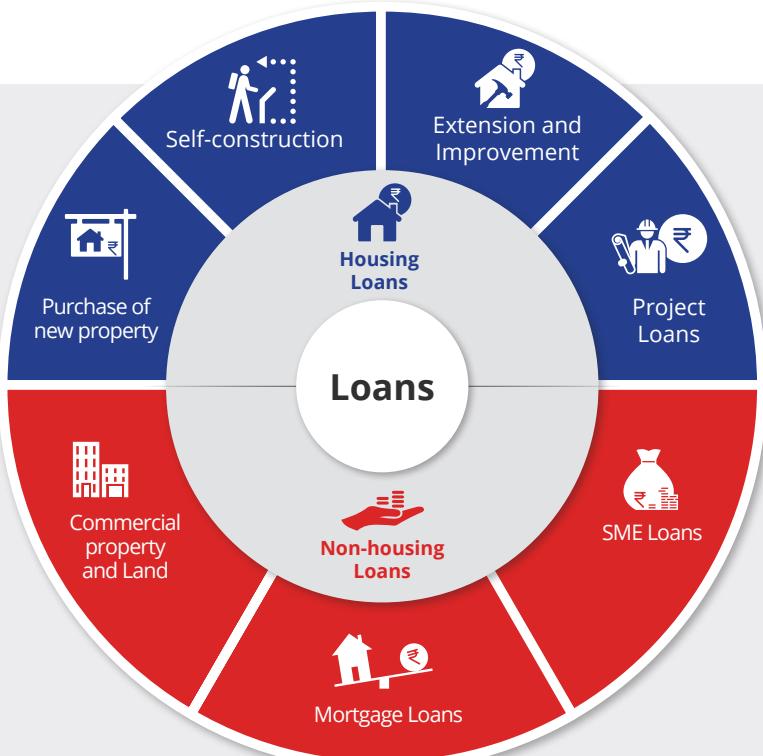
**19.12%**  
Capital Adequacy Ratio

**₹ 83,559.92** crore  
AUM as on 31st March 2017

**₹ 7,995.80** crore  
Net worth

## SERVICE SUITE

The diagram illustrates the 'SERVICE SUITE' as a central concept branching into two primary service categories: 'Loans' and 'Deposits'. The 'Loans' category is represented by a red circle containing various loan products, each with a corresponding icon. The 'Deposits' category is represented by a blue circle containing various deposit products, also with corresponding icons. A grey rectangular area surrounds the central circles.



# Chairman & Managing Director's foreword



## Future Ready. Future Bright

I am proud to say that the vision our Founder Chairman Late Shri Rajesh Kumar Wadhawan laid out three decades ago and DHFL's current business direction are in sync with the Government's larger goal of financial inclusion for the weaker sections of society and dwelling ownership for every Indian. At the centre of our Honourable PM Shri Narendra Modi's clarion call for Sabka Saath Sabka Vikas, is our valued Lower and Middle Income (LMI) customers.

### DEAR MEMBERS,

Last year witnessed interesting developments across the global economy. After a long spell of stagnation and de-growth, green shoots of economic upswing are appearing for the world economy. According to the International Monetary Fund, global economic activity led by emerging markets and developing economies should pick up pace in FY 2017 and FY 2018. Asian economies led by India are picking up speed as policy and consumption-led tailwinds have given businesses a positive fillip. Indeed, India with a 7.1% growth rate in FY 2016-17 along with China's growth rate of 6.7% for 2016 and promising to continue the trend into FY 2017-18 will remain the epicentre of action. In India, a fundamental premise of optimism stemmed from its strong socio-economic reforms that were peppered with events that will reset our country's economic direction in a transformational manner. This milieu enabled us to deliver yet another year of sustainable yet profitable growth.

In the face of challenges to domestic growth across countries, doubts on the very concept of globalization have surfaced. This has led to demand for reversing progress towards a barrier free world trade. The new world, however, has come a long way under globalisation and collaboration and have redefined the modern economy. Technology has dropped the barriers irreversibly and disruption through innovation is the norm which is rewriting the very rules of conducting business. Businesses which leverage innovation to deliver the best solution in the ever-changing global arena will triumph.

In this backdrop, relentless pursuit of sustainable and inclusive growth and redistribution of wealth are of critical importance if the destination of a global village that the world embarked under globalisation is to be met. We at DHFL, will remain committed to promoting inclusiveness and sustainability in our business and play a positive role as a corporate citizen.

I am proud to say that the vision our Founder Chairman Late Shri Rajesh Kumar Wadhawan laid out three decades ago and DHFL's current business direction are in sync with the Government's larger goal of financial inclusion for the weaker sections of society and dwelling ownership for every Indian. At the centre of our Honourable PM Shri Narendra Modi's clarion call for Sabka Saath Sabka Vikas, is our valued Lower and Middle Income (LMI) customers. GST, too, will usher in federated revenue collection uniformity and drive India towards a single, formal economy.

## DEMONETISATION TO DIGITISATION

Demonetisation has been one of the boldest moves taken by the Government in recent times. I believe it will prove to be a positive development bringing a greater share of financial transactions to the formal system, strengthening credit growth and enabling wider financial inclusion. The financial services sector has a tremendous upside to capture from the move, especially for businesses like DHFL that focuses on providing financial credit to the unbanked. Given DHFL's robust presence in Tier II & Tier III cities and towns and deep network in rural India, we are best suited to service the additional demand from borrowers entering the formal financial system for the first time.

Digitisation initiatives introduced after Demonetisation has had significant benefits; having built a robust proprietary understanding of fiscal creditworthiness of the large underserved segments. Digitisation will ensure that a vast population will step into the official banking circuit. This has opened additional opportunities for DHFL to attract new customers having already established last-mile



**The affordable housing finance sector has gained central focus owing to the Government's vision of housing for all by 2022. With the Government granting infrastructure status to companies providing affordable housing, this sector has become an attractive investment opportunity.**

connectivity to reach underserved and unbanked Indians both physically and digitally.

## A HOME TO OWN FOR EVERY INDIAN- ENABLING LANDSCAPE

The affordable housing finance sector has gained central focus owing to the Government's vision of housing for all by 2022. With the Government granting infrastructure status to companies providing affordable housing, this sector has become an attractive investment opportunity. According to a report, since the Pradhan Mantri Awas Yojana (PMAY) aims to provide 20 million houses in three phases over FY 16-22, this will directly benefit the economy by around INR 15 trillion over a 7-year timeframe; 95% of the total demand deficit is coming from Economically Weaker Sections [EWS] and LIG (Lower Income Group) & MIG segments. Your Company stands to benefit from the Government's Smart City mission that will create additional demand for urban affordable housing loans.

The policy prescriptions of the Government validate our belief and

Founder's vision of building a business on the foundation of social empowerment. According to Government data, PMAY has so far received over 9 lakh applications and I am happy to share with you the fact that a majority of the customers we source will qualify for the government's interest subsidy for affordable home loans. Indeed, DHFL is proud to contribute to nation building in a purposeful yet profitable way.

Besides addressing demand, recent policy decisions strategically reinforce supply side as well. With foreign participation (FDI) made easier in affordable housing, reputed global investors have joined domestic players in evincing interest in this sector. Our investors are now able to participate in India's LMI housing growth story in a meaningful yet sure manner.

Another step of significance in building consumer confidence is the implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA). This has led to a more customer-focused approach and time bound delivery in the housing sector. This will lead to professionalization of the affordable housing sector.

## BUILDING A CUSTOMER-CENTRIC, PHYGITAL ORGANISATION

We believe digital disruption in the fintech space is a great opportunity for us. Like a whole generation of Indians who bypassed the land phone and the PC era to leapfrog to mobile Internet, technology-led innovations help us bypass physical infrastructure-led traditional growth models to reach customers. Smart technology will complement our intuitive and inventive organisation culture that drives us to do things differently. At DHFL, we are moving towards becoming a 'Phygital' customer-centric organisation. We are

creating a unique integrated ecosystem of digital and physical consumer touch points for our customers to seamlessly interact with us in their preferred environment.

Our people form the backbone of our business. Today, the DHFL franchise is serving as a common platform for our integrated financial offerings to different segments of our society. In such a scenario, professional talent is crucial to sustain our momentum. During the year, we continued to reinforce and build a healthy leadership pipeline across junior, middle and senior level employees. My belief that an organization is as good as its people will hold good for ever in any fast-changing environment. As we grow – in size, business lines and across geographies – we want to build a unified culture that is customer-centric and conducts itself with simplicity, entrepreneurial zeal and serves the larger cause of the Nation.

For the BFSI sector, fintech driven innovations are a key learning experience. Futuristic technologies like Artificial Intelligence (AI), predictive analytics, bot-based customer services and mobile apps are set to transform traditional business models and customer touch points. Across our various businesses of lending, investments, protection and new business areas a single-customer dataset can help us mine data and reach out to garner a larger share of the customer wallet in a cost-effective yet speedier way.

### THE NEXT STEP

We are today not only a leading player among HFCs but also one of the largest in securitisation of home loan portfolios to banks and other financial institutions. We would like to build on the strength of our people, process and technology in the home loan origination and emerge as the largest home loan Originator. We will harness the growing potentials



**Today, the DHFL franchise is serving as a common platform for our integrated financial offerings to different segments of our society.**

of the affordable home loan segment in this strategy, which is our forte.

### PREDICTABLE PERFORMANCE, PURPOSEFUL PROFITS

During the year, DHFL retained CARE's highest AAA (Triple A) credit rating and our asset base is fast growing towards Rs 1 lac crore. Despite various macro-economic challenges, your Company delivered a robust performance with a 21.33% revenue growth of ₹ 1,557.24 crore for the year ending March 31, 2017. Profit before tax and exceptional item stood at ₹ 1,402.39 crore, an increase of 27.24% on a YoY basis. More importantly, our loan portfolio grew at a healthy 20% to ₹ 83,559.92 crore as on March 31, 2017.

### UNLOCKING VALUE TO STAKE HOLDERS

Our decision to sell the entire equity stake in the Joint Venture entity DHFL Pramerica Life Insurance Co. Limited to our wholly owned subsidiary was aimed at value creation for all stakeholders. It added to DHFL's net worth and book value; and will ensure all our expansion plans are capitalized fairly. The enthusiastic response to the two public issues of Non-Convertible Debenture (NCDs) of ₹ 14,000 crore – oversubscribed on the very first day

across all three segments of Retail, High Networth Individuals (HNI) and Qualified Institutional Buyers (QIB) – is testimony to the trust we enjoy among our stakeholders.

Our strategy has always been to invest in ventures that bear fruit in the long run. DHFL has been consistently investing in avenues which have similar potential to create value. With access to more efficient source of funds, invaluable customer trust, better financial performance and best-in-class management standards, we are building DHFL into a preferred financial services brand. We continue to look for synergies with complementary businesses like micro-finance, asset reconstruction, fintech platforms and similar enablers that will help us expand our retail reach and provide integrated financial solutions to customer segments for a variety of needs under one roof.

Today, we encompass the entire financial life cycle of the consumer and not just part of his personal borrowing journey (lending) for affordable housing. Thus, financial services for protection (insurance), higher studies (education loans), wealth creation (asset management) and entrepreneurship (SME loans) are part of our bouquet



**With access to more efficient source of funds, invaluable customer trust, better financial performance and best-in-class management standards, we are building DHFL into a preferred financial services brand.**



**Our focus is equally on Corporate Social Responsibility (CSR) programmes with clear objectives that deliver sustainable outcomes.**

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of offerings, this in turn will create significant value for the company.

### **COLLECTIVE LEADERSHIP THROUGH WGC**

DHFL is the flagship Company of the Group with growing ambition in financial services sector domestically and in the global arena. Wadhawan Global Capital Pvt Ltd., our Promoter Group entity is set up to harness our collective business strength and leadership. At a group level we manage around \$18.6 Billion of Assets (AUM) through our lending, Asset Management and Insurance businesses. We have also partnered with leading financial institutions such as International Finance Corporation, Washington and Prudential Financial Inc., United States, in transforming the lives of millions of customers across the world.

### **INVESTING IN IMPACT-LED CHANGE- THE CSR WAY**

With its 'Changing Rules, Changing Lives' motto, DHFL has picked up the gauntlet to impact the lives of the less fortunate. Our focus is equally on Corporate Social Responsibility (CSR) programmes with clear objectives that deliver sustainable social outcomes. Our CSR work in early childhood care, skill development, drought mitigation and

financial literacy is delivering impactful results at the ground level. We are partnering to upgrade the infrastructure at Anganwadis that provide quality pre-primary education coupled with nutrition, safe drinking water and sanitation facilities to over 30,000 mothers and children across 1000 units. Our skill development programme is aligned to the Government's Skill India Mission to impart hands-on training in industrial skills to young people. We have enabled gainful access to employment to nearly 1000 youth in BSFI and Construction industries in just one year. We are also involved in drought mitigation efforts to solve the water scarcity problem in rural India. Our CSR efforts remain an integral part of our ethos, fulfilling critical societal needs with measurable outcomes.

### **TOWARDS FINANCIAL EMPOWERMENT**

I would like to thank each one of you for contributing to our Founder's vision and building DHFL into a successful and meaningful entity. With the Government making financial inclusion and housing a priority, your Company will continue to deliver profitable growth and contribute to nation building by aligning to the larger cause of the country. With smart technology, professional business conduct, world class partners and the

resolve to enable financial access to the most vulnerable sections of society, your Company is well poised for future growth.

I firmly believe that the developments of the past year 'will change the way Indians spend and live in the future.' This will lead to an accelerated evolution and a transformational business landscape wherein DHFL will continue its contribution in the country's march towards shared prosperity.

Jai Hind!

Regards,  
**KAPIL WADHAWAN**

Chairman & Managing Director  
DHFL

## CEO's Message



**We have performed well during FY 2016-17, and have leveraged market opportunities and insights in our core segment to deliver a robust growth trajectory, with an unwavering goal of providing affordable easy home loans to the lower and middle income (LMI) segment in semi-urban and rural regions.**

### DEAR MEMBERS,

In what is perhaps India's most seminal year of economic reforms, I present to you good tidings about our Company. I am most delighted to inform you that our brand value has manifested in India's financial market through over-subscription of our maiden public issue of non-convertible debentures (NCD).

We have performed well during FY 2016-17, and have leveraged market opportunities and insights in our core segment to deliver a robust growth trajectory. With an unwavering goal of providing easy home loans to the lower and middle income (LMI) segment in semi-urban and rural regions; we have delivered 26.56% rise in our EBIDTA (and exceptional item) performance vis-à-vis the previous year.

Net Profit for the year increased from ₹ 729.20 crores to ₹ 927.02 crores (excluding exceptional items) showing a healthy growth of 27.13 % as compared to the previous financial year.

While our disbursement grew 18% to ₹ 28,582 crores as on March 31st, 2017, our non-performing assets (NPA) was at 0.94% on the same date.

## GOVERNMENT REFORMS INFLUENCING THE HOUSING SECTOR

FY 2016-17 witnessed several key economic reforms, especially directed towards the housing sector. While the Government had already launched the 'Housing for All' scheme; the impact of holistic policy reforms, structural shifts and an increased impetus to the affordable housing segment through various schemes was put forth this year. For housing finance companies (HFCs) this will lead to multi-dimensional prospects.

On the one hand, the Union Budget bestowed affordable housing with the infrastructure status; and on the other hand, the Finance Ministry increased allocation for the Pradhan Mantri Awas Yojana (PMAY) approximately by 53%. This will increase the ambit of affordable housing properties, thereby widening our markets. Other policy and structural reforms, such as Real Estate Regulatory Act (RERA) are also slated to positively influence the housing finance segment. Moreover, the Government is moving India's economy towards greater transparency and digitisation. This is helping create a better credit ecosystem for customers with attractive interest policies.

These changes are set to make major contribution to the lives of our core customer segment – the lower and middle income (LMI) groups.

Besides, the Government impetus has led to the development of a multitude of services through various payment apps and Aadhar Enabled Payment System (AEPS). These will enable faster disbursement of services; and reduce dependence on brick-and-mortar investments.

## TOWARDS BUILDING A NATION OF HOME OWNERS

We believe India's development and progress will translate into our aspiration of building a nation of



**Our ability to uphold high asset quality and lower-than-benchmark NPAs are due to our credit assessment tools and procedures.**

home owners. Towards this, our experience and understanding of the LMI segment customers and their aspirations are shaping our emergence as a comprehensive finance provider. At present, we offer a bouquet of products that fulfils the needs of our core customer segment. Our Company provides mortgage loans, SME loans and project loans, indicating its relationship with clients go beyond merely housing finance.

As a deposit-taking-HFC, we provide good returns to depositors. Our ability to uphold high asset quality and lower-than-benchmark NPAs are due to our sophisticated credit assessment tools and procedures. Besides, our capacity to estimate income and repayment competences, extensive relationship building approach, and deep network within India's interiors help us in creating value for us and all our stakeholders.

In addition, we have developed a well-balanced operational infrastructure leveraging technology. It assists in our decision-making processes, propelling efficient operations for us.

## GOING FORWARD

We believe we are moving towards an era of better performance with more speed, efficiency and superior analytical insights. And these will enable better

underwriting of loans and ensure shorter turn-around times (TAT), along with enhanced customer satisfaction and more profitability. Besides, we are well-poised to expand our customer appeal with improved product and service offerings, that meet the needs of various customer segments.

Additionally, we are aware of our social responsibility towards enhancing the quality of life. Thus, we undertake comprehensive interventions through various initiatives in the realm of education, skill development and rural development and contribute to India's development process.

We believe we can make the most of current opportunities in India's financial sector, with our enhanced processes and focus on productivity. Our positive approach and a dynamic business model will help us in creating value for our stakeholders.

Regards,  
**HARSHIL MEHTA**  
Chief Executive Officer  
DHFL



# NURTURING DREAMS OF HOME OWNERSHIP



At DHFL, we understand the significance of home; and have been nurturing dreams of home ownership for over three decades. We believe that a home provides security and safety to individuals and families.

## **STRONG FOCUS ON HOME LOAN PRODUCTS**

For the last three decades, we have been in the business of providing loans to the lower and middle income (LMI) groups in semi-urban and rural India. We prioritise our customers' convenience. Through our strong network of branches and micro-branches, we have been touching customers across interiors of India. Our numerous customer touch-points allow us to cater to the LMI segment in several ways. We disseminate information about financial products and guide in their purchase decision and management.

Our transparent practices have led to a bond of trust between our customers and the Company, which allows us to have deep insights into

our core segment and its market requirements. Empathising with customer aspirations, we design solutions according to their needs, delivering best-in-class customer service, expert credit assessment, financial protection advice and savings options.

Over the years, we have encouraged millions of Indians to own homes by simplifying their access to home loan products, with specialised schemes to suit their needs.



# PAVING THE WAY FOR INCLUSIVE GROWTH



Pioneering India's 'affordable housing' movement years ago, it is heartening to see that financial inclusion through home ownership has come to the centre stage. The Government's push is reinforced through various schemes and reforms, making it exciting for the deserving home buyer.

## **348 CUSTOMER TOUCH POINTS MAINLY IN SMALL TOWNS**

India's affordable housing sector is evolving rapidly. The 'Housing for All' scheme will continue to bolster our core market of housing loans to LMI communities in rural and semi-urban rural India. Further, the increased allocations in the Pradhan Mantri Awas Yojana (PMAY), changes in definition of affordable housing projects and other government reforms are set to reinforce our objectives.

These reforms will bring greater number of projects under the ambit of the affordable housing scheme; and for us it will mean fulfilling more dreams of home ownership.

Our understanding of the market segment we have served for over three decades has helped us to position ourselves well in proactively meeting the PMAY target group and enabling them home ownership, through the subsidy benefits of the home ownership scheme. We are committed to championing the cause of this mission and pave the way for inclusive growth.



# RAISING THE BAR



DHFL has served to create long-term bonds with all stakeholders. We emphasise on creating shared value and sustainable profitable growth.

## **COMMITTED TO CUSTOMER CENTRIC PRODUCTS AND PROCESSES**

DHFL continues to be an industry leader in the housing finance space because of its ability to read the market well and keep a customer focused product and service bouquet at the best pricing. Transparency in our dealings, proactive communication with existing and new customers, best-in-class technology and processes for enhanced efficiency have all bundled to offer a robust customer centric delivery mechanism. Our powerful communication to engage with potential customers and the community at large has proved effective in seeding the thought of home ownership.

We value our people, who have played a meaningful role as partners in our customers' home ownership journey. Our people understand the aspirations and gaps of our customers and are recognised for their customer friendly approach.

We have raised the bar in the Indian capital markets, with an overwhelming

subscription to the first maiden issue of retail Non-Convertible Debentures (NCDs) and significant oversubscription for a similar corresponding second issue of NCDs.

We, thus, comprehensively strive for excellence in meeting the requirement of our stakeholders, which in turn helps us to raise the bar of our performance and stay ahead in the industry's leadership position.

# Key Performance Indicators

GROSS REVENUE		₹in Crore	SANCTIONS		₹in Crore	EARNINGS PER SHARE		in ₹
NET PROFIT		₹in Crore	DISBURSEMENTS		₹in Crore	CUMULATIVE DISBURSEMENT		₹in Crore
FY12-13	451.9		FY12-13	13,357.7		FY12-13	42,162.7	
FY13-14	529.0		FY13-14	16,647.5		FY13-14	58,810.2	
FY14-15	621.3		FY14-15	19,821.5		FY14-15	78,631.7	
FY15-16	729.2	*	FY15-16	24,202.2		FY15-16	1,02,833.9	
FY16-17	2,896.5	*	FY16-17	28,581.9		FY16-17	1,31,415.8	*
FY12-13	451.9		FY12-13	17,336.9		FY12-13	38.47	
FY13-14	529.0		FY13-14	22,377.6		FY13-14	41.23	
FY14-15	621.3		FY14-15	28,497.1		FY14-15	47.82	
FY15-16	729.2		FY15-16	37,608.1		FY15-16	25.00	
FY16-17	2,896.5	*	FY16-17	39,846.3		FY16-17	95.76	*

\* with exceptional Income

# 10-year Financial Highlights

## KEY OPERATIONAL HIGHLIGHTS

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Sanctions	2,009.6	2,698.2	5,274.0	8,949.5	12,845.3	17,336.9	22,377.6	28,497.1	37,608.1	39,846.3
Disbursements	1,761.5	2,266.0	3,865.6	6,505.5	9,065.2	13,357.7	16,647.5	19,821.5	24,202.2	28,581.9
Cumulative Disbursement	7,102.6	9,368.7	13,234.2	19,739.8	28,805.0	42,162.7	58,810.2	78,631.7	1,02,833.9	1,31,415.8

## KEY FINANCIAL HIGHLIGHTS

(₹ in Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Gross revenues	523.4	693.6	992.6	1,451.2	2,469.7	4,078.9	4,967.7	5,981.6	7,300.0	8,857.2*
Profit After Tax	82.6	91.8	150.7	265.1	306.4	451.9	529.0	621.3	729.2	2,896.5**
Shareholders Funds	445.1	513.5	873.4	1,548.4	2,032.7	3,237.1	3,575.0	4,635.8	5,017.0	7,995.8
Share Capital										
Equity	60.5	60.5	82.0	104.4	116.8	128.2	128.4	145.7	291.8	313.2
Preference	7.0	3.0	3.0	-	-	-	-	-	-	-
Others #	-	56.0	-	-	-	-	-	-	125.0#	-
Reserves and Surplus	377.6	394.0	788.4	1,444.0	1,915.9	3,108.9	3,446.5	4,490.1	4,600.2	7,682.7
Borrowings from NHB, Banks, Fls and Others	3,922.5	5,829.5	8,744.6	14,292.8	18,209.8	30,134.7	36,891.4	45,192.4	56,060.9	74,572.6
Deposits	46.9	46.9	182.2	557.3	938.8	1,923.7	2,595.5	3,728.3	5,042.7	6,768.7
Housing and Other Loan Outstanding	4,158.1	5,806.6	8,758.4	14,122.0	19,355.4	33,901.7	40,451.0	51,039.7	61,775.0	72,096.2
Dividend (%)										
Equity	25.00	25.00	30.00	35.00	35.00	50.00	80.00*	60.00	80.00	40.00
Book Value per Share (₹) (Equity)	59.2	70.7	102.9	148.3	174.0	252.5	278.4	319.7	171.9^	255.3
Earnings per Share (₹) (Basic)	14.43	15.15	19.78	26.43	28.97	38.47	41.23	47.82	25.00^	95.76**
Earnings per Share (₹) (Diluted)	-	-	19.58	26.12	28.67	38.30	41.11	47.19	23.10^	95.44**

### Notes

# Money received against share warrants issued to promoters / promoter entity.

\* Excluding exceptional income

\* Includes one-time special 30% dividend to mark 30th anniversary

\*\* Including exceptional income

^After factoring in Bonus Issue of 1:1 done in FY 2015-16

# Board of Directors



## MR. KAPIL WADHAWAN

**Chairman & Managing Director**

Mr. Kapil Wadhawan joined the Company in September 1996 as a Director and became the Chairman & Managing Director of the Company in July 2009. Mr. Kapil Wadhawan has led DHFL into becoming a world-class financial services Company. Under his leadership, the Company commenced its transformational journey, reaching out to customers across the length and breadth of the country.

He has been instrumental behind the Company setting up representative offices globally - at Dubai and London. He spearheaded the acquisition of the housing finance arm of ING Vysya Bank Ltd. i.e. DHFL Vysya Housing Finance Ltd. in 2003 and that of First Blue Home Finance Ltd. (erstwhile Deutsche Postbank Home Finance Ltd.) in 2011.

He also established India's low income segment specific Company, Aadhar Housing Finance Ltd., in association with International Finance Corporation, a member of the World Bank Group.

Mr. Kapil Wadhawan also led the foray into other financial services like education loans sector through Avanse Financial Services Limited in 2013, in life insurance through DHFL Pramerica Life Insurance Company Ltd. in 2014, in asset management services through DHFL Pramerica Asset Managers Private Limited in 2015-16.

With the expanding presence across the financial services, Mr. Kapil Wadhawan set up Wadhawan Global Capital Private Limited (WGC) and is its Chairman. WGC is the promoter/parent company for some

of the top brands in the country such as DHFL, Aadhar Housing Finance Ltd., Avanse Financial Services Ltd and DHFL Vysya Housing Finance Ltd to name a few. Mr. Kapil Wadhawan is an MBA in Finance from Edith Cowan University, Australia



## MR. DHEERAJ WADHAWAN

**Non-Executive Director**

Mr. Dheeraj Wadhawan is the Promoter of the Company. He is the son of Late Shri Rajesh Kumar Wadhawan and brother of Mr. Kapil Wadhawan, Chairman & Managing Director. He has graduated in construction management from the University of London. He has over 15 years of experience in the real estate and construction industry. He joined the Board as a Non-Executive Director on May 12, 2008



## MR. GURU PRASAD KOHLI

**Independent Director**

Mr. G. P. Kohli is the former Managing Director of Life Insurance Corporation of India. He has vast experience in the fields of insurance, housing, HRD and marketing. He

has worked in various positions in LIC. He was the Chairman of Asstet Management Company of LIC. He was a Vice – Chairman of foreign business operations of LIC.

He holds Master's Degree in English Literature – (MA Hons) and has acquired a Diploma in Labour Laws, Labour Welfare and Personnel Management. He is alumni of Indian Institute of Management- Ahmedabad. He was declared best communicator of the year in 1995. He was presented P. R. Person of the year award in 2000 by Public Relation Society of India. He was Member of the Core Committee for reorganization of LIC. Mr. G. P. Kohli is on the Board of the Company as an Independent Director since May 23, 2001.



## MR. VIJAY KUMAR CHOPRA

**Independent Director**

Mr. V. K. Chopra is a Fellow Member of the Institute of Chartered Accountants of India (FCA) by profession. Mr. Chopra had a long and illustrious career in banking, having served in the sector for over 38 years in different capacities. He was the Chairman & Managing Director of Corporation Bank and SIDBI and an Executive Director with Oriental Bank of Commerce for a long tenure. His last assignment was with the Securities and Exchange Board of India (SEBI) where he served as a whole-time member for two years until March 2008. He is a Non-Executive and Independent Director on the Board of several listed companies. He joined the Board of the Company as an Independent Director on May 12, 2008.



### **MR. MANNIL VENUGOPALAN**

**Independent Director**

Mr. M. Venugopalan is a well-known Banker with a career spanning over four and half decades and touching diverse geographies in leadership positions- both in India and abroad. He had opportunities to be in leadership positions of the core teams of three Commercial Banks in the country. After earning his Bachelor's degree in Commerce with Gold medal from the university of Kerala he joined Bank of India as a probationary officer and rose to the position of its Chairman & Managing Director, after leading the Bank's operations in Southern, Northern, and Western regions in India and Japan and U.K. abroad. He had a stint of 3 years as an Executive Director of Union Bank of India (2000-2003). After completion of his term as Chairman and Managing Director of Bank of India, he headed Federal Bank Ltd as its Chairman and Chief Executive Officer for 5 years (2005-2010). He joined the Board of the Company as an Independent Director on February 25, 2013. He is also on the boards of L&T Finance Limited, Shreyas Shipping & Logistics Limited, LICHL Asset Management Company Limited, etc.

Secretary for large Indian and multinational corporations such as the Bharti Group and Indian Aluminium Company Ltd. She currently serves as an independent director on the Boards of several companies in sectors such as power, renewable energy, and pharmaceuticals. Ms. Sampath is a senior partner in the corporate law practice of M/s Lakshmikumaran & Sridharan, Advocates and is the Ombudsperson for the Bharti Group. She is also the chairperson of the corporate laws committee of FICCI. Ms. Sampath holds degrees in Literature and Law and is a fellow member of the Institute of Company Secretaries of India. She has attended the Advanced Management Program at Harvard Business School and the Strategic Alliances Program at Wharton, USA. She joined the Board of the Company as an Independent Director on August 26, 2014.

Studies and Research Center, Riyadh, chaired by the Saudi Arabia's Minister of Petroleum and Energy; (iv) Director, Institute of Human Development, Delhi; (v) Director, Giri Institute of Development Studies, Lucknow.

In the past, he served as the Government of India nominee on the Boards of: (i) Economic Research Institute for ASEAN and Asia (ERIA) Jakarta; (ii) Central Board of the State Bank of India, Mumbai; (iii) Indian Institute of Foreign Trade, Delhi; (iv) Part Time Member, National Security Advisory Board (2006-2008); (v) Part Time Member Economics, TRAI, New Delhi (2007-2010)

His earlier positions have been: (i) Senior Fellow, Centre of Policy Research, Delhi (2013- January 2017) (ii) Secretary General, Federation of Indian Chambers of Commerce and Industry (FICCI, 2010-2012) (iii) Director & Chief Executive, Indian Council for Research on International Economic Relations (ICRIER, 2006-2010) (vi) Chief Economist, Confederation of India Industries (CII, 2004-2006) (vii) Principal Economist, Asian Development Bank, Manila (1995 to 2005) (viii) Economic Advisor, Department of Economic Affairs, Ministry of Finance, Government of India, (1992 to 1995); (viii) Senior Consultant, Bureau of Costs and Prices, Ministry of Industry Government of India (1989-1991) (ix) Professor, Indian Institute of Foreign Trade, Delhi (1987-89) (x) Senior Research Program Officer, ICRIER, Delhi, (1982 to 1987). He has a D.Phil. in Economics from Oxford University (1982) and a Ph.D from Lucknow University (1978). Dr. Rajiv Kumar is on the Board of the Company as an Independent Director since August 7, 2015.



### **DR. RAJIV KUMAR**

**Independent Director**

Dr. Rajiv Kumar is a leading Indian economist. He is the author of several books on India's economy and national security. He is a widely recognized columnist and widely appreciated speaker on issues in Indian political economy.

Presently, he is: (i) Founding Director of Pahle India Foundation (PIF), Delhi; PIF, a non-profit think tank focuses on facilitating economic policy change based on objective and rigorous research and ii) Chancellor of the Gokhale Institute of Economics and Politics (A Deemed University, Pune).



### **MS. VIJAYA SAMPATH**

**Independent Director**

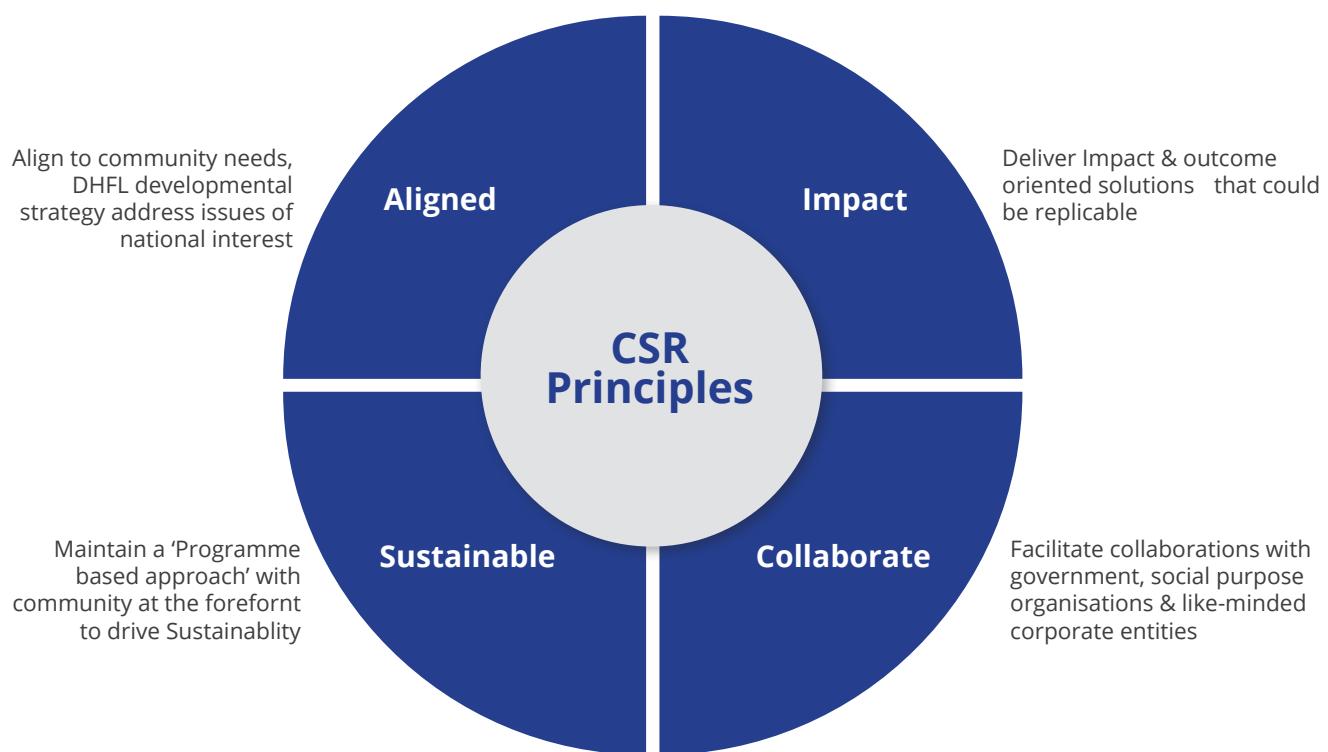
Ms. Vijaya Sampath is a reputed senior legal professional with over 35 years of corporate and legal experience. She has worked both as a Partner in a law firm and as an in-house general counsel and Company

He concurrently serves as: (i) Government of India nominated Independent Director on Central Board of the Reserve Bank of India; (ii) Nominee Director of Reserve Bank of India on the Board of the National Housing Bank (iii) Member of the International Board of Management of King Abdullah Petroleum

# Giving back to the society

DHFL has been building a strong foundation for a better tomorrow through its Corporate Social Responsibility (CSR) programmes.

As a responsible corporate citizen, we focus on giving back to the society and believe need-based interventions can transform communities and lives around us. We engage in value creation for the society through effective corporate philanthropy guided by the following principles.



We implement programmes with community at the forefront and align with government programmes for impactful outcomes. These programmes are broadly covered in the following four focus areas of initiatives.

- Early Childhood Care and Education (ECCE)
- Skill Development
- Rural Development with focus on Drought Mitigation
- Economic Empowerment through Financial Literacy

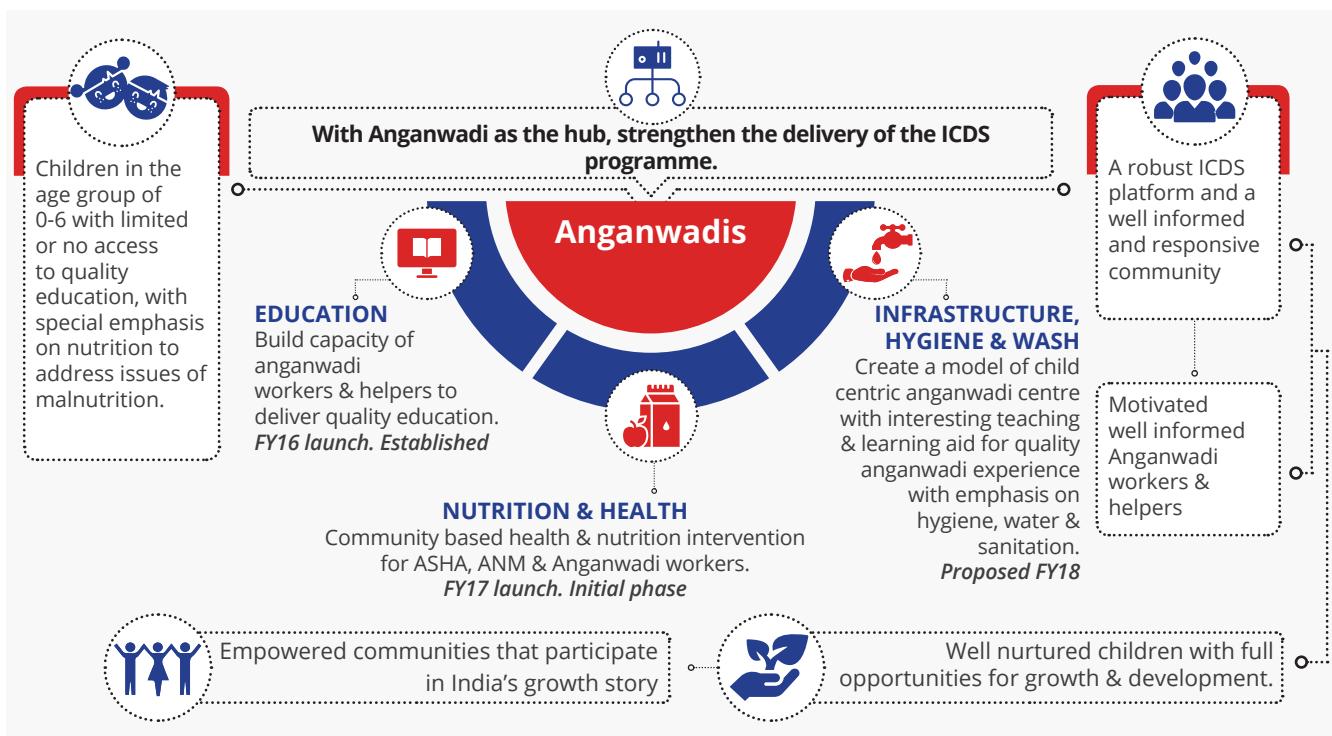
In financial year 2016-17, we deployed ₹ 8.83 crore towards our Corporate Social Responsibility (CSR) programmes including the aforementioned flagship programmes.



## EARLY CHILDHOOD CARE AND EDUCATION (ECCE)

With Anganwadi or courtyard centres as the hub, this is a transformation initiative covering education, nutrition, health, and infrastructure, among others. Additionally, the programme seeks to empower stakeholders through backward and forward linkages, while creating a safety net for the Anganwadi workers.

DHFL has collaborated with the Department of Women & Child Development, Government of Maharashtra to strengthen the delivery of the Integrated Child Development Scheme (ICDS) services. The programme has been cited on the Department of Women and Child Development, Government of Maharashtra's mobile app as a 'best practice'.



One of the key components of the programme is capacity building of anganwadi workers and providing support structure through a set of 'Programme Supervisors' trained and deployed by us in the programme.



Through mentoring and training, we have been helping build capacity of anganwadi workers and others to deliver quality education. Besides, we provide specially designed learning tools to help make learning easy and fun. The benefits of our efforts include: a) 23% average increase in anganwadi attendance; b) 39% anganwadis have improved teacher-pupil relationship; c) 40% anganwadis follow smaller group exercises; and d) 19% of the anganwadi workers have started creating their own teaching and learning materials (TLM).

**Nikita Katle**, Programme Supervisor

## REACH

Palghar and Vasai talukas, District Palghar, State Maharashtra

50,000+ children 30,000+ women and girls

996 anganwadis (courtyard centres)

## OUTCOME

- 23% average increase in anganwadi attendance
- 100% anganwadis covered through the programme has access to Teaching Learning Materials as against 10% at the baseline in June 2016
- 40% of anganwadis follow smaller group exercises as against 6% at the baseline
- 39% anganwadis have an improved teacher-child relationship



## SKILL DEVELOPMENT

Our skill development initiatives benefited more than 2000 youth in FY 2016-17 in Maharashtra. We offered training in Banking, Financial Services and Insurance (BFSI) and construction trades through our DHFL Skill Development Centres. More than 80% of students were placed after attending these training programmes that helped raise their family incomes by around 40%. For those opting for self-employment, Mudra loans were facilitated. Our programmes had over 60% women beneficiaries.

DHFL's Skill Development Programme reached out to the State's interiors with 10 Satellite Centres. Our 'live projects' benefited eight institutions and covered 800 beneficiaries across 10 villages.

## REACH

DHFL Skill Development Centres in Kolhapur & Chandrapur, Maharashtra 2000+ youth per year

## OUTCOMES

- Over 80% placement
- 40% increase in family income
- Mudra loans facilitated
- Over 60% women beneficiaries



## RURAL DEVELOPMENT

"Our rural development programme has benefited over 20,000 farmers across five villages in Phulambri block of Aurangabad, Maharashtra. Here, we have transformed village life through strategic interventions in helping the villages manage water security, health, education and skill development and environment. The programme has positively impacted the existing water reservoir capacity and lives of communities in the five villages.

Our programme started as a drought mitigation programme, and has evolved as a holistic 'Village Transformation' programme. With community at the forefront, we aim to transform these villages into sustainable communities."

**Jhansi Rani**, Programme Coordinator

**REACH****20,000+ farmers**

**Villages – Waghola, Chincholi, Darella Dari, Babhugaon, Nandra in Phulambri block of Aurangabad, State : Maharashtra**

**OUTCOME**

- Farmers shift from dependency on single kharif crop to kharif, rabi and summer crops
- Enhanced cattle health and increased milk production through dedicated fodder areas on farm bunds
- Improved infrastructure for rainwater harvesting; awareness and adoption of micro irrigation techniques
- Community awareness programmes on rainfall patterns and rainwater harvesting for wider impact

**REACH**

**Jawahar Nagar, Shastri Nagar, Kathputli Nagar in Jaipur, State: Rajasthan**

**OUTCOME**

We have been able to create awareness on savings, security and loan benefits amongst the marginalised sections of the society, through a series of interventions including 'nukkad nataks' or engaging street plays, workshops, counselling sessions and camps. Over 10,000 households have benefited through the programme in Jaipur.

### DHFL ALSO SUPPORTS OTHER NGO / SOCIAL PURPOSE ORGANISATIONS, TO ENCOURAGE EDUCATION AMONGST THE CHILDREN FROM THE LESS PRIVILEGED SOCIETIES:

- The Akshay Patra Foundation: This partnership helps us provide nutritious food for more than 20,000 children in 266 schools in Guwahati, Assam.

- AIM for SEVA: An association that helps us provide tribal children with shelter, nutrition, health facilities, value education, and assist in their all-round development. This programme runs in Anaikatti, Tamil Nadu and Nandyal, Andhra Pradesh.
- Connect ED: This project helps to promote quality learning with interactive and technology driven learning solutions. In the year under review, we have enabled 24 schools

### ECONOMIC EMPOWERMENT THROUGH FINANCIAL LITERACY

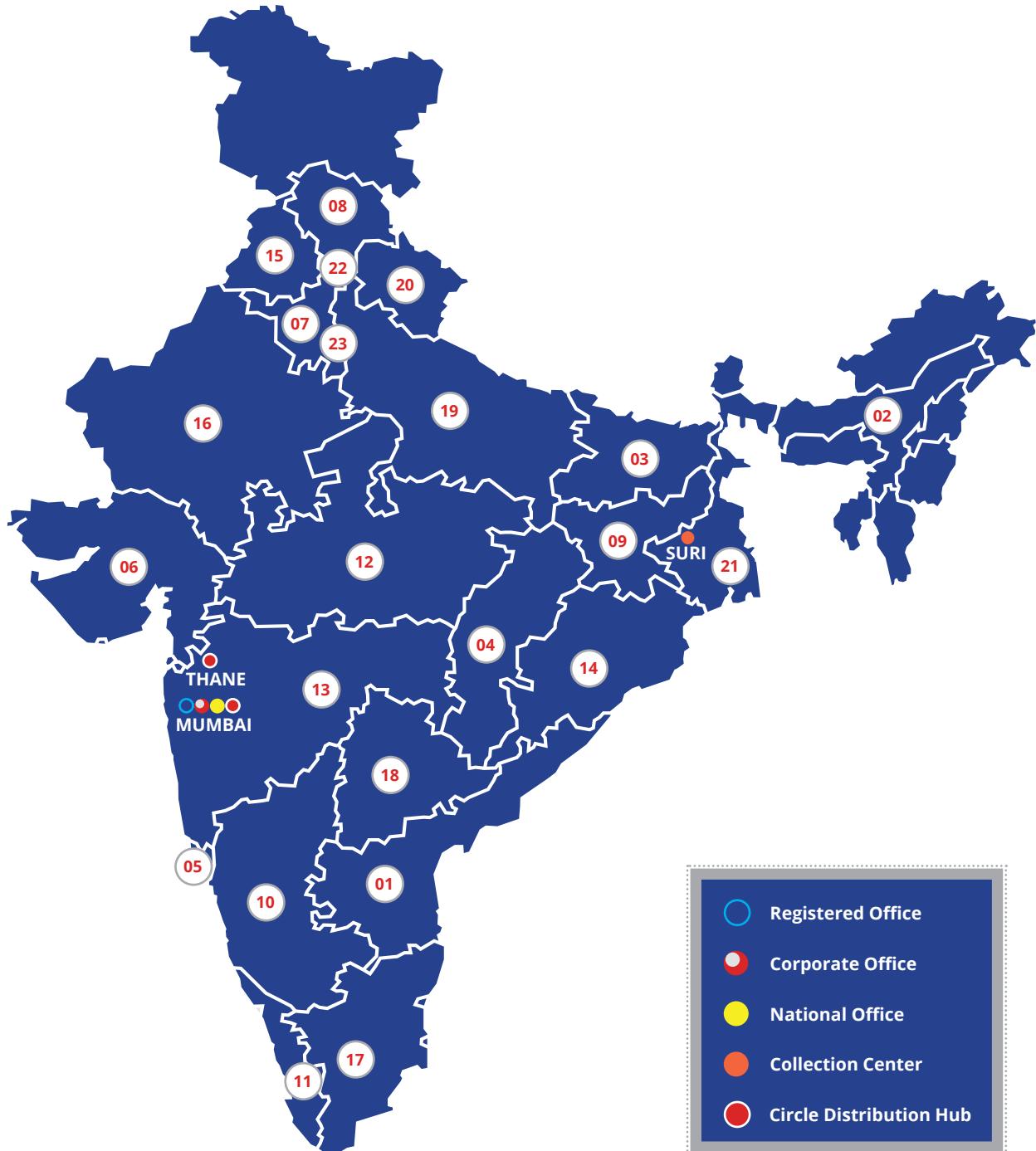
Our Financial literacy campaign started in 2016 under 'Sharma ji ke sawal, Vinod ji ke Jawab'. This campaign has evolved into a comprehensive programme to drive financial inclusion and economic empowerment.

The programme originally influenced by the digital literacy campaign of DHFL, has reached out to youth, women and vulnerable sections of the community through community centres and community volunteers, who champion the transformation initiative.

in Palghar, Maharashtra to transform classroom learning experience for children. The project is also supported by Government of Maharashtra, under the Ekshiksha Mission.

- Yusuf Meherally Centre: We back this facility to efficiently administrate three schools in Raigad district of Maharashtra. The project benefits around 800 children, mostly tribals, teachers, non-teaching staff of the schools along with a girls' hostel.

# DHFL Network



Note - The numbers on the map indicate the serial number in the chart on page no. 27

For details of the complete postal addresses of all the centers, branches and offices forming part of the DHFL network, please log onto [www.dhfl.com](http://www.dhfl.com).

S.No.	Name of State / Union Territory	Circle / Cluster Offices	Branches	Service Centers	Collection Center	Representative Offices	Disbursement Offices	TOTAL
1	Andhra Pradesh	0	9	8	0	0	0	17
2	Assam	0	1	0	0	0	0	1
3	Bihar	0	1	0	0	0	0	1
4	Chhattisgarh	0	1	2	0	0	0	3
5	Goa	0	1	0	0	0	0	1
6	Gujarat	1	5	9	0	0	0	15
7	Haryana	1	8	5	0	0	0	14
8	Himachal Pradesh	0	0	1	0	0	0	1
9	Jharkhand	0	2	3	0	0	0	5
10	Karnataka	3	19	17	0	0	0	39
11	Kerala	1	6	12	0	0	0	19
12	Madhya Pradesh	1	6	11	0	0	0	18
13	Maharashtra	3	54	20	0	0	2	79
14	Odisha (Orissa)	0	2	3	0	0	0	5
15	Punjab	0	4	6	0	0	0	10
16	Rajasthan	1	9	11	0	0	0	21
17	Tamil Nadu	1	18	19	0	0	0	38
18	Telangana	1	11	3	0	0	0	15
19	Uttar Pradesh	2	10	11	0	0	0	23
20	Uttarakhand	0	2	1	0	0	0	3
21	West Bengal	1	5	4	1	0	0	11
22	Chandigarh ( UT)	1	1	0	0	0	0	2
23	New Delhi ( UT)	1	6	0	0	0	0	7
	London	0	0	0	0	1	0	1
	Dubai	0	0	0	0	1	0	1

# Management Discussion & Analysis

The Indian housing finance industry is growing fast. Mortgage lending is a strong driver of growth for both housing demand and construction of houses in the country.



## GLOBAL ECONOMIC OVERVIEW

Going by the trend of cyclical recovery in investment, manufacturing and trade, the global economy picked up momentum in the second half of 2016. The positive outlook is expected to sustain with global Gross Domestic Product (GDP) growth rate expected to rise from 3.1% in 2016 to 3.4% in 2017 and 3.6% in 2018 (*Source IMF*). The outcome of two major events, Britain's referendum on withdrawal from the European Union (EU) and the presidential elections in USA, led to increased unpredictability in the global economy, leading to a cautious sentiment in 2017.

Taking a cue from the positive trends in emerging and developing economies due to the partial recovery in commodity prices, economic activity is projected to pick up

significantly in advanced economies. Hence, market sentiment has been quite strong, with notable gains in equity markets, in both advanced and emerging economies.

In the back drop, a larger one undoubtedly are issues leading to challenges faced by the global economy which calls for individual country actions to be supported by multilateral co-operation. Collective action in preserving open trading system, safeguarding global financial stability, achieving equitable tax systems, and mitigating and adapting to climate change, remain critical at this turning point.

Overall, the sentiments have been turning positive and are likely to remain so as the markets look to a moderate but responsible growth keeping disruptive trends under control.

## OVERVIEW OF THE INDIAN ECONOMY

Emerging as the world's sixth largest country in manufacturing, from the previous position of ninth, India retained its bright spot in the global economic landscape (*Source PwC - India Budget 2017*). The economic outlook became buoyant with the agrarian and rural economy benefiting from a good monsoon in 2016 after two successive rain-deficient years. The impact of demonetisation seen in the last two months of the calendar year kept diminishing with the quick pace of remonetisation and a series of digitisation initiatives. The financial year 2016 -17 was a momentous year for India, characterised by the passage of Goods and Services Tax (GST) Bill, which is expected to be implemented in financial year 2017-18.

As a result of strong consumer sentiment, India's Consumer Confidence Index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter (*Nielsen - Market Research Agency*). India's Gross Domestic Product (GDP) grew by 7% year-on-year in Oct-Dec 2016 quarter, the strongest growth among G-20 countries, as per Organization for Economic Co-operation and Development (OECD) Economic Survey of India - 2017.

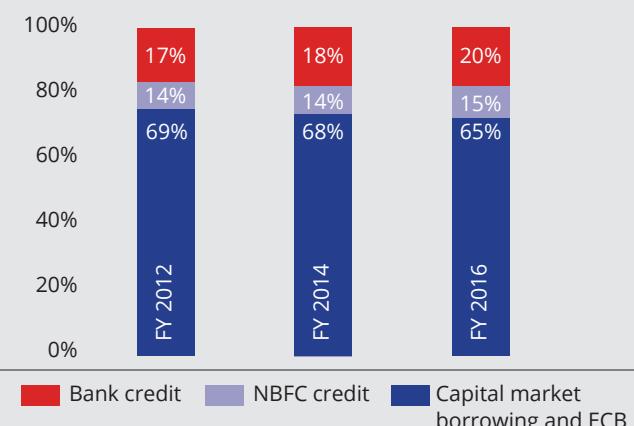
The 'Make in India' campaign, launched in 2016, is aimed to boost the manufacturing sector in India, to increase the purchasing power of the average Indian consumer, which in turn will further boost demand and hence spur development, in addition to benefiting investors. The another great initiative i.e. 'Digital India', focuses on three core components; to create digital infrastructure, to deliver services digitally and to increase digital literacy.

## OVERVIEW OF THE FINANCIAL SERVICES INDUSTRY

India's financial services sector has grown from strength to strength, built on prudential lending practices, robust regulatory environment and sound technology base, and has ably met the aspirations of the vast population and enabled economic activities. While commercial banking stays at the forefront of the financial system, the growing pie of financial services is divided across specialised players extending customised services to different customer segments. The competitive landscape of financial services sector has witnessed rapid growth in the last couple of decades. This movement is taking place on the back of market forces enabling inclusive growth, meeting sectorial thrust, leveraging policy initiatives and the ability to attract cost effective financial resources.

From the point of significance of presence and performance, Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs) continue to make a major impact on the lending side both in consumer/retail lending and commercial/business lending.

### NBFCs SHARE IN SYSTEMIC CREDIT IS GROWING STEADILY



Note: 1. Banks' credit includes outstanding of RRBs and Co-operative banks;  
2. Capital market borrowing and ECB includes corporate bond. (*Source: RBI, SEBI, Company Reports, CRISIL Research*)

### NBFCs OUTSTANDING GREW AT 20% CAGR SINCE FISCAL 2012

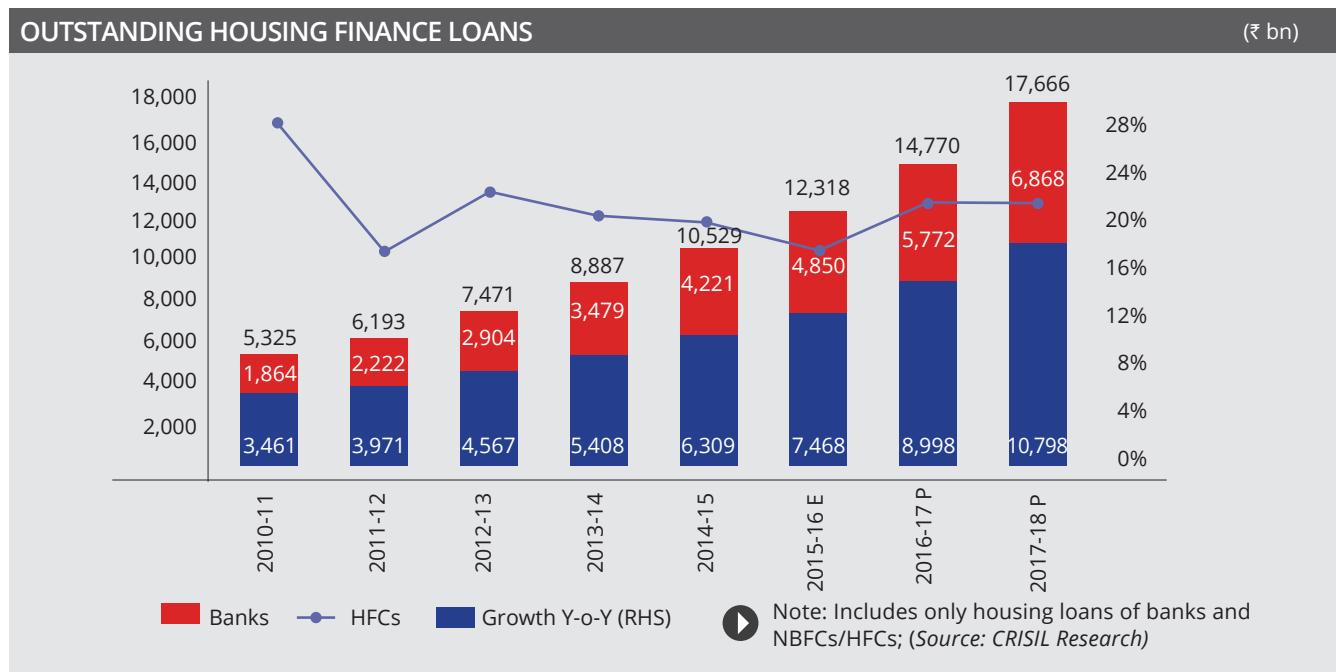


(*Source: RBI, CRISIL Research*)

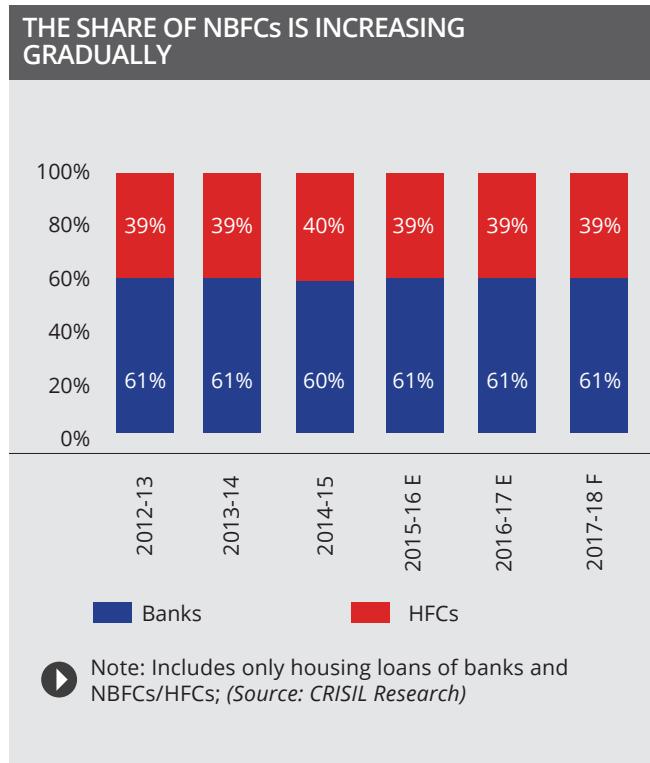
## Management Discussion & Analysis (Contd.)

### Home Loan by HFCs and Banks last 3 years with CAGR

Housing finance outstanding loans rose at steady pace in 2015-16



### THE SHARE OF NBFCs IS INCREASING GRADUALLY



Banks followed by provident funds, pension funds and various savings schemes of the Government of India (GoI) retain major presence in the savings mobilisation process of the system.

The financial year 2016-17 has been a significant year for the Mutual Fund Industry. Mutual funds have also made considerable inroads in mobilising household savings and increasing the share of savings allocated directly to equity and debt capital markets. The assets under management of the industry for the quarter January 2017 to March 2017 touched all time high at ₹ 18,29,584 crore. Assets held by individual investors have been growing at a faster pace than assets of institutional investors. Equity funds have been witnessing significant flows for the last 2 years. This year, besides equity funds, income and balanced funds also saw a huge amount of inflows. The balanced fund category more than doubled its assets in 2016-17. Mutual Fund folios have increased by more than 51 Lakhs (~11%) in the 9 months to December 2016. This indicates a significant addition of new investors to the mutual fund industry.

Credit rating, mortgage registration and mortgage backed securitisation are adding strength to the value addition of the system to support growth with appropriate risk management mechanism.

The Government and the Reserve Bank of India (RBI) opened up the banking sector in 2015 after a long gap of over 2 decades to allow differentiated banking in the form of Payment Bank and Small Finance Bank (SFB). While payment banks are allowed to extend savings account benefit of small sum, they are expected to play a major role in connecting with the un-banked population for transaction and act as a distribution channel for micro credit, micro insurance and micro savings schemes. Micro Finance Institutions (MFI) or Small NBFCs which were allowed to convert to Small Finance Banks can extend savings products and retain their focus on lending to priority sector customers. RBI has also announced draft guidelines for on-tap license for banks, but this is yet to take off although there are many aspirants waiting for more clarity and dispensation in rules.

The financial year 2017 also witnessed Indian Postal Payment Bank donning the cap of bank and extending banking services and leveraging its vast network of post offices and superior geographic reach.

Overall, the financial services industry has come a long way in its reach and resilience. Niche market players and product innovations are making a mark in the financial services space.

## INDIA'S HOUSING FINANCE INDUSTRY

India's housing finance sector is an important contributor to the entire economy. It is the second-largest loan portfolio for NBFCs after infrastructure and an important employment generating sector, accounting for 5-6% share of India's GDP and capital formation. It is perceived as the third most impactful industry in India in terms of its effects on other industries. The Housing Finance sector directly and indirectly impacts over 250 ancillary industries, comprising of cement, steel, transport, construction, paint, brick, building materials, consumer durables and so on.

The fact that there is shortage of housing in India is not in contention. Clearly, despite a considerable increase in the housing stock, it is the supply of affordable housing that is the biggest challenge in India's urbanisation. The types of housing are broadly classified into Economically Weaker Section (EWS), Low Income Group (LIG), Middle Income Group (MIG) and High Income Group (HIG). As land and housing are state subjects the classification of income group also varies from state to state.

## Classification of Income Groups in Maharashtra (Illustration)

Classification	Income
EWS	Up to ₹ 16,000 per month.
LIG	₹ 16,001 to ₹ 40,000 per month
MIG	₹ 40,001 to ₹ 70,000 per month
HIG	Above ₹ 70,001 per month



The EWS and LIG category together accounts for 68% of the housing shortfall in urban India. For LIG, an 'affordable house' would cost (on the higher side) ₹ 25 lakh, approximately 5 times the annual gross income of the LIG income group, making it in fact not very affordable, resulting in increased dependence on either subsidies or government constructions as a means of bridging the ever-increasing affordable housing gap.

The Government has been at the forefront in encouraging housing sector and have taken various initiatives in this regard. The key reforms introduced by the government to boost the housing sector in India which in turn will have a positive impact on the housing finance sector are discussed below:

### Housing for All

The Union Cabinet launched the "Housing for All by 2022" project on June 25, 2015, also known as the Pradhan Mantri Awas Yojana ("PMAY"), aimed at urban areas. The key components of PMAY, include:

- benefits for slum redevelopment projects, such as extra floor space index and transferable development rights if required, grant of ₹ 1 lakh per house, "free sale" component for developers;
- assistance of ₹ 1.5 lakh per house for the economically weaker sections, in projects wherein the project has at least 250 houses and 35% houses are reserved for economically weaker sections;
- subsidy @ 6.5% per annum for economically weaker sections and lower income group for loans up to ₹ 6 lakh (calculated at net present value);
- subsidy @ 4% and 3% respectively to Middle Income group as per the pre-defined criteria for loan amount upto ₹ 9 lakh & ₹ 12 lakh respectively (calculated at net present value)
- assistance of ₹ 1.5 lakh for individuals in the economically weaker sections category for the construction of their own house

## Management Discussion & Analysis (Contd.)

### Indira Awaas Yojana (IAY)

IAY, a flagship scheme of the Ministry of Rural Development (Government of India), aims to provide houses to rural households that fall below the poverty line and belong primarily to the scheduled caste, scheduled tribe and bonded labour categories. Under this scheme, the cost is borne by the Central and State Governments in the proportion of 75:25. An allocation of ₹100 billion had been made under the Union Budget for 2015-16.

### Key provisions introduced in the Union Budget, 2017

The 2017 Union Budget extended various benefits to the affordable housing sector, including infrastructure status and increased allocation under the PMAY scheme. The CRISIL Report states that the usage of carpet area instead of built-up area and extension of project completion timeline from three to five years under the profit-linked income tax deduction scheme (80- IBA) for developers, focusing on affordable housing will further widen the sector's scope.

### The Real Estate (Regulation and Development) Act

The Real Estate (Regulation and Development) Act, 2016 received the assent of the President on March 25, 2016 ("Real Estate Act"). The Real Estate Act seeks to protect consumer interest, ensure efficiency in all property-related transactions, improve the accountability of developers, enhance transparency, and attract more investments to the sector.

The Real Estate Act will regulate both commercial and residential projects and set up state-level regulatory authorities to monitor real estate activities. It will thus improve buyer confidence and bolster demand for residential real estate. It incorporates mandatory disclosure clauses, which would provide greater clarity on project standards and time lines for completion. For developers, while this Real Estate Act implies stringent regulatory control, it will also translate into better demand, as buyer confidence improves. In terms of supply, delays in handover of projects are likely to decline as clauses mentioned in the Real Estate Act mandates strong commitment from developers to complete projects on schedule.

### Other Key growth drivers for the Housing Finance Industry

India's Housing along with Housing Finance Sector has strong growth potential and the key factors that will primarily drive the demand are discussed below:

#### Housing demand tracks population growth

Housing demand is primarily a function of population growth. Between 2011 and 2021, India's population is projected to increase approximately 10%-12% to 1.3-1.4 billion. Such an event will see housing demand touch 283-287 million. During 2001 to 2011, the population grew nearly 18% to about 1.21 billion, and comprised about 246.7 million households.

The home loan disbursements by banks and housing finance companies (HFC) rose by close to 17% year-on-year in financial year 2015-16. Demand for individual home loans went up despite high residential prices in major cities as consumer optimism increased after the 2014 Lok Sabha elections. Higher transaction volumes in Tier-II and Tier-III (non-metro)cities, growth in disposable income and fiscal incentives on housing loans, along with more options in the affordable housing segment aided a robust off-take.

As migration continues the share of urban population in the urban-rural mix, which stood at about 31% in 2011, is expected to expand to nearly 35%-37% by 2020.(Source CRISIL Research report on Retail Finance - Housing – Annual Review – August 2016)

#### Tax incentives

The government has used tax regulations to promote the housing sector, including

- (i) providing interest subsidy of 6.5% for loans up to ₹ 6 lakh, 4% for loans up to ₹ 9 lakh and 3% for loans up to ₹ 12 lakh under Pradhan Mantri Awas Yojana (PMAY).
- (ii) tax incentives for annual interest payments of up to ₹ 2 lakh (₹ 3 lakh for senior citizens) on housing loan.
- (iii) deduction of principal repayment limit of upto ₹ 1.5 lakh on home loan under Section 80C of the Income Tax Act, 1961.
- (iv) holding period for immovable assets, including residential property, reduced from three to two years; for long-term capital gains, indexation year changed from 1981 to 2001 and exemption in capital gains accruing from transfer of residential property, if invested in acquiring/constructing a residential building within 2-3 years.

#### Growth in government investments towards housing segment in recent Five Year Plans

Over the last decade, the economy has witnessed turbulent cycles including a major slowdown in 2008. While each subsequent Five Year Plan was based on the actual versus budgeted comparison (of the previous plan), the policy directions were linked to the local and global macro-economic scenarios. Over the last three,Five Year Plans, the total allocation/ budgetary outlay has grown by over five times (between the 10thand 12thFive Year Plan). During the same period, the share of housing and urban development has improved from 7% to 10%, clearly highlighting the government's focus on housing and urban development.

## External Commercial Borrowings (ECB)

The extant ECB policy permitted infrastructure companies to borrow in foreign currency in the external market but specifically prohibited usage of funds for real estate or onward lending to other entities for use in real estate or purchase of land. With the classification of affordable housing as "infrastructure", this restriction is removed. For infrastructure and green-field projects, funding up to 50% (through ECB) is allowed. Borrowers can use 25% of the ECB to repay rupee debt and the remaining 75% should be used for new projects. Non-Banking Financial Companies -Infrastructure Finance Companies (NBFC-IFCs)& NBFCs-Asset Finance Companies (NBFC-AFCs), are allowed to raise ECB only for financing infrastructure. ECB limit under the automatic route is 75% of their owned funds, including the outstanding ECBS.

## Financing Options

The most significant outcome of the conferred infra status is the access to long-term finance that will be made available. Insurance and pension funds and alternative investment funds (AIFs) will now be able to deploy money into the affordable housing sector. Money raised by way of infrastructure bonds can also be used for financing affordable houses. Builders can now raise money by issuing infrastructure bonds to finance their building costs. Withholding tax for these bonds will now be only 5%.

## Focus on Tier-II and Tier-III cities and rural areas

Increase in disbursed economic activities supported by rising access to financial services and the growth of new middle class in these new geographies are collectively expected to support the growth in housing sector and housing finance companies in a sustainable manner. Rising demand for housing from Tier -II and Tier-III cities, and the subsequent surge in construction activity, have resulted in financiers placing greater focus on these geographies. Resultantly, penetration of financial services in urban areas is estimated to have increased to 42.7% in 2015-16 from an estimated 39% in 2011-12 in urban areas, and to 8.95% from 8.20% during the same period in rural areas. CRISIL Research expects finance penetration to increase to 44.5% in urban areas and to 9.4% in rural areas by 2017-18, owing to the drive for affordable housing and rising demand for loans with progressively higher ticket size within this segment.

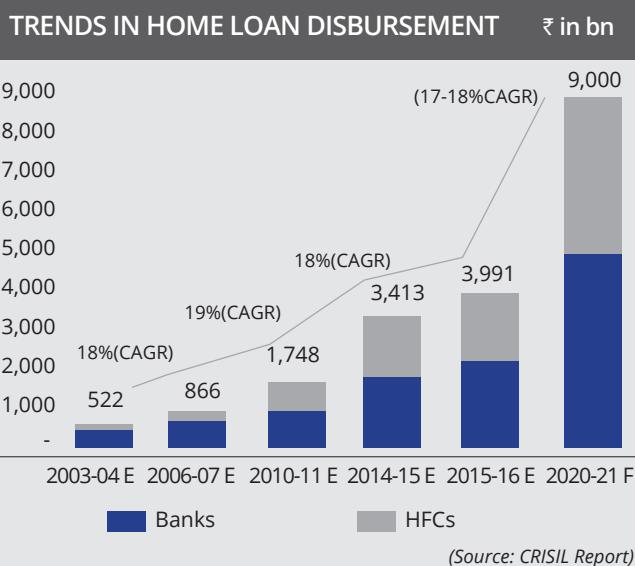
Rural areas in specific are likely to witness considerable improvement in penetration of financial services, led by the Government's efforts to provide housing for all. However, operational challenges such as lack of customisation of products to suit farming income flow, absence of collection services network, differences in appraisal for self-construction continue to be key hindrances in addressing the distinct needs of rural market as compared with the urban markets. Thus, industry requires greater understanding, customisation and commitment to enable rural expansion. (Source: CRISIL Research report on Retail Finance - Housing – Annual Review – August 2016)

## THE ROLE OF HOUSING FINANCE COMPANIES AND THEIR OPPORTUNITY LANDSCAPE

The objectives of Government's project 'Housing for All' by 2022, cannot be met without a robust housing finance sector. Financing for the end consumer must be considered along with financing for affordable houses. In this context, it is pertinent to mention that Housing Finance Companies (HFCs) have played a vital role in the Indian economy over the years, few of them being enumerated below:

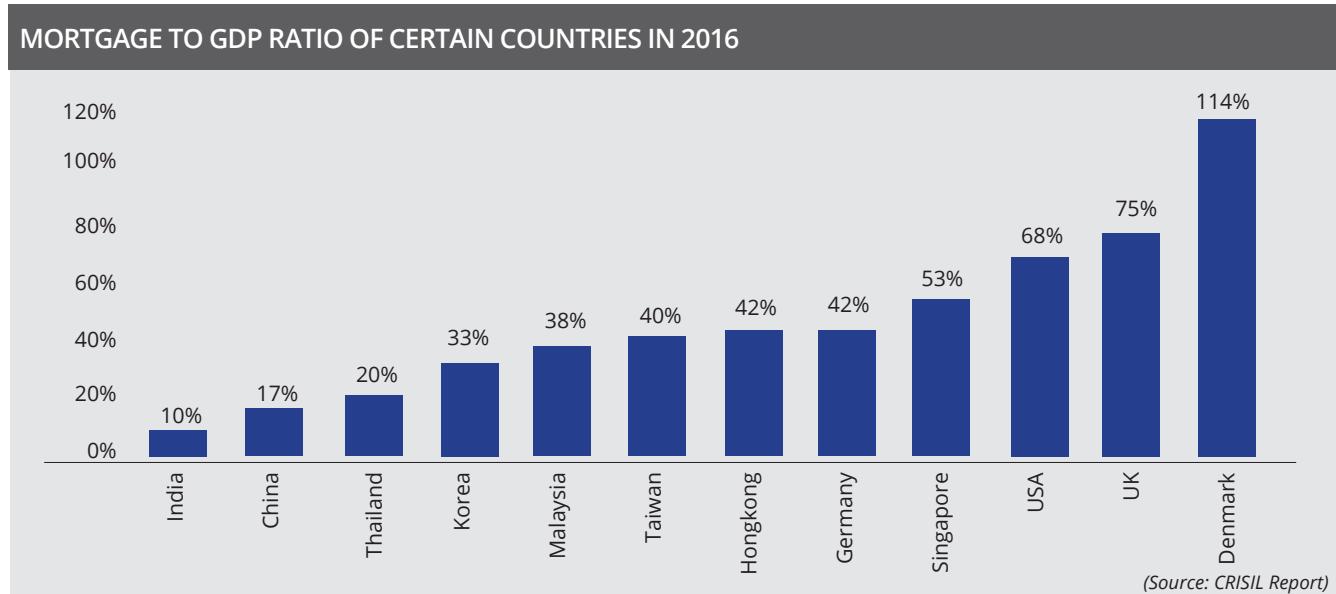
- HFCs have been at the forefront in catering to the financial needs of the economically disadvantaged sections of society.
- Over the years, HFCs have gained a significant market share in India's mortgage market.
- HFCs have strong origination skills, focused approach, niche marketing, customer service orientation, diverse channels of sourcing business and last-mile connectivity.

The Indian housing finance industry is growing fast. Mortgage lending is a strong driver of growth. Between 2010-11 and 2015-16, the total outstanding of mid and small HFCs grew at 32% CAGR vis-a-vis CAGR of 23% for large HFCs. Thus, mid-sized HFCs reported 17% market share in 2015-16 from around 7% in 2009-10, propelled by a focus on secured lending and better information availability. Home loan disbursements to record five-year CAGR of 17-18% to reach ₹ 9.0 trillion by 2020-21, aided by higher finance penetration, improving affordability, urbanization and demand for affordable housing. (CRISIL Research on Retail Finance - Housing – Annual Review – August 2016)



Despite strong growth in outstanding housing loans in India in recent years, India's housing finance sector remains relatively under penetrated when compared with other advanced economies. India's Asian peers have also performed much better, with mortgage penetration in India lagging behind its regional peers by almost a decade.

## Management Discussion & Analysis (Contd.)



### The major opportunities in the HFC sector comprise the following:

- Growing urbanisation, along with rising aspirations for a better quality of life;
- Enhanced penetration into Tier-II and Tier-III cities, product-process innovation and regulatory framework giving thrust to supply side;
- Over 470 mn people will reside in Indian cities in 2020, up from 420 mn in 2015 (*Source EY Report*);
- By 2020, India may be the world's youngest nation, with a median age of 29 years, compared with a median age of 37 years in China during the period;
- Over 70% of national GDP will be generated by urban areas by 2020, up from 65% in 2015 (*Source EY Report*);
- Social mega trends like nuclearization of families, double-income families because of growing economic empowerment of women and focus on property buying as an additional investment proposition;
- India's large youth population could potentially make India the biggest consumer market and the biggest labour force in the world;
- Government initiatives to drive affordable housing with a well-articulated Vision under 'Housing For All', is a major growth driver for the industry.

### Key Challenges for HFCs

Despite the bouquet of opportunities available with housing finance companies, there are few challenges that may be faced by them, the key ones comprise:

- Availability of long-term bulk finance at competitive rates;
- Low absorption of debt market and interest rate risk associated with long-term lending;
- Investment in technology and maintaining a cost-effective delivery model in customer acquisition – particularly in the LMI segment ;
- From a demand-for-home-loan point of view, promoting the supply of affordable home construction through appropriate public private partnerships is the need of the hour;
- The legal process for enforcement of mortgaged securities, land records and registration of documents continue to pose hurdles in the rapid growth of mortgage finance industry.

### Threats for HFCs

The primary threat to housing finance companies stems from economic downturn and a slowdown in employment or income opportunities. Infrastructure bottlenecks that could slow down progression of urbanisation in newer centres is a close secondary.

Adverse developments in the real estate sector like causing delays and defaults in project completion – may cause a setback to new and existing loans. Similarly, the rising cost of houses acts as a barrier to end-user affordability and demand resistance may trigger inventory build-up and an overall slowdown in the housing sector which in turn will have negative impact on the housing finance companies.

Increasing business-origination costs, coupled with easier option of building book through balance transfer and lower lending yields could impact the profitability indicators of HFCs. Similarly the intensity of competition may also lead housing finance companies to relax certain lending norms and take higher risk on their book. This could be in the form of lower loss to value ratio, higher eligibility ratio extended to the borrowers or structuring of new products to give higher loan entitlement.

## BUSINESS & OPERATIONAL OVERVIEW

Your Company continues to develop bespoke products that cater to all segments with a focus on the lower and middle income (LMI) segment in various geographical territories of India primarily in Tier II and Tier III cities and towns. Moreover, your Company has recently created separate business verticals for housing loans and non-housing loans to allow each vertical to focus on its core business and use its expertise in underwriting loans. The high level of customer service, business ethics, and values in dealing with customers and the corporate governance principles have significantly contributed towards making your Company a leading financial services provider.

Your Company believes that its experience shows its ability to identify opportunities in housing finance demand, particularly in the LMI segment; and to meet such demand with bespoke products to suit the customers' changing needs. Your Company's existence over the years and its experience has established strong customer awareness of and loyalty to its brand and contributed to new and repeat business through word-of-mouth marketing. Your Company has effectively established a uniform brand identity across a broad spectrum of consumer touch points, from corporate stationary to outdoor advertising.

Your Company believes that its focus on, and experience working with the LMI segment provides it with a significant competitive advantage in the market and it expects to continue to grow; and align itself with the expected general economic and population growth trends and the government's focus on improving the economic standard of this population segment.

- We identify opportunities in the LMI segment;
- We create bespoke products to suit customer needs;
- We have built a strong and loyal brand following, enhancing repeat business;
- We have established a uniform brand identity across broad customer touch points.

Demonetisation was a major development during the period under reporting. An economy with over 68% of all transactions taking place in cash till then, this was a very bold move but a necessary one to put the system in order. Your Company felt the impact of demonetisation in the initial phase due to sudden shortage of liquidity but took well thought out initiatives to bring back normal operations, few of them being narrated below:

- Proactive steps were undertaken to ensure that the default rates and NPA Levels were contained.
- The cash mode customers were identified quickly and more than 96% was collected in November 2016.
- The Pay-nimo- Online payment facility was launched within 20 days.
- Handheld debit card swipe machines was provided to field collections team.

Your Company focuses primarily on the first time buyers & end users; more than 70% of its customer base comprises of individuals from salaried class with stable source of income. Your Company expects a moderate growth in the coming financial years through appropriate strategy directed at the following opportunities and requirements:

- Focus on affordable housing with more reasonable pricing.
- In project lending, focus on local and mid-size developers and sole lending to ensure these projects would not face cash crunch during construction phase. Exposure to be restricted to projects which have started construction and launched sales process.
- Demonetisation move will materially increase the propensity to fund a home purchase with a home loan. Company had always considered the registered price of property to fund home loans and hence the receivable cover will remain stable.

Your Company uses a variety of funding sources to optimise funding costs, protect interest margins and maintain a diverse funding portfolio. This enables it to further achieve funding stability and liquidity, leading to a reduction in average borrowing costs. Besides, your Company has initiated a technology transformation programme in association with leading IT service providers which will help it to integrate with best practices in a technology driven environment, coupled with requirements to support its growth, improve operational efficiency and optimise costs through enhanced technology leverage.

## Management Discussion & Analysis (Contd.)

### Products and Services

Your Company's primary offering is through home loans suited to the LMI segment in India. It provides secured finance to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and plots. Your Company also provides certain categories of mortgage backed non-housing loans and innovative products and services to meet the emerging needs of customers, covering savings, loan and protection.

### COMPETITIVE STRENGTHS

- Strength to gain market share in growing market by participating actively through competitive offerings both on products and pricing ;
- Ability to achieve higher growth and a diversified portfolio by enabling wider segments of population access to our services;
- Maintain Pan-India marketing and distribution network, focusing on Tier-II and Tier-III cities and towns;
- Wider support to customer access through tie-ups with select public and private sector banks to widen reach;
- Offer of other mortgage backed property (non-housing) loans and secured and unsecured SME loan products;
- Broader income opportunities through Cross-sells of products and services earning fee-based income through Insurance and Mutual fund tie up and building synergy with group companies' presence in financial services sector;
- One of the few deposit taking HFC giving broader access to resources needs.

### Housing Loans

Your Company offers a range of home loan products to suit borrowing capabilities across different classes of borrowers, namely salaried professionals, self-employed and entrepreneurs with repayment options ranging up to 30 years. Housing loans include finance for the purchase of ready or under-construction housing units, home renovation/extension, self-construction, purchase of plots and composite loan for purchase of plot and self-construction. Special care is taken to enable home loan access to the LMI segment, while designing the product and processes.

### Lending to Weaker Sections

To help weaker sections of society, your Company actively participates in NHB's various schemes, such as the Golden Jubilee Rural Housing Refinance scheme and Pradhan Mantri Awas Yojana; and offers products and benefits especially suited to this segment.

### Project Loans

Your Company offers loans to developers for the construction and development of predominantly residential and mixed-use projects. The Project Loan vertical provides valuable support to the growth of retail loans under the approved project route; wherein projects financed by your Company are tied up with the developers for funding the buyers under retail home loan. This strategy provides an inventory of low risk and well-developed properties already financed, for onward selling to retail customers with simple procedures and faster processes. Through such linkages, your Company provides a complete and holistic solution to the developer, thus creating business synergies on one side and mitigating the project risk on the other.

### SME Funding

The year 2015 saw the introduction of the Micro, Small and Medium Enterprises Development (Amendment) Bill, which is aimed amending the Micro, Small and Medium Enterprises Development Act, 2006. With the strategic intent of enabling financial inclusion for the micro, small and medium enterprises (MSMEs), your Company launched the SME funding vertical in the financial year 2014-15.

During the financial year 2016-17, your Company continued to extend loans, backed by property or revenue generating equipment for growth capital to MSMEs with a turnover of less than ₹ 200 crore. The average LTV (Loan to Value) ratio at origination is sub-45% and your Company's emphasis is to on-board a significant portion under Priority Sector Lending Assets (PSL).

Your Company remains focused towards prudent risk management practices and maintains high underwriting standards. For sourcing, your Company focuses sharply on pre-defined selective target industries and segments. Your Company also undertakes key initiatives to grow the business by way of building existing and new channels, such as signing of MoUs with leading equipment manufacturers, OEMs and distribution agents.

### **Deposits**

Your Company is among the selected housing finance companies with permission to accept public deposits under Section 29A of the National Housing Bank Act, 1987. Your Company has been striving to offer best-in-class deposit products that encourage savings amongst households.

Your Company's Fixed Deposits provide attractive interest rates and are backed by robust technology based processes. DHFL Wealth2Health Deposit is a unique deposit, which not only gives customers the benefits of a normal fixed deposit but also provides for liquidity in case of any health emergency, along with a host of other related benefits.

Your Company's FD programme has a rating of CARE AAA (FD): Stable from CARE and BWR FAAA; Stable from Brickwork Ratings, which indicate the highest degree of safety regarding timely servicing of financial obligations. The tenure of fixed deposits accepted by your Company are in the range of 12 to 120 months and present rate of interest is in the range of 7.40% to 8.00%. As on March 31, 2017, your Company's outstanding Fixed Deposits amount to ₹ 6,768.65 Crore.

Your Company has also launched 'DHFL Corporate Deposits', a deposit programme only for corporates, which is rated CRISIL A1+ by CRISIL Limited, which caters to the short term liquidity management needs of corporates. This is yet another step by your Company to tap into market opportunities for furthering the cost effectiveness of its business.

**₹ 83,560 Cr.**

**Assets under Management**  
y-o-y growth of 20.19%

### **Value based offerings**

Your Company also offers value based products for protection and saving requirements to its home loan borrowers, thus acting as "one stop financial service provider". The Company offers at the discretion of the customer, life insurance products of the joint venture entity i.e. DHFL Pramerica Life Insurance Company Limited for which it acts as a Corporate Agent & group administrator. In addition your Company also acts as Corporate Agent and group administrator for Cholamandalam MS General Insurance Company Limited to offer general insurance products such as property and health Insurance, thus enabling a borrower to ring fence from any eventuality. In addition, apart from your Company's own deposit products, your Company also offer Mutual fund products of its Joint Venture entity i.e. DHFL Pramerica Asset Managers Private Limited. These initiatives have helped your Company to increase its profitability and provide additional opportunities for customer interaction and relationship building.

### **Effective business model and Credit appraisal process**

The business model of your company is a well co-ordinated set up of Sales & Marketing, Credit, Operations, Risk Management, Internal Audit, Collections & Recovery and other support functions. The sales network includes direct selling team which work under the supervision of the Company's sales supervisors and receive a combination of fixed fee and performance linked variable commission, based on the disbursement of loans sourced by them. Majority of loans are sourced through direct selling teams; DSAs and other business referral partners make up for the remaining feet on street strength for mobilising business.

Your Company's reliance on external channels of sourcing and operations is minimal with 64% of the loans sourced through in-house channels and 100% of the loans being underwritten



## Management Discussion & Analysis (Contd.)

by in-house credit managers. Your Company has effectively leveraged technology to boost operational productivity and efficiency.

Your Company ensures quick turnaround time to improve customer satisfaction, while maintaining underwriting standards. Your Company services both individual consumers and developers through its end-to-end business model. Your Company relies on its employees to build customer relationships, which it believes translates into better understanding of customer financing requirements and, consequently, improved credit appraisal mechanisms, as well as greater brand awareness.

Under the end-to-end model, your Company's employees are involved throughout the entire loan process and are able to consult with customers from loan origination through disbursement. In majority of the cases, in-house direct selling team originates loans, which allows the employees to gain insight into the customers' specific needs. The in-house underwriting team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards in an effort to minimize future losses. The properties that your Company fund are evaluated by in-house technical experts who are qualified civil engineers. Your Company believes that this model provides customers with the advantage of a one-stop shop, which your Company believes the relatively-inexperienced customers in the LMI segment may prefer in order to obtain a more consistent service experience from a single financial services provider.

### Robust and efficient Operations

To manage the geographically diverse business and risk management framework effectively, your Company has a separate operations vertical to run post-sanction, disbursement and loan management processes and address the needs of a growing business. The operations team of your Company processes documents covering legal and technical reviews and handles disbursements and relationships across the transaction life cycle. Your Company has also introduced several checks and processes for achieving procedural discipline as well as exposure limits for several segments and reviews of the local markets and builders on continuous basis as a part of its portfolio monitoring and management framework. Your Company believes that the processes it has developed and its dedicated operations team brings greater efficiencies to its business operations and enhanced productivity.



### Customer Service and Grievance Redressal Processes

Your Company has established a robust, multi-level customer query and grievance resolution process for customers to approach through various channels such as through branches, call centres, emails, letters, social media, among others. To protect the interest of the customers, your Company has constituted a Board approved management level committee, to periodically review the grievances as well as to review and address the key causes for the grievances.

At the call centre the customer is authenticated through pre-defined verification parameters before providing transaction related details over phone or emails. All customer interactions are recorded in Customer Relationship Management (CRM) and assigned a unique reference number. This helps in monitoring the customer request and providing the status through any of the channels.

The requests/complaints are then assigned to dedicated customer service (CS) managers appointed at each branch/cluster office. The CS manager and branch operations manager (BOM) ensure timely resolution of the complaints/queries received. Upon resolution of the complaint, the service request is updated with accurate comments. The customer is informed of the resolution and the service request is closed.

### Effective Asset Recovery

Your Company has set up a robust collection and recovery machinery which helps it to ensure good collections, minimize

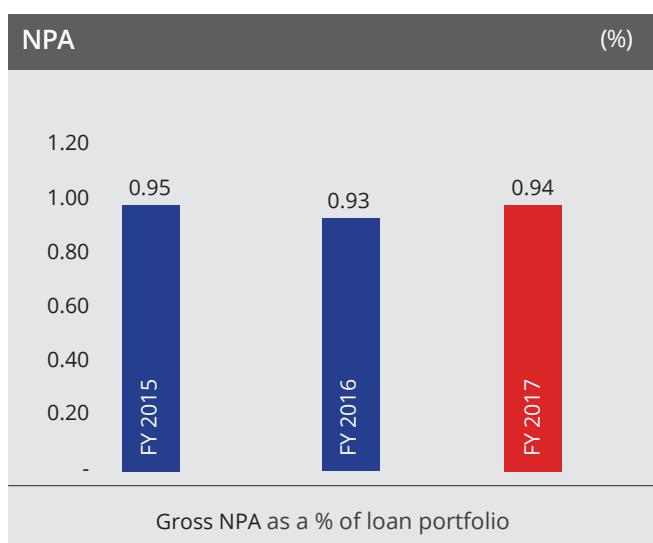
defaults and low NPAs. The key characteristics of the collection & recovery framework are as detailed under:

- EMIs are increasingly linked to Electronic Clearing Mandate thus ensuring prompt collection of dues on the due dates.
- Asset recovery process starts with timely reminders on early stages of default by borrowers, thus building a strong repayment culture.
- Company also engages outsourced collection agencies in few markets. They are governed by ethical recovery practices as mandated by National Housing Bank.
- Actions under the SARFAESI Act followed by auction based disposal of repossessed assets are effectively used as tools to recover delinquent loans.
- One Time settlement offers are also used effectively to resolve defaulting cases where genuine reasons and reasonable settlements are available.

### Non-performing Assets

With good underwriting standards, regular monitoring mechanism and strong recovery system in place, your company continues to maintain low level of NPAs.

The amount of Gross Non-Performing Assets (NPA) as at March 31, 2017 was ₹ 678.45 crore, which is equivalent to 0.94% of the loan portfolio of your Company, as against ₹ 573.07 crore i.e. 0.93% of the loan portfolio as at March 31, 2016. The net NPA as at March 31, 2017 was ₹ 419.43 crore i.e. 0.58% of the loan portfolio. The total cumulative provision towards loan and other assets as at March 31, 2017 is ₹ 714.19 crore as against ₹ 583.02 crore in the previous year. During the financial year 2016-17, the Company has written off ₹ 87.49 crore of loans / receivables as against ₹ 21.46 crore during the previous financial year.



### Branding & Marketing

Your Company, through concerted branding and marketing efforts continues to strengthen its reach and service to customers, especially in the lower and middle income (LMI) segment in the semi-urban and rural India.

With Shah Rukh Khan as its brand ambassador, your Company launched integrated media campaigns in financial year 2016-17, with fresh messages like 'Home Loan Dil se' and 'Rent se Behetar EMI'. These were in line with the 'Ghar Jaisa Loan' thought, which was penned down in financial year 2015. To further enhance its consumer connect, your Company initiated activities like event sponsorship, mall activations, society activations, hoardings & billboards, business meetings with channel partners and business associates and retail channel tie-ups. Your Company enhanced its social media presence by increasing its engagement with customers via Facebook, Twitter, LinkedIn and YouTube. Your Company and its top management also got extensive PR coverage across leading news channels and newspapers during the year apart from receiving recognition through awards and accolades.

Your Company engages with specialised third-party agencies for various marketing activities like production of advertisement, research, PR, digital, media, on ground activities, etc., which aid the Company's overall marketing initiatives. Your Company creates visibility and customer awareness through various sources like DSAs, online sourcing platform providers, direct sourcing, channel partners, builder tie-ups and advertisements with the objectives of brand building, increasing sales and creating relevance at point of purchase and emerge as the preferred choice for a customer.



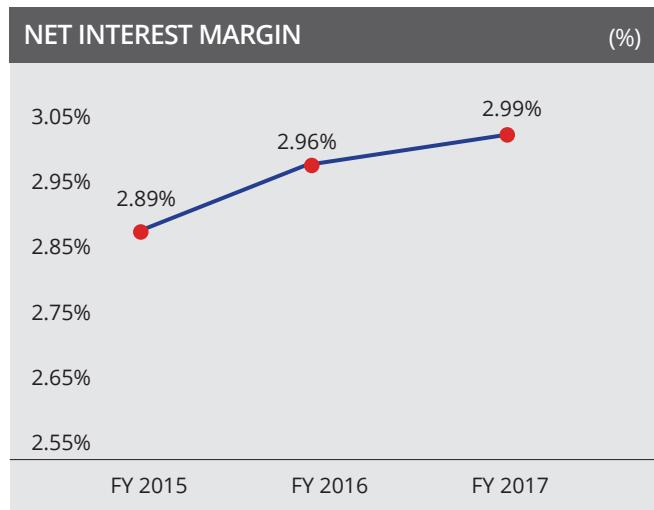
## Management Discussion & Analysis (Contd.)

### Funding Sources

Your Company strives to maintain diverse source of funding to reduce its borrowing costs, maintain adequate interest margins and achieve its liquidity goals. Your Company has successfully diversified its liability portfolio with an array of different institutional units for lines of credit, including banks. During the financial year 2016-17, the Company has successfully opened up new avenues of funding and raised significant amount of funds through two public issues of Non-Convertible Debentures (NCDs) from distinguished domestic investors, which reinforces the Company's financial and operational strengths.

The Company's consistent focus is to reduce the cost of funds. Over the preceding three years, your Company has substantially reduced the borrowing cost from banks and financial institutions. During financial year 2016-17, your Company had made further progress in reducing the cost of funds by diversifying its sources of funds, through increasing the market borrowings by leveraging on upgradation in

ratings. Net Interest Margins (NIM) have been improved from 2.96% in FY 2016 to 2.99% in FY 2017 mainly due to the decline in cost of funds for the Company.



### FINANCIAL OVERVIEW

In the financial year ended March 31, 2017, the Company's profits increased every sequential quarter, due to focus on high quality under writing standards of loan portfolio and prudent resource management. The Assets Under Management grew steadily retaining a strong asset quality.

Following is the Company's performance snapshot during the financial year 2016-17:

- Assets Under Management increased by 20% to ₹ 83,559.92 crore
- Total Revenue grew by 21.33% to ₹ 8,857.23 crore
- Profit before tax and exceptional item increased by 27.24% to ₹ 1402.39 crore
- Gross NPA stood at 0.94% and Net NPA stood at 0.58%, substantially lower than industry benchmarks
- Net worth increased by 59.37% to ₹ 7,995.80 crore
- Earnings per share (of ₹ 10 per share) increased by 283.07% to ₹ 95.76
- Capital Adequacy Ratio (CAR) as on March 31, 2017 was at 19.12%.

### Balance Sheet Movement

The summary of the Company's balance sheet as at March 31, 2017 is as under:

Particulars	March 2017	March 2016	Variance (%)
<b>EQUITY AND LIABILITIES</b>			
Share Capital	313.15	291.80	7.32
Reserves and Surplus	7,682.65	4,600.20	67.01
Money received against share warrants	-	125.00	(100.00)
Long-Term Borrowings	66,753.91	45,119.47	47.95
Deferred Tax Liabilities (Net)	309.44	91.49	238.22
Long-Term Provisions	714.19	583.02	22.50
Short-Term Borrowings	4,268.66	6,436.60	(33.68)
Trade Payables	4.45	3.99	11.53
Other Current Liabilities	12,250.86	10,530.25	16.34
Short-Term Provisions	0.67	71.31	(99.06)
<b>Total Liabilities</b>	<b>92,297.98</b>	<b>67,853.13</b>	<b>36.03</b>

(₹ in crore)

Particulars	March 2017	March 2016	Variance (%)
<b>ASSETS</b>			
Fixed Assets	842.67	780.52	7.96
Non-Current Investments	947.57	719.74	31.65
Long-Term Housing and Property Loans	67,601.70	58,426.29	15.70
Other Long-Term Loans and Advances	1036.11	266.52	288.76
Other Non-Current Assets	190.42	213.77	(10.92)
Current Investments	12587.33	173.46	7156.62
Trade Receivables	379.10	200.92	88.68
Cash and Bank Balances	3429.99	3,408.34	0.64
Short-Term portion of Housing and Property Loans	4494.48	3,348.73	34.21
Other Short-Term Loans and Advances	707.49	253.52	179.07
Other Current Assets	81.12	61.32	32.29
<b>Total Assets</b>	<b>92,297.98</b>	<b>67,853.13</b>	<b>36.03</b>

## Authorised Share Capital

During the financial year under review, pursuant to the approval of the Members of the Company through postal ballot, the Authorised Share Capital of the Company was re-classified and the present Authorised Share Capital stands at ₹ 828.00 crore comprising of (i) 57,80,00,000 equity shares of ₹ 10 each aggregating ₹ 578 crore; and (ii) 25,00,000 non-convertible redeemable cumulative preference shares of ₹ 1,000 each aggregating to ₹ 250 crore.

## Changes in Capital Structure

Your Company's paid-up share capital was at ₹ 313.15 crore as at March 31, 2017 compared to ₹ 291.80 crore as at March 31, 2016. The increase was mainly due to issuance and allotment of following equity shares:

### (i) Conversion of Warrants into equity shares

During the financial year 2015-16, pursuant to the approval of the Members of the Company through postal ballot, the Company had issued and allotted 2,12,30,070 warrants at an issue price of ₹ 235.515 per warrant to Wadhawan Global Capital Private Limited (WGCPL) a promoter group entity of the Company, upon receipt of 25% of the total consideration amount i.e. ₹ 125 crore on a preferential basis with an option to convert it into equity shares of the Company within a period of 18 months.

During the financial year 2016-17, the Allotment Committee of the Board of Directors of the Company at its meeting held on 30th September, 2016, allotted 2,12,30,070 fully paid up equity shares of ₹ 10 each to WGCPL, on receipt of balance payment of ₹ 375 crore i.e. 75% of the total consideration amount of ₹ 500 crore against the equivalent number of convertible warrants issued in the past, as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and applicable provisions of the Companies Act, 2013 (including the rules made thereunder)

### (ii) Shares allotted under Employees Stock Option Plans and Employees Stock Appreciation Rights

During the financial year 2016-17, the Company has allotted, from time to time, 124,147 number of equity shares of ₹ 10 each on exercise of 3,47,200 number of ESA ₹ (Options) to various eligible employees pursuant to Grant I of Dewan Housing Finance Corporation Limited Employee Stock Appreciation Rights Plan 2015.

### (iii) Issue of Non-Convertible Redeemable Cumulative Preference Shares

During the financial year 2016-17, the Members of the Company by way of special resolution passed through postal ballot dated February 20, 2017 approved the issue of Non-Convertible Redeemable Cumulative Preference Shares through various offers up to ₹ 750 crore (including premium amount of ₹ 500 crore). However, no preference shares were issued by the Company during the FY 2016-17.

## Reserves and Surplus

The growth in reserves was achieved through strong profitability despite a challenging business environment. Your Company sold its entire equity stake held in DHFL Pramerica Life Insurance Company Limited (DPLI) (representing 50% equity stake of DPLI) to DHFL Investments Limited (DIL), its wholly owned subsidiary, which added ₹ 1969.43 crore to the Company's networth.

Reserves and Surplus as at March 31, 2017 for your Company increased by 67.01% to ₹ 7,682.65 crore as against ₹ 4,600.20 crore in the previous financial year. Your Company has transferred ₹ 580 crore to Special Reserve and Statutory reserve u/s 29C of National Housing Bank Act and an amount of ₹ 200 crore to General Reserve.

Your Company has created a Debenture Redemption Reserve (DRR) of 25% of the total value of debentures issued to public as required under Rule 18, sub-rule 7 of the Companies (Share

## Management Discussion & Analysis (Contd.)

Capital and Debentures) Rules, 2014. During the financial year under review, your Company has created Debenture Redemption Reserve of ₹ 1,170 crore on the outstanding amount of NCDs issued by way of public issue. Your Company being a HFC is exempted from the requirement of creating DRR in case of debentures issued on private placement basis.

In accordance with Section 52 of the Companies Act, 2013, during the year under review your Company has utilized Securities Premium Account towards premium on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures and Securities issue expenses amounting to ₹ 114.65 crore (net of tax of ₹ 60.68 crore) as against ₹ 105.94 crore (net of tax of ₹ 56.06 crore) in the previous financial year.

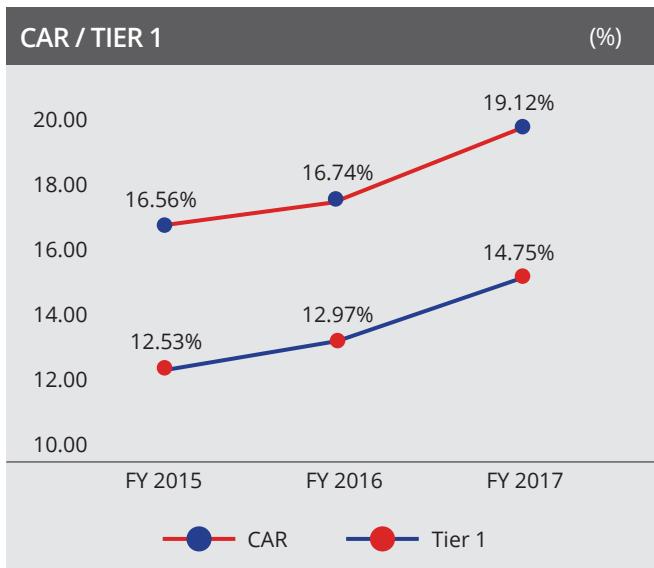
### Dividend

The Board of Directors of your Company recommended a final dividend of ₹ 3/- per equity share of face value of ₹ 10 each for the financial year under review for approval of the Members of the Company at the Annual General Meeting to be held on July, 21, 2017. During the financial year 2016-17, your Company paid one interim dividend of ₹ 1/- per equity share of face value of ₹ 10 each. The total dividend for the financial year shall be ₹ 4/- per share on a face value of ₹ 10 per share.

During the previous financial year, your Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 - 'Contingencies and Events Occurring after the Balance sheet date' (AS 4). However, as per the requirements of revised AS 4 which is applicable w.e.f April 1, 2016 your Company is not required to provide for dividend proposed/ declared after the Balance Sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the financial year ended March 31, 2017. However, if the Company would have continued with creation of provision for proposed dividend, as at the Balance Sheet date, its Surplus in Statement of Profit and Loss would have been lower by ₹ 113.07 crore and Short Term Provision would have been higher by ₹ 113.07 crore (including dividend distribution tax of ₹ 19.13 crore).

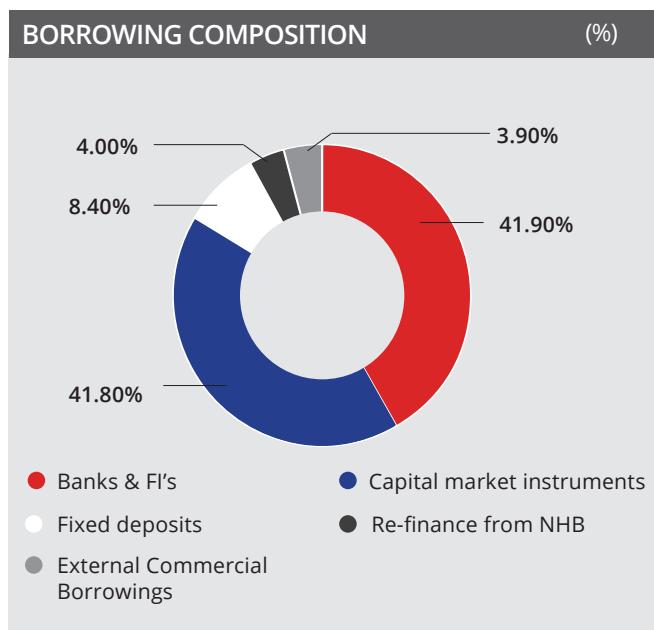
### Capital Adequacy

Your Company's Net Worth increased from ₹ 5,017 Crore as of March 31, 2016 to ₹ 7,995.80 Crore as of March 31, 2017, mainly on account of retention of profits for the period. Its capital adequacy in the form of CRAR stood at 19.12% as of March 31, 2017 compared to 16.74% as of March 31, 2016, which is well above the NHB's minimum stipulated requirement of 12%. Company's Tier I CRAR stood at 14.75% as of March 31, 2017.



### Borrowing Composition

As of March 31, 2017, 41.90% of your Company's sources of funds include banks & FIs, capital market instruments 41.80%, fixed deposits 8.40%, re-finance from NHB 4.00% and External Commercial Borrowings (ECB) 3.90% of the total borrowings of the Company.



## Borrowings

### Term Loans from Banks and Financial Institutions

During the financial year 2016-17, your Company raised ₹ 8,975 crore through term loans from banks and financial institutions. The said loans are secured by first ranking pari-passu charges by way of mortgages on the Company's immovable properties and hypothecation of the Company's present and future movable properties, including book debts, in favour of lenders (excluding the floating charge on the specific assets as per the provisions of Section 29B of the National Housing Bank Act, from time to time).

Your Company has 37 banks in its lending consortium as of March 31, 2017, with Union Bank of India as the lead bank of the consortium for credit facilities aggregating to ₹ 32,943.43 crore.

### External Commercial Borrowings (ECBs)

During the year under review your Company has availed ECB of total USD 150 million under two ECB facilities –

(a) USD 130 MM ECB Facility from following parties for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 874.15 crore in compliance with the statutory requirements

Name of the Banks / Financial Institutions	USD (in millions)	Loan Amount (₹ in Crore)
State Bank of India, Singapore Branch	75	504.33
Barclays Bank Plc	25	168.10
The Korea Development Bank	10	67.24
The Korea Development Bank, Singapore Branch	10	67.24
Chang Hwa Commercial Bank Ltd., Singapore Branch	5	33.62
Taiwan Cooperative Bank, Offshore Banking Branch	5	33.62
<b>Total</b>	<b>130</b>	<b>874.15</b>

(b) USD 20 MM ECB from DEG Germany for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 133.44 crore in compliance with the statutory requirements.

### Refinance from NHB

During the financial year under review, your Company availed ₹ 2,200 crore which included ₹ 1,500 crore of the refinance limit sanctioned by NHB in the previous financial year 2015-16. The cumulative NHB borrowings as on March 31, 2017 were ₹ 3,288.50 crore (previous year ₹ 1,480.89 crore).

## Non-Convertible Debentures (NCDs)

### Public Issue

Your Company successfully completed two issues of non-convertible debentures through public issue during financial year 2016-17 and raised ₹ 14,000 crore.

Both the NCDs issued have been rated 'CARE AAA (Triple A); Stable by Credit Analysis and Research Limited ("CARE") and BWR AAA (Pronounced as BWR Triple A) ; Stable by Brickwork Ratings.

The rating of CARE AAA by CARE and BWR AAA, Outlook: 'Stable' by Brickwork indicates that instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations.

### Private Placement of NCDS

During the financial year under review, your Company raised ₹ 2,550.90 crore through secured redeemable NCDs on a private placement basis. As on March 31, 2017, the outstanding NCDs stood at ₹ 14,096.77 crore (excluding premium accrued on Zero Coupon NCDs).

### Private Placement of Subordinated Debt

During the financial year under review, your Company mobilised ₹ 400 crore through the issue of long-term Unsecured Redeemable Non-Convertible Subordinated Debentures on private placement basis. As on March 31, 2017, the Company's subordinated debt stood at ₹ 1,506.80 crore. The debt is considered as Tier II under the guidelines issued by the National Housing Bank (NHB). The debt is subordinated to present and future senior indebtedness of the Company.

### Private Placement of Perpetual Debt Instrument (PDI)

During the financial year under review, your Company mobilised ₹ 475 crore through Perpetual Debt Instrument (PDI) issued on private placement basis. The outstanding as on March 31, 2017 stood at ₹ 660.70 crore.

### Short Term Borrowings

During the financial year under review, your Company has availed short term borrowings in the form of Cash credit (including Working Capital Demand Loan) of ₹ 1,110.40 crore (Previous Year ₹ 1,744.60 crore).

### Commercial paper

Your Company issued commercial paper in tranches and placed them with investors' at competitive rates of interest. The outstanding amount for commercial papers as on March 31, 2017, stood at ₹ 2,995.00 crore.

## Management Discussion & Analysis (Contd.)

### Public (fixed) deposits

Your Company sees retail liability as a major source of funding and plans to have a significant proportion of it in its diversified liability portfolio. To further drive growth on this front, the Company took several initiatives during the year to extend its reach by expanding network and connecting with customers. There were projects undertaken during the year, which aimed at enhancing the productivity of branches and upgrading customer service levels including automation of few processes. These initiatives helped reduce turnaround time.

During the financial year under review, your Company mobilised/renewed deposits of ₹ 3,904.81 crore, and repaid deposits of ₹ 2,260.95 crore. As on March 31, 2017, total outstanding deposits stood at ₹ 6,768.65 crore as compared to ₹ 5,042.67 crore in the previous financial year. Your Company effected revision in interest rate on deposit during the year in line with the market conditions. Deposits accepted by the Company are secured by a floating charge on the statutory liquid assets, created by way of Trust Deed as per the NHB's guidelines. The fixed deposits are repayable as per individual contracted maturities ranging from 12 to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

### Trade Payables

Trade payables as at March 31, 2017 were ₹ 4.45 crore as against ₹ 3.99 crore in the previous financial year. This includes amounts payable to vendors for supply of goods and services.

### Fixed Assets

The Company's investments in tangible assets represent cost of building, leasehold improvements, computers, office equipment, furniture & fixtures and vehicles. During the financial year under review, your Company's gross block increased by 9.49% over the previous year. The additions on fixed assets were at ₹ 30.96 crore, as given below:

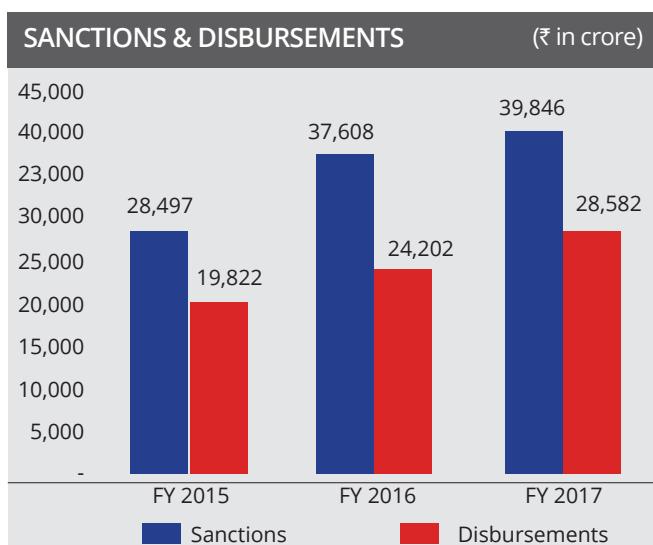
- Building amounting to ₹ 5.37 crore,
- Furniture and fixtures amounting to ₹ 4.39 crore,
- Office equipment amounting to ₹ 13.13 crore,
- Vehicle amounting to ₹ 0.20 crore
- Computer systems amounting to ₹ 4.32 crore,
- Software amounting to ₹ 3.55 crore.

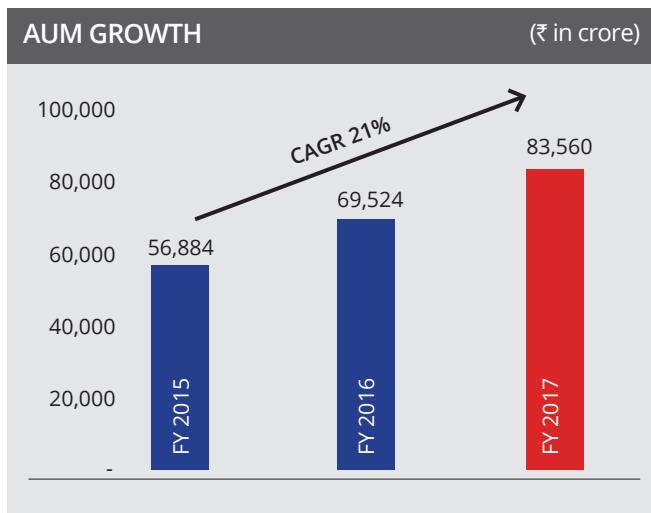
Your Company also made investments towards intangible assets which are under development amounting to ₹ 87.62 crore. The Company has a Capital work in progress of ₹ 546.15 crore as of March 31, 2017 which is a fixed asset in the form of building under construction.

Your Company's reliance on external channels of sourcing and operations is minimal with 64% of the loans sourced through in-house channels and 100% of the loans being underwritten by in-house credit managers. Your Company has effectively leveraged technology to boost operational productivity and efficiency.

### Sanctions & Disbursements

The Sanctions and Disbursements of housing/other property loans, during the financial year ended March 31, 2017 were ₹ 39,846.28 crore and ₹ 28,581.90 crore, respectively, vis-a-vis ₹ 37,608.13 crore and ₹ 24,202.22 crore, respectively, in the previous financial year. The cumulative loan disbursement of the Company since inception was ₹ 1,31,415.84 crore. As on March 31, 2017 the loan book grew by 16.71% and stood at ₹ 72,096.18 crore as compared to ₹ 61,775.02 crore in the previous financial year, primarily because the Company deepened its reach into existing markets and continued to focus on under-penetrated markets and segments. The Company's Assets under Management (AUM) were ₹ 83,559.92 crore as against ₹ 69,523.88 crore in the previous financial year with 20.19% growth.





The other property loans include mortgage loan, non-residential property loan, plot loan for self-construction where construction has not begun in last three years and loan against the lease rental income from properties. These also include loans granted to Small & Medium Enterprise (SME) and certain part are unsecured in terms of the particular scheme of an aggregate amount of ₹ 92.65 crore (₹ 63.27 crore).

Your Company has purchased Home Loan pools in two tranches for a cumulative amount of ₹ 308.63 crore. This buyout complies with the RBI's norms on Securitization, specific to Direct Assignment transactions, in terms of Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR).

### Securitisation /Assignment of Loans

Your Company securitises its receivables, subject to the Minimum Holding Period ('MHP') criteria and the Minimum Retention Requirements ('MRR') of RBI, to Special Purpose Vehicles ('SPVs') in securitisation transactions. Such securitised-out receivables are de-recognised in the balance sheet when they are sold (true sale criteria being fully met with) and consideration is received by the Company. Sales/Transfers that do not meet these criteria for surrender of control are accounted for as secured borrowings. In respect of receivable pools securitised-out, the Company provides liquidity and credit enhancements, as specified by the rating agencies, in the form of cash collaterals/guarantees and/or by subordination of cash flows, not exceeding 20% of the total securitised instruments, in line with RBI guidelines. Your Company also acts as a servicing agent for receivable pools securitised-out. It remains responsible for collection and getting servicing of this loan portfolio on behalf of buyers/investors. In terms of the said securitisation/assignment agreements, your Company pays to buyer/investor on a monthly basis the prorate collection amount as per individual agreement terms.

During the financial year under review, your Company has sold/ assigned multiple pools of Housing Loans aggregating to ₹ 3,609.15 crore and other Non-Housing Loans aggregating to ₹ 1,388.83 crore. The Company will, however, continue to collect the interest and EMI payments on these loans on behalf of the acquirer of the loans and remit the same after retaining its portion in terms of the individual agreements.

During the financial year under review, your Company has also securitized Housing loan contracts amounting to ₹ 885.68 crore, by way of Senior Series A1 Pass Through Certificate (PTCs) issued by SPVs. These PTCs have been granted the highest rating of AAA (SO) by the external Credit Rating Agencies involved in the process.

Your Company has subscribed to an amount of ₹ 37.31 crore in these Senior A1 Pass Through Certificates (PTCs), in compliance with the Minimum Retention Requirement (MRR) prescribed by RBI in its Guidelines on Securitization issued in 2012. In addition, your Company has provided Cash Collateral in the form of First Loss Credit Facility (FLCF) as a line of defense for Senior A1 PTC Holders, for a cumulative amount of ₹ 68.48 crore, as specified by the respective Rating Agencies.

Your Company has securitized a pool of Home Loan contracts with a Mortgage Guarantee extended by India Mortgage Guarantee Corporation Pvt. Ltd (IMGC). The guarantee from IMGC helps in mitigating credit losses. IMGC's role as a First Loss Provider also helps your company in maintaining an optimum level of cash collateral.

### Investments and Treasury

Your Company continues to maintain an adequate amount of liquidity/treasury to meet strategic and growth objectives. The Company has ensured a balance between earning adequate returns on liquidity/treasury assets; and the need to cover financial and business risks. It actively monitors its treasury portfolio and has a policy in place for investing surplus funds. Appropriate limits and controls are in place to ensure that investments are made as per the policy.

The investment/disinvestment decisions are in line with the limits as set out by the Board. As on March 31, 2017, the investment portfolio stood at ₹ 13,534.90 crore as against ₹ 893.20 crore in the previous year.

Housing Finance Companies (HFCs) are required to maintain a Statutory Liquidity Ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.50% of public deposits. As on March 31, 2017, your Company has invested ₹ 430.84 crore in bank deposits and ₹ 425.30 crore in approved securities (book value-gross) which includes both government securities and government guaranteed bonds.

## Management Discussion & Analysis (Contd.)

### Subsidiaries/Joint Ventures / Associate Companies

During the financial year under review, your Company incorporated a wholly-owned subsidiary, DHFL Investments Limited and invested an amount of ₹ 100.05 crore, by way of subscription to its 10,00,50,000 equity shares of ₹ 10 each.

During the financial year under review, pursuant to the approval of the Members of the Company through postal ballot resolution dated March 17, 2017 and necessary approvals from the respective regulators, your Company sold its entire equity stake held in the joint venture entity i.e. DHFL Pramerica Life Insurance Company Limited ("DPLI") (representing 50% of the paid-up share capital of DPLI), to DHFL Investments Limited ('DIL'), a wholly owned subsidiary of the Company basis the valuation report, prepared by an internationally reputed actuarial consultant, setting out the fair market value at ₹ 2,000.50 crore.

During the financial year under review, your Company disinvested its entire equity stake held in the associate

company DHFL Ventures Trustee Company Private Limited (representing 45% of the paid up share capital of DHFL Ventures) to its wholly owned subsidiary company - DHFL Investments Limited at the face value.

Pursuant to approval from the Honourable High Court of Bombay, the Joint Venture entity -DHFL Pramerica Asset Managers Private Limited Ltd. reduced and consolidated its issued and paid up equity share capital. Consequent to which the number of equity shares held by the Company (directly and through its wholly owned subsidiary i.e. DHFL Advisory & Investments Private Limited) stood reduced to 5,42,46,918 equity shares of ₹ 10 each from 45,61,36,360 equity shares of ₹ 10 each.

During the financial year under review, your Company renounced its entire entitlement of 30,53,279 equity shares of ₹ 10/- each offered by way of Rights Issue by its associate company Aadhar Housing Finance Limited (Aadhar), which resulted in the dilution of equity stake of the Company. Thus, as at March 31, 2017 the equity stake of the Company in Aadhar stood at 12.37%.

### Profit And Loss Statement

Particulars	March 2017	March 2016	(₹ in crore)
	March 2017	March 2016	Variance (%)
<b>INCOME</b>			
Revenue from Operations	8,851.76	7,295.10	21.34
Other Income	5.47	4.89	11.86
<b>Total Revenue</b>	<b>8,857.23</b>	<b>7,299.99</b>	21.33
<b>EXPENSES</b>			
Interest & Finance Cost	6,653.61	5,490.03	21.19
Employees Remuneration & Benefits	262.49	230.03	14.11
Administrative & Other Expenses	297.44	278.46	6.82
Depreciation & Amortisation	23.30	24.30	(4.12)
Provision for Contingencies	218.00	175.00	24.57
<b>Total Expenses</b>	<b>7,454.84</b>	<b>6,197.82</b>	20.28
<b>Profit Before Tax and Exceptional Item</b>	<b>1,402.39</b>	<b>1,102.17</b>	27.24
Exceptional items	1,969.43	--	-
<b>Profit Before Tax and after Exceptional Item</b>	<b>3,371.82</b>	<b>1,102.17</b>	205.93
Tax Expense (including Deferred Tax)	475.37	372.97	27.46
<b>Profit For The Year</b>	<b>2,896.45</b>	<b>729.20</b>	297.21

### Income from Operations

Your Company registered a robust growth in the total revenue from operations, which mainly includes interest on housing loan disbursed to the customers. This was primarily due to an increase in loan disbursements through deeper penetration into the existing markets and geographical expansion through your Company's captive network.

Income from operations increased from ₹ 7,295.10 crore in the financial year ended March 31, 2016 to ₹ 8,851.76 crore for the financial year ended March 31, 2017, registering a growth of 21.34%. The increase in income from operations was mainly supported by a spurt in disbursement by 18% along with the improved average returns on the loan book. Your Company has also generated revenue from other miscellaneous

receipts. Other revenues constitute ₹ 5.47 crore during the financial year 2017, as against ₹ 4.89 crore during the financial year 2016.

### Exceptional item

Your Company had acquired 50% equity stake in DHFL Pramerica Life Insurance Company Limited ("DPLI") in December, 2013. In order to unlock the value of Company's investment in DPLI and create more head room for future fund raising in the company, the Board of Directors and Members of the Company approved the sale of equity shares of DPLI to its wholly owned subsidiary i.e. DHFL Investments Limited ("DIL") at the fair market value determined by an internationally reputed actuarial consultants. Post receipt of the applicable approvals from Insurance Regulatory and Development Authority of India, Competition Commission of India and Reserve Bank of India, the equity shares in DPLI were sold to DIL at fair market value of ₹ 2,000.50 crore determined by internationally reputed actuarial consultants. Gain of ₹ 1,969.43 crore arising on sale of this investment has been considered as an exceptional item.

### Interest and Finance Cost

Your Company's interest expenses increased by 21.19% from ₹ 5,490.03 crore in the financial year 2016 to ₹ 6,653.61 crore for the financial year ended March 31, 2017. The increase in interest expenses is due to the rising borrowings required to fund the disbursements.

### Employees Remuneration & Benefits

Your Company continued to make substantial investments in human capital and information technology to meet its growth targets. Employee costs increased by 14.11% from ₹ 230.03 crore for the financial year ended March 31, 2016 to ₹ 262.49 crore for the financial year ended March 31, 2017, primarily due to the increase in head count from 2,625 to 2,881 to meet the business requirements on account of expansion in terms of geography and business volumes. Employee costs accounted for 46.88% of the entire operating expenses for the financial year ended March 31, 2017, which is slightly more compared to 45.24% for the financial year ended March 31, 2016.

### Other expenses

The operating expenses increased by 6.82% from ₹ 278.46 for the financial year ended March 31, 2016 to ₹ 297.44 crore for the financial year ended March 31, 2017 owing to an increase in rent, rates, taxes, bank charges and miscellaneous expenditure.

### Depreciation & Amortisation

Depreciation charged on fixed assets was ₹ 23.30 crore in the financial year 2016-17 vis-à-vis ₹ 24.30 crore during the

financial year 2015-16. Depreciation on fixed assets is provided on straight-line method by considering revised useful lives as specified in part 'C' of schedule II to the Companies Act, 2013.

### Provision for Contingencies

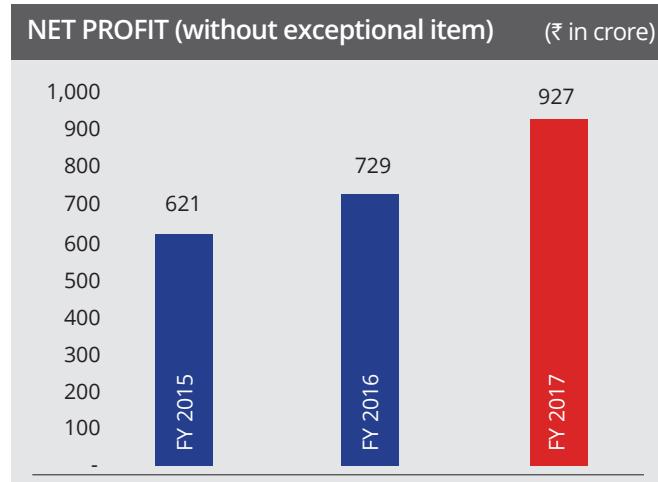
Your Company has made full provisions for Contingencies for diminution in investment value and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. Your Company has also maintained an additional provision amounting to ₹ 8.43 crore (₹ 7.17 crore) as at year end.

### Provision for Taxation

During the financial year 2016-17, your Company provided ₹ 475.37 crore i.e. 5.37% of total income for taxation (including deferred taxation) vis-à-vis ₹ 372.97 crore i.e. 5.11% of total income in the financial year 2015-16. The above tax provisions include ₹ 39.46 crore deferred tax charge towards creation of DTL on Special Reserve as per Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank (NHB) Act, 1987, as directed by NHB vide its circular no. NHB (ND)/DRS/ Policy Circular 65/2014-15 dated August 22, 2014.

### Net Profit

The operating profit charging depreciation, exceptional item and tax amounted to ₹ 1,425.69 crore as against ₹ 1,126.47 crore in the previous financial year, showcasing a rise of 26.56%. The Profit before tax and exceptional item for the financial year under review, increased by 27.24% from ₹ 1,102.17 crore in the previous financial year to ₹ 1,402.39 crore during the financial year 2016-17. Profit After Tax (PAT) without the impact of exceptional item i.e. DPLI stake sale went up by 27.13% to ₹ 927.02 crore from ₹ 729.20 crore in the previous year and ₹ 2,866.45 crore after providing for exceptional item on sale of DPLI stake amounting to ₹ 1,969.43 crore.



## Management Discussion & Analysis (Contd.)

### Contribution and Expenses towards Corporate Social Responsibility (CSR)

Your Company is required to contribute towards Corporate Social Responsibility (CSR) activities as per the Companies Act 2013 and rules thereunder. Your Company chooses its CSR programmes among many options in the CSR Committee and the Board Meeting(s) and does not get persuaded by any external influences other than those shortlisted in the best of spirit; and which can add the social value in the pragmatic and idealistic sense.

During the financial year under review your Company has spent ₹ 8.83 crore (₹ 7.03 crore) and has committed / budget spent of ₹ 4.22 crore, out of the required sum of ₹ 18.54 crore (₹ 15.19 crore). It is committed to remain invested in the programmes undertaken over a period of next 3-5 years, which will require higher allocation and expenditure,

thus, utilising the required amount to its full extent. The CSR committee oversees the initiatives to meet the requirement as per section 135 of the Companies Act, 2013 read with Schedule VII prescribed under the Companies Act, 2013.

Further details on the prescribed CSR spend under Section 135 of the Companies Act, 2013 and the amount committed and disbursed during the year under review are provided in Annexure - 5 annexed to the Board's report.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company, its associates, joint ventures and the subsidiaries have been prepared as per the applicable provisions of Companies Act, 2013 and Accounting Standards. The same forms a part of this Annual Report.

A brief summary of the consolidated audited financial results for the year ended March 31, 2017 is as under:

Particulars	(₹ in crore)	
	The financial year ended March 31, 2017	The financial year ended March 31, 2016
Total Income from operations (Net)	9,615.64	7,839.92
Net Profit for the period (before Tax and Exceptional Item)	1,420.80	1,120.90
Net Profit for the period before Tax (after Exceptional Item)	3,276.25	1,120.90
Equity Share Capital	313.15	291.80
Reserves (excluding Revaluation Reserves) as shown in the Balance Sheet	7,417.45	4,972.99
Earnings per share of ₹ 10 each (Basic)	92.78	25.69
Earnings per share of ₹ 10 each (Diluted)	92.47	23.73

### RISK MANAGEMENT

As a lending entity, your Company is exposed to various risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. Your Company emphasises on risk management practices to ensure an appropriate balance between risks and returns. Your Company has put in place a comprehensive risk management policy to identify, assess and monitor various risks.

Risk management is driven by the Board with the overall responsibility of risk management assigned to the Risk Management Committee of the Board of Directors. At the operational level, the Company has set up an independent risk management function that is led by Head – Risk & Collections.

### Liquidity risk management

Your Company is susceptible to market-related risks such as liquidity risk, interest rate risk and funding risk. Such risk

management is assigned to the Asset Liability Committee (ALCO) to monitor these risks on an ongoing basis. Liquidity risk arises when there is an asset-liability mismatch caused by the difference in the maturity profile of the assets and liabilities. This risk may arise from the unexpected increases in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

HFCs are exposed to liquidity risk in view of the fact that the assets generated by HFCs are of an average tenor of 10 to 12 years while the liabilities contracted are of an average tenor of 7 to 10 years. Your Company actively monitors its liquidity position to ensure that it can meet all requirements of its borrowers, while also meeting the requirements of its lenders and to be able to consider investment opportunities as they arise. The ALCO, comprising of Senior Management Team, lays down policies and quantitative limits and appraises the Risk Management Committee, Audit Committee and the Board periodically.

Your Company seeks diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Its operations are principally funded by borrowings from banks, financial institutions and capital markets, while your Company also obtains refinance from NHBs and funds from public (fixed) deposits.

### **Interest rate risk management**

The borrowings of HFCs such as your Company are largely linked to benchmarks such as the base rate and hence the debt of the Company is mainly floating in nature. This exposes HFCs to fluctuation in the interest rate which is required to be managed appropriately in order to mitigate the risk.

As at March 31, 2017 and March 31, 2016, 98.8% and 98.6% of the Company's assets were floating rate loans and 42.2% and 48.7% of our liabilities were floating rate borrowings. Your Company's business is also impacted by a change in interest rates although the floating rate loans are only re-priced on a periodic basis.

Exposure to fluctuations in interest rates is measured primarily by way of rate sensitive asset-liability gap analysis, providing a static view of the maturity profile 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 repriced 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.

Your Company's strategy is to optimise its borrowings between short-term and long-term debt as well as between floating and fixed-rate instruments. The Company prepares interest rate risk reports periodically and reports to the NHB regarding the same. Your Company follows a prudent policy in respect of managing its assets and liability to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. The Company uses interest rate swaps on a limited basis for the purpose of hedging interest rate mismatches. The ALCO periodically reviews the treasury operations and the pricing of products at specific intervals.

### **Credit Risk Management**

Credit risk is a risk of loss due to failure of a borrower/counterparty to meet the contractual obligation of repaying debt as per the agreed terms, which is also commonly known as a risk of default. Your Company manages credit risk by using a set of credit norms and policies, including a standard credit appraisal policy based on customer credit criteria

approved by the Board. 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-cost ratio. Your Company has a structured and standardised credit approval process including a comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

The credit policy and loan delivery process are put in place by your Company prescribing ideal portfolio configuration in terms of customer profile, such as whether the customer is an individual, a company, or whether such individual is salaried or self-employed. Your Company also consider factors such as exposure limits, segmented net interest margins (interest rates vis-a-vis default propensity in a segment) and its impact on the loan book, risk based pricing based on probability of default, sanctioning powers, appraisal standards and collateral management. Your Company efficiently manage credit risk on both portfolio as well as on a transactional level.

Your Company's credit evaluation and credit portfolio management methodologies are designed to ensure consistent underwriting and early identification of problematic loans using techniques, such as early default analysis, product analysis and probability of default. In order to bring uniformity and to minimise local subjectivities in the credit appraisal and credit delivery processes, the Company's branches act as a sourcing point while the circle/cluster offices act each as a centralised operations centre for a set of branches.

Your Company has developed internal legal and technical evaluation teams with independent functions to make credit decisions more robust and in line to manage collateral risk. Under the end-to-end business model, your Company's employees are involved throughout the entire loan process and are able to consult with customers from loan origination till disbursement. The in-house operations team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards to minimize future losses.

Your Company's independent internal audit team conducts a regular review of credit files on a sample basis to ensure adherence to policies and processes, and its dedicated collection and recovery team manages lifecycle of transactions and monitors the credit quality. Your Company believes that this model is especially valuable in the LMI segment where credit risk may be more difficult to assess.

## Management Discussion & Analysis (Contd.)

### Operational Risk Management

Operational risk results when any of the factor like people, operations, process, system etc falters from the designed process. To manage this risk your Company has implemented a comprehensive operational risk management policy with a framework to identify, assess and monitor risks, strengthen controls, improve services and minimise operating losses. Your Company attempts to mitigate operational risk by maintaining a 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.

Moreover, your Company remains exposed to substantial risk when transactions are carried out at multiple locations simultaneously. To have a preventive vigilance and control the transaction risk, Risk containment units have been established at major locations, wherein hind sighting, upfront scrutiny and curbing of malpractices are undertaken. Your company has established the Risk Containment unit in record time of three months in various locations across geographies.

Your Company has strengthened its technology platform across systems and processes and set up a disaster recovery site for retrieval of data to operating units in case of an eventuality or system failure as a part of its business continuity plan. Your Company has set up a data centre in Bengaluru to ensure that all transactions are separately kept on real-time basis. Your Company has formulated the contingency plan to address data recovery in case of a natural disaster. The Management also periodically reviews vigilance and fraud reports, recovery reports and audit reports to detect failures with the objective of systemic remediation. Your Company has in place related risk controls to manage legal risks, compliance risks and risks relating to our reputation and brand name.

### INTERNAL CONTROL SYSTEMS

Your Company has an adequate system of internal controls for business processes, operations, financial reporting, fraud control, and compliance with applicable laws and regulations, among others. These internal control and systems are devised as part of the principles of good governance; and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance about safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of transactions as per the authorisation and compliance with the internal policies of the Company.

The internal audit adopts a risk-based audit approach and conducts regular audits of all the branches/offices of the Company and continuously evaluates the adequacy and effectiveness of the internal control mechanism, adherence to the policies and procedures of the Company as well as the regulatory and legal requirements.

The internal audit department places its findings being outlined in the report to the Audit Committee of Board of Directors at regular intervals. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the existing control system in view of evolving business realities.

### HUMAN RESOURCES

Your Company endeavors to offer conducive workplace of a best in class standard. Your Company believes that its experienced workforce is its most important asset. To ensure that an effective and the right resource is selected, your Company endeavors to strengthen its hiring mechanism.

During the financial year under review, an alternate hiring source - trained manpower channel was launched which provides the Company with a role specific pre-trained employees, ensuring that the scope of productivity loss is minimized. This also helps the Company in creating pipeline of nurtured talents. Further, your Company also has tie ups with several talent resourcing firms for recruitment process outsourcing. The Company also has charted out plans for the proper hand holding and induction of the new employees into the system and create connect with frontline staff to ensure that engagement becomes a day one initiative.

Your Company ensures gender diversity and as a responsible partner in the corporate world has furthered this objective and taken a step ahead in building a futuristic, empowered and diverse culture, by launching "Better Together" – Diversity and Inclusion Initiatives, on occasion of International Women's Day. "Better Together" rolls out various initiatives to empower and create internal environment conducive to women employees comfort, identify and nurture new talents and skills, create awareness and responsibility towards societal

**2,881**  
Workforce strength as  
on March 31, 2017

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issues; and above all provide an environment that is safe and secure. The overall objective of the forum is to drive 15% strength of women population in its employee base.

Further a career progression path for off-roll employees, namely GATI, has been formally designed, especially for the Business Development Executive [BDE] role across business units. The career path has three levels – BDE, Sr. BDE and Relationship Manager. The Relationship Manager role has been created as a test tank for future Branch sales Manager (BSM) on the Company's rolls, as incumbents of these role will manage a team of two BDE/ Sr. BDE. The career progression path scopes in opportunity for fast track career growth of both on-roll and off-roll employees, supported by learning and developmental initiatives. About 3500 off-roll employees are being covered under this program and an expected 20% population out of this framework will further progress into the Company, establishing off-roll employee force as a ready source of internal talent. This will reduce impact of hiring and training cost while in parallel drive growth for off-roll employees. The framework also scopes in supporting top 10% performing off-roll employees in completing higher education levels that will support them in their career growth.

Your Company also took various initiatives for retention and to control attrition and as a result of these initiatives attrition reflected a downfall of approximately 15% which had a positive impact on business growth continuity.

Your Company is on its way to build a futuristic organization, based on the strengths of its internal team members. For this purpose, your Company has partnered with a renowned name in the Strength Management Industry, Gallup, through their tool, Gallup Clifton Strength's Finder [CSF]. Gallup's Clifton Strengths Finder is an online assessment of personal talent that identifies areas in which an individual has the greatest potential for building strengths. By identifying one's top five strengths, the CSF provides a starting point in the identification of specific personal talents, and the related supporting materials help individuals discover how to build on their talents to develop strengths within their roles. The Gallup CSF report will thus support activities like talent selection, career progression, role elevation and help in building stronger teams within an organization.

During the financial year under review, your Company has as a part of its leadership development initiatives, completed a 360 degree profiling of its senior management team. The reports reflect individual and organization scores in task and relationship versus creative and reactive dimensions. The 360 degree feedback was accumulated from reporting managers, peers, direct reportees and other associated

professional partners. The report feedback was followed by group and individual briefing sessions, wherein each leader had the opportunity to deep dive into individual reports and understand their developmental opportunities.

Your Company has revamped its web presence by building a fresh LinkedIn page inclusive of career and live sections. The career page reflects various available positions and the Company envisage to close 5% of vacancies through this source. The live page helps potential applicants to have a sneak peek into the Company's work life and the ethos of the organization.

Taking a step ahead towards automatization, the process of employee onboarding has been digitized across the HR platform wherein the entire process of manpower requisition, documentation, offer and onboarding has been made online. This has greatly impacted new entrants experience, reduced turnaround time of post joining procedures and also ensures correctness of information at all levels. The installation was completed in the month of December 2016 and till date 298 employees have been on boarded through this e-module.

To build a futuristic organization, it is important that the organization connects with every team member to the last mile. With this objective in focus your Company has initiated building a social intranet platform for inter team communication along with mobile based application for learning and knowledge sharing. On the same line, to ensure the workforce is engaged and happy, your Company has launched its employee engagement platform - SHINE, which encompasses various aspects of work life – wellness, learning, sports, celebrations and work life balance.

Your Company ranked 45th in the Dream Companies to work for by Times Ascent and World HRD Congress.

As on March 31, 2017, your Company's total workforce was 2,881 as against 2,625 as on March 31, 2016. The growth of the employee headcount is in line with your Company's strategy of growing its operations and expanding its geographical reach, especially in Tier II and Tier III cities, towns and peripheral suburbs.

## OUTLOOK

India is powering ahead as the worlds' fastest growing major economy and is urbanizing at a rapid pace. Urban clusters are driving this growth and purchasing power is increasing beyond the metros, particularly in Tier II/III cities. Recognising its strong economic fundamentals, the World Bank Economic Survey has pegged India's GDP growth at 7.6% in 2017-18 and 7.8% in 2018-19. Owing to a shift in consumer behaviour and

## Management Discussion & Analysis (Contd.)

expenditure pattern, India is expected to be the third largest consumer economy in the world by 2025, as its consumption is expected to triple to US\$ 4 trillion by 2025.

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition. The agenda of 'Housing for all' is a key component of the government's strategy for making Indian cities inclusive and productive. While rapid urbanisation and growing cities provide various opportunities, there is fallout in terms of proliferation of slums, high land prices and building materials, which render houses unaffordable for those at the bottom of the pyramid. The technical committee, constituted by the Ministry of Housing and Urban Poverty Alleviation, has estimated housing shortage at 18.78 million units during the 12th Five Year Plan period; of which over 95% is estimated in the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories.

This recent drive of Government of India's i.e. 'Housing For All by 2022' is expected to widen the opportunity landscape for housing financing companies. It will help create an enabling and supportive environment for expanding credit flow and increasing home ownership.

As remonetisation gathers momentum, housing loan disbursements are likely to grow at a moderate pace of 15-17% CAGR over the next two years (FY 2016-17 to 2017-18) as perception of wealth erosion, coupled with the anticipation of a decline in property prices will delay property purchases.

Your Company continues to view its markets, marketing, and investment plans through the broad lens of addressing the needs of new India that is emerging beyond the metros. Your Company endeavours to keep its focus primarily on Tier-II and Tier III locations where housing demand is expected to be more pronounced.

Your Company envisages good growth on the horizon too as the sectors that it caters to are not only large but growing; and are still reasonably under penetrated from the perspective of

financing. Your Company expects AUM growth to remain in line with the industry average as continuous innovations in terms of product space, leveraging technology and changing consumer behaviour and demographics have opened up new horizons for its growth. To ready itself for this take-off in growth, the Company has put in place robust internal risk-management systems and processes, and supportive technology.

Your Company's experience, strong presence coupled with broad-base resource raising capabilities, aided by AAA credit rating from CARE and Brickwork makes it well positioned to leverage the emerging market opportunities while at the same time contributing to India's socio-economic wellbeing.

### Cautionary Statement

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes and other incidental factors.



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# Boards' Report

Dear Members,

The Board of Directors of your Company take pleasure in presenting the standalone and consolidated reports on the operational and business performance, along with the audited financial statements for the financial year ended March 31, 2017.

## KEY FINANCIALS

The financial performance of the Company for the financial year ended March 31, 2017, is summarized below:

Particulars	(₹ in crore)			
	Standalone		Consolidated	
	2016 - 17	2015 - 16	2016-17	2015-16
<b>Gross Income</b>				
Less : Interest	8,857.23	7,299.99	9,615.64	7,839.92
Overheads & Provisions	6,653.61	5,490.03	6,674.37	5,491.95
Depreciation	777.93	683.49	1,477.01	1,197.24
<b>Profit Before Tax and Exceptional item</b>	<b>1,402.39</b>	<b>1,102.17</b>	<b>1,420.80</b>	<b>1,120.90</b>
Add : Exceptional item	1,969.43	-	1,855.45	-
<b>Profit after Exceptional item and Before Tax</b>	<b>3,371.82</b>	<b>1,102.17</b>	<b>3,276.25</b>	<b>1,120.90</b>
Less : Provision for taxation	475.37	372.97	479.90	376.75
<b>Profit After Tax</b>	<b>2,896.45</b>	<b>729.20</b>	<b>2,796.35</b>	<b>744 .15</b>
Add : Net share of profit from Associates	-	-	9.95	5 .15
Add : Balance brought forward from the previous year	643.68	575.56	731.89	639.74
Net Gain on dilution of Associate	-	-	3.45	3.93
<b>Surplus available for appropriations</b>	<b>3,540.13</b>	<b>1,304.76</b>	<b>3,541.64</b>	<b>1,392.97</b>
<b>Appropriations</b>				
Transferred to Statutory Reserve under Section 36(1) (viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank Act, 1987	580.00	180.00	580.00	180.00
Transferred to General Reserve	200.00	200.00	200.00	200.00
Transferred to Debenture Redemption Reserve (DRR)	1,170.00	-	1,170.00	-
Dividend for Earlier Year	-	0.02	-	0.02
Interim Dividend(s)	31.30	175.07	31.30	175.07
Proposed Equity Dividend	-	58.36	-	58.36
Tax on Dividend	6.37	47.63	6.37	47.63
Adjustment pursuant to capital reduction scheme	-	-	270.18	-
Balance carried over to Balance Sheet	1,552.46	643.68	1,283.79	731.89
<b>Total</b>	<b>3,540.13</b>	<b>1,304.76</b>	<b>3,541.64</b>	<b>1,392.97</b>
<b>Earnings Per Share</b>				
Basic (in ₹)	95.76	25.00	92.78	25.69
Diluted (in ₹)	95.44	23.10	92.47	23.73

Appropriations from Net Profit are as detailed in the table given above

## TRANSFER TO RESERVES

During the financial year under review, your Company transferred ₹ 200 crore to the General Reserve and ₹ 580 crore to the Statutory Reserve under Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank Act, 1987 out of the amount available for appropriation and an amount of ₹ 1,552.46 crore is proposed to be retained in the Profit and Loss account.

National Housing Bank vide circular No. NHB (ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014 has clarified that deferred tax liability (contingent upon Company's withdrawal of Section 36(1) (viii) of Income Tax Act, reserves leading to tax liability) in respect of opening balance under special reserve as at April 1, 2014 may be adjusted from free opening reserves of the Company over a period of 3 years in the ratio of 25:25:50 respectively. Accordingly, the Company has proportionately adjusted its opening reserves with an amount of ₹ 83.23 crore as contingent deferred tax liability during the year and unamortized amount against the same is Nil. Deferred Tax Liability on current year special reserve has been charged to Statement of Profit & Loss amounting to ₹ 39.46 crore.

## PERFORMANCE

Your Company's inception 33 years ago was based on the fundamental necessity of enabling home ownership for customers in the Lower and Middle Income [LMI] and Economically Weaker Sections (EWS) segments. A journey of over three decades and an increasing awareness at national level on the need for promoting affordable housing have together placed your Company in a strong position today. It stands tall as one of India's largest housing finance companies, working towards its mission of reaching out to millions of customers and helping them fulfill their dreams of owning a home.

During the last financial year, the Government of India took several noteworthy steps to build a conducive environment for growth of the affordable housing sector which has created a strong momentum for your Company to fulfill its vision and goals.

Your Company has been swift and agile to leverage these growth enablers and opportunities. During the financial year under review, your Company has reported robust performance, witnessing a steady increase in revenues and profits. A key aspect of your Company's industry position and operating performance has been its emergence as a comprehensive financial services provider and continued efforts to broaden its services bouquet with a range of loan and deposit products while also offering insurance products, third party life and general insurance, for customers within

the LMI, EWS segments to help them de-risk their families and property in case of any eventualities. Being one of the few housing finance companies eligible to mobilize fixed deposits from the public, your Company extends unique fixed deposit schemes tailored to suit the financial needs of various segments.

Your Company continues to expand its extensive network across the country to reach out to every potential customer across Tier II and III towns, cities and its peripheral suburbs. The business vertical strategy adopted for the Company's home loan and non-home loan businesses has achieved the desired objective of greater business focus and leveraging synergies. Your Company's SME loans business continues to thrive and achieve the desired penetration in medical equipment, plant & machinery and property term loans.

Your Company has set a historic trend in the retail debt market through two public Non-Convertible Debentures issuances during the financial year 2016-17 by raising a record of ₹ 14,000 crore within one month. This has repositioned your Company's borrowing portfolio and generated a much more competitive cost of borrowing.

During the financial year under review, your Company has successfully completed the sale of its entire equity stake held in DHFL Pramerica Life Insurance Company Limited (DPLI) [representing 50% equity share capital of DPLI] to DHFL Investments Limited (DIL), a wholly owned subsidiary of the Company for a consideration of ₹ 2,000.50 crore. The transaction adds ₹ 1,969.43 crore to the Company's Net Worth. This also ensures that your Company is well capitalised enabling it to pursue its aggressive and ambitious growth plans over the next few years.

## Standalone

During the financial year ended March 31, 2017 and March 31, 2016, your Company made total loan disbursements of ₹ 28,581.90 crore and ₹ 24,202.22 crore, respectively. As on March 31, 2017 and March 31, 2016, the Gross NPAs as a percentage of the outstanding loans were 0.94% and 0.93%, respectively. The net NPAs as a percentage of the outstanding loans were 0.58% in both the financial years 2016 and 2017, which are substantially lower than industry benchmarks.

Your Company's strong marketing and distribution network has its presence across 348 locations throughout India as of March 31, 2017. Besides, your Company has its presence through its international representative offices in London and Dubai. This year's total income was ₹ 8,857.23 crore as against ₹ 7,299.99 crore during the previous financial year and total expenditure was ₹ 7,454.84 crore, compared to ₹ 6,197.82 crore during the previous financial year. Your Company's

Assets under Management (AUM) stood at ₹ 83,559.92 crore as on March 31, 2017, as against ₹ 69,523.88 crore in the previous financial year.

For the financial year under review, the Profit before exceptional item and taxes stood at ₹ 1,402.39 crore as against ₹ 1,102.17 crore in the previous financial year and Profit after Tax is at ₹ 2,896.45 crore as against ₹ 729.20 crore in the previous financial year.

During the financial year under review, your Company has reported an exceptional profit of ₹ 1,969.43 crore which primarily represents sale of the Company's entire equity stake held in DHFL Pramerica Life Insurance Company Limited. The Profit after this exceptional item and before taxes for the current financial year was ₹ 3,371.82 crore

### **Consolidated**

During the financial year under review, your Company's total revenue on consolidated basis stood at ₹ 9,615.64 crore, higher than 22.65% in the previous financial year. The overall operational expenses for the financial year under review was ₹ 8,194.84 crore, as against ₹ 6,719.02 crore in the previous year. Operating profit before tax and exceptional item improved to ₹ 1,420.80 crore as compared to ₹ 1,120.90 crore in previous financial year 2015-16. During the financial year under review, your Company has reported an exceptional profit of ₹ 1,855.45 crore on sale of its entire equity stake in DHFL Pramerica Life Insurance Company Limited. The year's Profit after Tax attributable to the Company stands at ₹ 2,806.30 crore, as against ₹ 749.30 crore in the previous financial year.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments, affecting the financial position of your Company, which have occurred between the end of the financial year of the Company, i.e. March 31, 2017 and the date of this Board's report i.e. May 3, 2017.

### **DIVIDEND**

Your Directors at their meeting held on October 17, 2016 had declared interim dividend for the financial year 2016-17 of ₹ 1/- per equity share on 31,30,28,058 fully paid up equity shares of ₹10/- each of the Company. The Board of Directors at their meeting held on May 3, 2017 have recommended a final dividend of ₹ 3/- per equity share for the financial year ended March 31, 2017 in terms of the Dividend Distribution Policy approved by the Board of Directors of the Company. Therefore, the total dividend for the financial year 2016-17 aggregates to ₹ 4/- per equity share.

The final dividend payable shall be subject to the approval of the Members of the Company at the ensuing Annual General Meeting which is scheduled to be held on Friday, July 21, 2017. The total outgo on account of dividend (excluding dividend tax) will be ₹ 125.25 crore, for the current financial year 2016-17, as against ₹ 233.45 crore in the previous financial year.

### **TRANSFER OF AMOUNT TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)**

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, (erstwhile Sections 205A & 205C of the Companies Act, 1956) read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereof, the amounts pertaining to dividends/ deposits that remained unclaimed and unpaid for a period of seven years from the date it became first due for payment, have been transferred from time to time, to respective Investor Education and Protection Fund (IEPF) on the due dates and all relevant compliances have been done by the Company and no claims in this respect shall lie against the Company.

Pursuant to the provisions of erstwhile Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed amounts lying with the Company as on July 20, 2016 (i.e. date of last AGM) on the website of the Company ([www.dhfl.com](http://www.dhfl.com)) and also filed with the Ministry of Corporate Affairs. Further as per Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, details of unclaimed amounts lying with the Company as on March 31, 2017 was filed with the Ministry of Corporate Affairs.

### **Unpaid /Unclaimed Dividend**

During the financial year under review, your Company has transferred unclaimed final dividend of ₹ 0.06 crore pertaining to the financial year 2008-09 to the Investor Education and Protection Fund (IEPF) established by the Central Government after the expiry of seven years from the date of transfer to unpaid dividend account.

### **Unclaimed Deposits**

During the financial year under review, an amount of ₹ 0.12 crore was transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, being the amount of deposits along with interest thereon, that remained unclaimed and unpaid for a period of seven years from the date it became first due for payment.

Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, [IEPF

Rules] your Company had initiated the actions as laid down under the IEPF Rules and accordingly the communication letters were sent to all the shareholders of the Company whose dividend had remained unclaimed for past seven years and a public notice in this regard was also published in English and Marathi newspapers.

Members and Depositors of the Company are requested to claim their unclaimed dividend/deposit, if any, and for the purpose may correspond with the Company Secretary or the Registrar and Share Transfer Agent. Members and Depositors of the Company are requested to note that any dividend/deposit remaining unclaimed/unpaid for a period of more than seven (7) years, will be transferred to the IEPF, as per the provisions of Companies Act. Members to further note that as per the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven (7) consecutive years shall be transferred to the IEPF.

## LENDING OPERATIONS

The sanctions and disbursements of housing and other loans, during the financial year ended March 31, 2017, were ₹ 39,846.28 crore and ₹ 28,581.90 crore respectively, as against ₹ 37,608.13 crore and ₹ 24,202.22 crore, respectively, in the previous financial year. The Company's cumulative loan disbursement since inception was ₹ 1,31,415.84 crore.

## Securitisation / Assignment of Loans

During the financial year under review, your Company has sold/ assigned multiple pools of housing loans aggregating to ₹ 3,609.15 crore and other non-housing loans aggregating to ₹ 1,388.83 crore. Your Company will, however, continue to collect the EMIs receivable from the borrowers, on behalf of the acquirer of the loans and remit the same to the latter after retaining its portion in terms of the individual agreements.

During the financial year under review, your Company has also securitized, housing loan contracts amounting to ₹ 885.68 crore, by way of Senior Series A1 Pass Through Certificate (PTCs) issued by SPVs. These PTCs have been granted the highest rating of AAA(SO) by the external credit rating agencies involved in the process.

Your Company has subscribed to an amount of ₹ 37.31 crore in these Senior A1 Pass Through Certificates (PTCs), in compliance with the Minimum Retention Requirement (MRR) prescribed by RBI in its Guidelines on Securitization issued in 2012. In addition, your Company has provided Cash Collateral

in the form of First Loss Credit Facility (FLCF) as a line of defense for Senior A1 PTC Holders, for a cumulative amount of ₹ 68.48 crore, as specified by the respective rating agencies.

Your Company has securitized a pool of home loan contracts with a Mortgage Guarantee extended by India Mortgage Guarantee Corporation Pvt. Ltd (IMGC). The guarantee from IMGC helps in mitigating credit losses. IMGCs role as a First Loss Provider also helps your Company in maintaining an optimum level of Cash Collateral.

## Buyout of Home loan pools

During the financial year under review, your Company has purchased home loan pools in two tranches for a cumulative amount of ₹ 308.63 crore. This buyout complies with the Reserve Bank of India's norms on Securitization, specific to Direct Assignment transactions, in terms of Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR).

## Loan Book

As at March 31, 2017, the loan book stood at ₹ 72,096.18 crore, as against ₹ 61,775.02 crore in the previous financial year.

## SHARE CAPITAL

### (A) Authorized Share Capital

During the financial year under review, pursuant to the approval of the Members of the Company on February 20, 2017, the Authorized share capital was reclassified. The Authorized share capital of the Company as at March 31, 2017 stands at ₹ 828,00,00,000 (Rupees Eight Hundred Twenty Eight Crore only) divided into (i) 57,80,00,000 (Fifty Seven Crore Eighty Lakh only) equity shares of ₹10/- (Rupees Ten only) each aggregating to ₹ 578,00,00,000 (Rupees Five Hundred Seventy Eight Crore only); and (ii) 25,00,000 (Twenty Five Lakh only) non-convertible redeemable cumulative preference shares of ₹ 1,000/- (Rupees One Thousand only) each aggregating to ₹ 250,00,00,000 (Rupees Two Hundred Fifty Crore only).

### (B) Issued and Paid-up Share Capital

#### (1) Equity

The Issued and paid up equity share capital of the Company as at March 31, 2017 was ₹ 313.15 crore divided into 31,31,52,205 equity shares of ₹ 10/- each as compared to ₹ 291.80 crore divided into 29,17,97,988 equity shares of ₹ 10/- each as at March 31, 2016. The increase was mainly on account of issuance and allotment of following equity shares:

- (a) 2,12,30,070 (Two crore Twelve lakh Thirty thousand and Seventy) equity shares of face value ₹ 10/- each to Wadhawan Global Capital

Private Limited (WGCPL), a promoter group entity owing to conversion of warrants allotted during the previous financial year, upon receipt of balance 75% of the total consideration amount i.e. ₹ 375 Crore as per the applicable provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and applicable provisions of the Companies Act, 2013, including rules made thereunder.

- (b) 1,24,147 equity shares of ₹ 10/- each, upon exercise of options (employee stock appreciation rights) by the eligible employees of the Company pursuant to Dewan Housing Finance Corporation Limited-Employee Stock Appreciation Rights Plan 2015.

Your Company has neither issued any shares with differential voting rights nor any Sweat Equity shares, during the financial year under review.

## **(2) Preference Share Capital**

During the financial year under review, the Members of the Company on February 20, 2017, approved the issuance of Non-Convertible Redeemable Cumulative Preference Shares amounting to ₹ 750 crore (including the premium amount of ₹ 500 crore), by way of a special resolution passed through Postal Ballot. However, no preference shares were issued by the Company, during the financial year 2016-17.

## **RESOURCE MOBILISATION**

Your Company's borrowing policy is under the control of the Board. The Company has vide special resolution passed by means of postal ballot on June 12, 2014, under Section 180(1)(c) of the Companies Act, 2013, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up share capital and free reserves of the Company upto an amount of ₹ 1,00,000 crore and the total amount so borrowed shall remain within the limits as prescribed by National Housing Bank.

Your Company continued to use a variety of funding sources to optimize funding costs, protect interest margins and maintain a diverse portfolio which further strengthened its funding stability and liquidity needs. Your Company continued to keep tight control over the cost of borrowings through negotiations with lenders and thus, raised resources at competitive rates from its lenders while ensuring proper asset liability match.

The twin NCD issuances have not only established a strong yield curve for your Company's financial instruments in the market but has also repositioned its borrowing portfolio into a more balanced mix of bank borrowings (41.90%), debt market instruments (41.80%), deposits (8.40%), National Housing Bank (4.00%) and External Commercial Borrowings (3.90%) and a better maturity profile.

The weighted average borrowing cost as at March 31, 2017 was 8.83% as against 9.67% in the previous year.

Your Company's total borrowings amounted to ₹ 81,341.24 crore as at March 31, 2017, as against ₹ 61,103.66 crore in the previous year. The Company's Asset-Liability Committee (ALCO), set-up in line with the guidelines issued by NHB, monitors asset-liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet. The ALCO lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks and ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. Your Company continued to raise longer tenor borrowings in the financial year 2016-17, as well. Another strategy adopted to keep a balanced ALM was to enter into strategic partnership with banks that are keen on good quality assets and assign long tenor receivables to them at mutually beneficial terms.

## **Public Issue of Non-Convertible Debentures [NCDs]**

During the financial year under review, your Company made its maiden public issue of Secured Redeemable Non-Convertible Debentures of ₹ 4,000 crore which was subscribed 18.65 times of the base issue size of ₹ 1000 crore setting a benchmark in the capital markets. Your Company also made a follow on public issue of Secured Redeemable Non-Convertible Debentures of ₹ 10,000 crore which was also subscribed to the extent of 6.34 times of the base issue size of ₹ 2,000 crore. The proceeds of the aforesaid issuances were utilized for the purpose for which they were raised, largely towards business purposes, pre-payment/repayment of high cost borrowings. The outstanding balance of these Debentures as on March 31, 2017 amounts to ₹ 14,000 crore.

## **Non-Convertible Debentures [NCDs] issued on private placement basis**

During the financial year under review, your Company continued to issue Non-Convertible Debentures on private placement basis pursuant to the special resolutions passed by the Members of the Company and Policy for private placement of Non-Convertible Debentures (NCDs) of the

Company formulated as per the guidelines issued by National Housing Bank.

### **Non-Convertible Secured Redeemable Debentures**

During the financial year under review, your Company issued Secured Redeemable Non-Convertible Debentures on private placement basis amounting to ₹ 2,550.90 crore to banks and financial institutions. The outstanding balance of these Debentures including accrued premium on zero coupon NCDs as on March 31, 2017 amounts to ₹ 14,829.52 crore. The proceeds of the aforesaid issues were utilized for making disbursement to meet the housing finance requirements of the borrowers, as well as for general corporate purposes.

### **Non-Convertible Subordinated Unsecured Debentures**

During the financial year under review, your Company raised ₹ 400 crore through issue of Non-Convertible Subordinated Unsecured Debentures on private placement basis. As at March 31, 2017, your Company's outstanding subordinated debts were ₹ 1,506.80 crore. The debt is subordinated to present and future senior indebtedness of your Company.

### **Non-Convertible Perpetual Unsecured Debentures**

During the financial year under review, your Company has raised ₹ 475 crore through issuance of Non-Convertible Perpetual Unsecured Debentures. The outstanding as at March 31, 2017, amounts to ₹ 660.70 crore.

Debenture Trustee Agreement(s) were executed in favour of Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) for twin Public issues of NCDs. Debenture Trustee Agreement(s) were executed in favour of Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) and IDBI Trusteeship Services Limited for NCDs issued on private placement basis.

During the financial year under review, the interest on Non-Convertible Debentures issued by way of public issue and on private placement basis were paid by the Company on their respective due dates and there were no instances of any interest amount which were not claimed by the investors or not paid by the Company after the date on which the same became due for payment.

Your Company being Housing Finance Company is exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Therefore no DRR has been created for the Debenture issued by the Company on private placement basis. However as per the relevant provisions of Companies Act, 2013 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008, your Company has created a Debenture

Redemption Reserve (DRR) for Secured Redeemable Non-Convertible Debentures issued by way of Public issue. As at March 31, 2017 DRR stands at ₹ 1,170 crore.

### **Disclosure under Housing Finance Companies issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014**

During the financial year under review, the Non-Convertible Debentures issued on private placement basis, were paid/redeemed by the Company on their respective due dates and there were no such instances of any Non-Convertible Debentures which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption.

### **Loans from Banks**

As part of its liability management, your Company endeavors to diversify its resource base in order to achieve an appropriate maturity structure and minimize the weighted average cost of borrowed funds. Your Company continued to leverage on its long term relationship with banks and thus tied up fund based working capital limit to ₹ 12,545 crore as at the end of financial year. Your Company also raised additional term loans from banks to the extent of ₹ 8,975 crore during the financial year 2016-17 at competitive rates available in the market and continued its focus on domestic sources.

However, the twin Public issue of NCDs have helped your Company to diversify its borrowing profile and reduce dependency on wholesale borrowings particularly from banks. The share of bank borrowings in the total borrowings in the current financial year came down to 41.90% from 52.70% in the previous financial year.

### **Deposits**

Your Company being a deposit accepting Housing Finance Company, registered with National Housing Bank(NHB), is governed by the provisions of the Housing Finance Companies (NHB) Directions, 2010, as amended and other directions, regulations and circulars issued by NHB.

Retail fixed deposits form an integral source of funding for your Company and the Company has taken several initiatives to make these deposits available throughout the country. As a result, the fixed deposit portfolio of your Company has seen a robust growth during the financial year 2017. The total deposits grew by 34.22% to ₹ 6,768.65 crore as on March 31, 2017. During the financial year under review, your Company added 32,928 new deposit accounts taking the total number of depositor accounts to 2,65,156. This is a significant testimony of increasing customer confidence in your Company.

As of March 31, 2017, 10,183 depositors who did not claim the deposits (along with interest due thereon) were aggregating to ₹ 76.74 crore. Depositors have been intimated regarding the maturity of their deposits, with a request to either renew or claim their matured deposits. Fixed Deposits accepted by the Company are secured appropriately to the extent of floating charge on approved securities and bank deposits created by way of Trust Deed, as per the directions/ guidelines issued by the National Housing Bank.

Your Company sends appropriate reminders to the depositors after the due date of maturity to claim their unclaimed repayment amount of deposits alongwith the interest due thereon.

### **Refinance from National Housing Bank (NHB)**

During the financial year under review, your Company has been granted a sanction amounting to ₹ 700 crore under the NHB's refinancing schemes for HFCs. In the financial year 2016-17, your Company availed ₹ 2,200 crore refinance from NHB which included ₹ 1,500 crore sanctioned during the previous financial year.

### **Commercial Papers**

As at March 31, 2017, Commercial Papers outstanding amount stood at ₹ 2,995 crore.

### **External Commercial Borrowings (ECBs)**

During the financial year under review, your Company has availed External Commercial Borrowings (ECBs) amounting to ₹ 1,007.59 crore under two different facilities – (a) an ECB facility of USD 130mn (₹ 874.15 crore) in the form of a syndicated loan facility, (b) an ECB of USD 20mn (₹ 133.44 crore) from DEG-Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany. The ECBs were raised under the Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI). Both the subject ECBs have a maturity of five years. According to the provisions of the RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps.

In terms of ECB Master Circular guidelines issued by RBI, the proceeds of the subject ECBs have been utilised for financing the prospective owners of low cost affordable housing units. Low cost affordable housing units have been defined as units where the property cost is up to ₹ 30 lakh, the loan amount is capped at ₹ 25 lakh and the carpet area does not exceed 60 square metres.

### **SECURITY COVERAGE FOR THE BORROWINGS**

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No. 6 in the Notes

to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2017.

### **CREDIT RATINGS**

The Company's borrowings enjoy the following Credit Ratings:

Nature of borrowing	Rating / Outlook			
	CARE	Brickworks	ICRA	CRISIL
Short-Term Debt / Commercial Paper	-	-	ICRA A1+	CRISIL A1+
Public (fixed) deposits/ Short Term Deposits	CARE AAA (FD); Stable	BWR FAAA; Stable	-	CRISIL A1+
Subordinated debt	CARE AA+; Stable	BWR AAA; Stable	-	-
NCDs	CARE AAA; Stable	BWR AAA; Stable	-	-
IPDLs	CARE AA; Stable	BWR AA+; Stable	-	-
Long-term bank loans	CARE AAA; Stable	-	-	-
Structured obligations	CARE AAA(SO)	-	ICRA AAA(SO)	CRISIL AAA(SO)

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, apart from the loans made, guarantee given or security provided by the Company in the ordinary course of business are given in the Notes to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2017.

### **CAPITAL ADEQUACY**

As required under Housing Finance Companies (NHB) Directions, 2010, [NHB Directions, 2010] your Company is presently required to maintain a minimum capital adequacy of 12% on a stand-alone basis. The following table sets out the Company's Capital Adequacy Ratios as at March 31, 2015, 2016 and 2017:

Particulars	As on March, 31		
	2017	2016	2015
Capital Adequacy Ratio	19.12%	16.74%	16.56%

The Capital Adequacy Ratio (CAR) of your Company was at 19.12% as on March 31, 2017, as compared to the regulatory requirement of 12%.

In addition, the NHB Directions, 2010 also requires that your Company transfers minimum 20% of its annual profits to a reserve fund, which the Company has duly complied with.

## NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company adhered to the prudential guidelines for Non-Performing Assets (NPAs), under the NHB Directions, 2010, as amended from time to time. The Company did not recognize income on such NPAs and further created provisions for contingencies on standard as well as non-performing housing loans and property loans, in accordance with the NHB Directions, 2010. The Company has also made additional provisions to meet unforeseen contingencies. The following table set forth Company's gross NPAs, net NPAs, cumulative provisions and write-offs for the periods indicated:

Particulars	As of March 31		
	2017	2016	2015
Gross Non-Performing Assets	678.45	573.07	485.05
% of Gross NPA to Total Loan Portfolio	0.94%	0.93%	0.95%
Net Non-Performing Assets	419.43	361.02	345.95
% of Net NPA to Total Loan Portfolio	0.58%	0.58%	0.68%
Total cumulative provision- loans and other assets	714.19	583.02	430.15
Write-off	87.49	21.46	6.20

(₹ in crore)

investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity and to maintain investment in approved securities in respect of public deposits raised as per the norms of National Housing Bank. Considering the time lag between raising of resources and its deployment, the surplus funds are generally being parked with liquid fund schemes of mutual funds, bonds and short term deposits with banks. During the financial year under review, your Company earned ₹ 470.88 crore by way of income from mutual funds & other treasury operations and ₹ 236.59 crore by way of interest on bonds (including SLR bonds) and deposits placed with banks.

As per National Housing Bank guidelines, Housing Finance Companies are required to maintain Statutory Liquid Ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 12.50% of the public deposits. As at March 31, 2017, your Company has invested ₹ 425.30 crore (book value - gross) in approved securities comprising of government securities, government guaranteed (State and Central) bonds, State Development Loans and by way of bank deposits for ₹ 430.84 crore. It is being maintained within the limits prescribed by National Housing Bank.

## Recovery & Collections

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI Act) has proved to be a useful recovery tool and the Company has been able to successfully initiate recovery action under the provisions of this Act, against the defaulting borrowers. The Company has taken physical possession of the secured assets of some of the defaulters and the same are being auctioned as per the process laid down under the SARFAESI Act and the rules framed thereunder.

In order to prevent frauds in loan cases by mortgaging the same property with multiple lenders, the Government of India has set up Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under Section 20 of the SARFAESI Act. Your Company has been filing requisite particulars of mortgaged properties with CERSAI as per the prevailing guidelines issued by CERSAI.

## INVESTMENTS

The Investment Committee constituted by the Board of Directors is responsible for approving investments in line with the policy and limits as set out by the Board. The investment policy is reviewed and revised in line with the market conditions and business requirements from time to time. The decisions to buy and sell upto the approved limit delegated by the Board are taken by the Chairman & Managing Director, who is assisted by Senior Executives of the Company. The

## SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

As on March 31, 2017, your Company has two wholly owned subsidiaries, three joint venture(s) and four associate companies. The Board of Directors reviewed the affairs of all the subsidiaries, joint venture(s) and associate companies.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of the Company which forms part of this Annual Report. Further, a Statement containing salient features of financial statements of the subsidiaries, joint venture entities and associate Companies in the prescribed format AOC-1, pursuant to the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, which forms part of this Board's report as "Annexure - 1". The Statement also provides details of performance and financial position of each of these companies.

In accordance with the provisions of Section 136 of the Companies Act, 2013 read with the applicable rules, the audited standalone financial statements, the consolidated financial statements and related information of the Company and the audited accounts of the subsidiary/ies, joint venture entities and associate companies, are available on the Company's website i.e. [www.dhfl.com](http://www.dhfl.com). These documents shall also be available for inspection till the date of the ensuing Annual General Meeting during the business hours, i.e.

between 10.00 a.m. to 5.00 p.m. on all working days (except Saturday) at the Registered Office of the Company.

## Highlights of Performance of Subsidiaries

### DHFL Advisory & Investments Private Limited (DAIPL)

DHFL Advisory & Investments Private Limited was incorporated as a wholly owned subsidiary of the Company in the previous financial year. During the financial year under review, DAIPL made an investment of ₹ 300 crore and acquired 32.88% stake in the equity share capital of the joint venture entity i.e. DHFL Pramerica Asset Managers Private Limited.

The main object of DAIPL is, inter-alia, to carry on the business of providing all kinds of advisory/consultancy services and fee based intermediation activities and it earned an advisory fees of ₹ 0.05 crore during the financial year ended March 31, 2017.

### DHFL Investments Limited (DIL)

During the financial year under review, your Company incorporated DHFL Investments Limited as its wholly owned subsidiary. The Company made an investment of ₹ 100.05 crore in DIL by way of subscription to 10,00,50,000 equity shares of ₹ 10/- each.

During the financial year under review, pursuant to receipt of all the regulatory approvals, your Company on March 31, 2017 sold its entire stake in DHFL Pramerica Life Insurance Company Limited ("DPLI") (representing 50% of the paid up equity share capital of DPLI) to DIL at a fair market value of ₹ 2000.50 crore as determined by an internationally reputed actuarial consultant. In order to fund the acquisition, DIL also raised a sum of ₹ 1,901 crore from Wadhawan Global Capital Private Limited ["WGC"] (promoter group entity) by way of issue of Compulsorily Convertible Debentures [CCDs] convertible into equal number of equity shares of DIL after the expiry of 100 months from the date on which the CCDs were issued and mandatorily to be converted after the expiry of 110 months.

## Highlights of Performance of Joint Ventures

### DHFL Pramerica Life Insurance Company Limited

Your Company had acquired 50% equity stake in DHFL Pramerica Life Insurance Company Limited (erstwhile DLF Pramerica Life Insurance Company Limited) ("DPLI"), a life insurance Company registered with Insurance Regulatory and Development Authority of India, from DLF Limited in December, 2013, and entered into a joint venture with Prudential International Insurance Holdings Limited ("Prudential"). The Company's investment in DPLI (including the original cost of

acquisition) was approximately ₹ 31,06,89,296 (Rupees Thirty One Crore Six lakh Eighty Nine Thousand Two Hundred and Ninety Six only). In order to unlock the value of the Company's investment in DPLI, with the approval of Board of Directors, the Members of the Company and relevant regulatory authorities, the entire equity stake held in DPLI was sold to DIL, a wholly owned subsidiary, at fair market value of ₹ 2,000.50 crore determined by internationally reputed actuarial consultant. Your Company earned a profit of ₹ 1,969.43 crore on the DPLI stake sale.

As at March 31, 2017, the net worth of DPLI stood at ₹ 853.04 crore and its Profit before tax grew by 21% at ₹ 70.42 crore for financial year 2017 as against ₹ 58.36 crore for financial year 2016. The Assets under Management of DPLI stood at ₹ 2,707.4 crore as at March 31, 2017 as against ₹ 2,071.6 crore as at March 31, 2016. DPLI has presence in 28 states.

### DHFL Pramerica Asset Managers Private Limited & DHFL Pramerica Trustees Private Limited

During the previous financial year, your Company had entered into a joint venture with PGLH of Delaware, (a wholly-owned indirect subsidiary of Prudential Financial Inc.) pursuant to which it acquired 50% of the equity share capital of DHFL Pramerica Asset Managers Private Limited (formerly known as Pramerica Asset Managers Private Limited, hereinafter referred to as "DPAMPL") the Asset Management Company of DHFL Pramerica Mutual Fund (formerly known as Pramerica Mutual Fund, hereinafter referred to as "DPMF") and DHFL Pramerica Trustees Private Limited (formerly known as Pramerica Trustees Private Limited, hereinafter referred to as "DPTPL"), the Trustee of DPMF. Your Company is registered with Association of Mutual Funds in India (AMFI) vide registration No. ARN - 101515 as AMFI registered Mutual Fund Advisor and undertakes the distribution of mutual fund products of DPAMPL.

During the financial year under review, consequent to the approval of Hon'ble High Court of Bombay, DPAMPL reduced and consolidated its issued, subscribed and paid up share capital pursuant to the relevant provisions of the Companies Act, 2013.

As at March 31, 2017, your Company holds 50% equity stake in DPAMPL (directly 17.12% and 32.88% through its wholly owned subsidiary, DAIPL and DPTPL, respectively).

As on March 31, 2017, the net worth of DPAMPL stood at ₹ 130.40 crore with a Profit before tax of ₹ 7.65 crore for financial year 2017 as against a loss of ₹ 32.62 crore for financial year 2016 and its year to date average Assets under Management grew by 20% being in line with the industry growth rate of 26%. DPAMPL has presence in 8 states.

## Highlights of Performance of Associate Companies

### Aadhar Housing Finance Limited (Aadhar)

Aadhar Housing Finance Limited, a housing finance company registered with National Housing Bank (NHB) with equity participation from International Finance Corporation (IFC), a member of the World Bank group, focuses on providing home loans to the needy in the backward regions of the country.

During the financial year under review, your Company did not subscribe to rights issue made by Aadhar, which resulted in proportionate dilution of the existing shareholding percentage of the Company in Aadhar. As a result, as on March 31, 2017 the percentage of shareholding of your Company in Aadhar stood at 12.37% of the paid-up equity share capital.

As at March 31, 2017 the net worth of Aadhar stood at ₹ 224.41 crore and its Profit before tax grew by 112.93% at ₹ 61.68 crore for financial year 2017 as against ₹ 28.96 crore for financial year 2016. The Assets under Management of Aadhar stood at ₹ 3,183.83 crore as at March 31, 2017 as against ₹ 1,811.39 crore as at March, 31, 2016. Aadhar has presence in 13 states.

### DHFL Vysya Housing Finance Limited (DHFL Vysya)

DHFL Vysya, a housing finance company registered with National Housing Bank (NHB) caters to the lower and middle income segment mostly in the southern regions of the country and in two states in the northern region. As on March 31, 2017 the percentage of shareholding of your Company stood at 9.47% of the paid-up equity share capital of DHFL Vysya.

As at March 31, 2017, the net worth of DHFL Vysya stood at ₹ 153.73 crore and its Profit before tax decreased by 10.62% at ₹ 35.76 crore for financial year 2017 as against ₹ 40.01 crore for financial year 2016. The Assets under Management of DHFL Vysya stood at ₹ 1,807.60 crore as at March 31, 2017 as against ₹ 1,467.57 crore as at March 31, 2016. DHFL Vysya has presence in 7 states.

The Board of Directors of DHFL Vysya and Aadhar respectively, have approved the scheme of amalgamation of DHFL Vysya (Transferee) and Aadhar (Transferor), pursuant to which both the entities have filed their respective applications for seeking approval for amalgamation in terms of the applicable provisions of Companies Act, 2013 with National Company Law Tribunal.

### Ananse Financial Services Limited (Ananse)

Ananse Financial Services Limited, a non-banking financial company registered with Reserve Bank of India is education

Loan Company, which kindles and supports aspirations of higher education in India & overseas and also provides education institution loan.

As on March 31, 2017 the percentage of shareholding of your Company stood at 36.78% of the paid-up equity share capital of Ananse.

As at March 31, 2017 the net worth of Ananse stood at ₹ 140.25 crore and its Profit before tax grew by 121.71% at ₹ 5.72 crore for financial year 2017 as against ₹ 2.58 crore for financial year 2016. The Assets under Management of Ananse stood at ₹ 982.25 crore as at March 31, 2017 as against ₹ 529.63 crore as at March 31, 2016. Ananse has presence in 13 Locations.

### DHFL Ventures Trustee Company Private Limited (DHFL Ventures)

DHFL Ventures is a Company which acts as a trustee company of venture capital funds and alternative investment funds.

During the financial year under review, your Company has transferred its entire equity stake held in DHFL Ventures to its wholly owned subsidiary i.e. DHFL Investments Limited at face value.

As at March 31, 2017 the net worth of DHFL Ventures stood at ₹ 0.054 crore and its Profit before tax was ₹ 0.02 crore for financial year 2017. The total assets of DHFL Ventures stood at ₹ 0.08 crore as at March 31, 2017 as against ₹ 0.072 crore as at March 31, 2016.

## INFORMATION TECHNOLOGY

Your Company's technology transformation programme (Tech2.0) in association with IBM is a journey towards digital transformation to enhance customer and employee experience. In addition, your Company is exploring advanced technological solutions in the areas of data analytics, mobility and cloud.

This programme will help your Company to align its technology landscape to meet its evolving business needs, improve its customer centricity and will enable faster decision making through automation and analytics.

## HUMAN RESOURCES

Your Company today is a valued employer brand with a compelling employee value proposition. Your Company consistently focuses on talent acquisition and retention to ensure sustainable growth. Your Company's initiatives are aligned with its overall mission and strategy. It has adopted new technologies and has implemented employee-centric policies and practices to strike a balance between business needs and individual aspirations.

Your Company significantly invests in professional development and provides career development opportunities for its employees. A robust development framework and a blend of classrooms with on-line and on-the-job training, aligned to the Company's business objectives and career path of individuals, provides the employees with opportunities to excel in their work and be well equipped for future roles.

The leadership competency framework enables your Company to identify potential leaders; and ensures that your Company has a ready talent pool to take up next level leadership roles.

To meet its ever-growing need for talent, especially in Tier II and Tier III towns, cities and its peripheral suburbs, your Company has also tied-up with leading academic institutions to offer skill development programmes and employment opportunities for deserving candidates with the Company. While these initiatives provides your Company with good talent, it also helps it to give back to society in the form of generating more employment.

Your Company has put in place an open, transparent, and meritocratic culture that helps talent perform, grow, and stay in the Company. Your Company works on the belief that every great workplace is marked by synergistic and gender diverse teams and a diverse workplace is benefitted with improved business performance, better corporate governance and stronger brand image.

In an ongoing effort to being one of the most preferred employers in the financial services space, your Company will continue to significantly invest in employee engagement, talent and leadership development, and best-in-class processes and policies. The overriding objective is to foster a culture of excellence and ownership.

## **Learning and Development**

Your Company's Learning & Development Team (L&D Team) is responsible for providing learning solutions to every role within the Company by designing comprehensive training framework to match the dynamic and ever evolving business trends.

Your Company has created stronger depth and focus in its skill building efforts. It has been able to support professional development and empower employees to deliver improved quality of service through its training intervention and motivating them to perform with renewed vigor and enthusiasm. Teaching expertise has been nurtured in-house, in the form of dedicated trainers, facilitators, content developers as well as subject matter experts from business teams.

During the financial year under review, training was imparted to 2,745 on roll employees and 1,741 off roll employees, covering a wide range of functional areas including sales skill development programs, credit analytical skills, appraisal techniques, fraud & risk management. "Organization Orientation" the exclusive monthly induction program for the new recruits is conducted to give an overall view of the Company's vision and mission. Similarly, programs based on soft skills and monitoring techniques were also conducted and 953 employees were covered.

In keeping with its importance and in compliance with National Housing Bank norms, trainings on KYC & AML Policies were also imparted at all levels within the organization. External training programs and cross functional exposures were utilized to provide an extra edge to employees for continuous and better performance through learning and job experience. To leverage the internal strength of L&D Team, only 2.33% of trainings were fully outsourced.

Your Company has partnered with the best in class leadership trainers of the country for corporate breakthrough workshop for key position holders and business managers. To study the impact of training, your Company engages leading trainers from the industry to benchmark Company's skills and for analyzing the same with focus on measuring and improving employee engagement and learning quotient. Taking concrete steps based on the study findings is helping the organization in building a stronger and more engaged workforce. Customer focus remains at the core of all L&D initiatives.

Your Company's Human Resources initiatives and L&D systems are designed to ensure an active employee engagement process, leading to better organizational capability and vitality for maintaining a competitive edge and in pursuing its ambitious growth plans.

## **EMPLOYEE REMUNERATION**

- (A) The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, forms part of this Board's report as "Annexure-2".
- (B) The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 forms part of this Board's report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Report and Financial Statements are being sent to the Members of the Company excluding the said statement. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

### **EMPLOYEES STOCK OPTION SCHEME (ESOS)/ EMPLOYEE STOCK APPRECIATION RIGHTS (ESARS)**

Your Company has formulated employee stock option schemes /employee stock appreciation rights plan with an intent to reward the employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use these schemes/ plan to retain talent working with the Company.

Your Company has with the approval of Nomination and Remuneration Committee of the Board of Directors and pursuant to the special resolution passed by the Members of the Company at the Annual General Meeting held on July 23, 2007, formulated three employee stock option schemes, ESOS - 2008, ESOS - 2009 – Plan II and ESOS - 2009 – Plan III. The said stock option schemes are in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations). The ESOP 2009 Plan II lapsed on November 25, 2015.

During the financial year 2014-15, the Members of the Company, approved "Dewan Housing Finance Corporation Limited – Employee Stock Appreciation Rights Plan 2015" (DHFL ESAR 2015) in accordance with the provisions of SEBI SBEB Regulations and issuance of stock appreciation rights ('ESARS') through DHFL ESAR 2015, exercisable into not more than 51,46,023 fully paid up equity shares in the aggregate having face value of ₹ 10/- each. Pursuant to the subject approval, the Nomination and Remuneration Committee on March 21, 2015 approved Grant I of 15,50,100 ESARs under DHFL ESAR 2015 to the eligible employees of the Company conferring upon them a right to receive equity shares equivalent to the appreciation in the value of the shares of the Company. Consequent to the bonus shares issued by the Company in the ratio of 1:1 during the previous financial year the total number of ESARs also increased in the same ratio.

During the financial year under review, the Company has allotted from time to time 1,24,147 equity shares of ₹ 10/- each on exercise of 3,47,200 ESARs, to the eligible employees under Grant I of DHFL ESAR 2015.

During the financial year under review, Nomination and Remuneration Committee on November 17, 2016 approved Grant II of 20,81,545 ESARs under DHFL ESAR 2015 to the eligible employees of the Company conferring upon them a right to receive equity shares equivalent to the appreciation in the value of the shares of the Company

The Company's Nomination and Remuneration Committee of the Board of Directors, inter-alia, administers and monitors the Employee Stock Option Schemes/ Employee Stock Appreciation Rights Plans of the Company, in accordance with SEBI SBEB Regulations. There has been no variation in the terms of the options/ESARs granted under any of these schemes/plan.

The Company has received a certificate from its auditors confirming that the Stock Options Schemes/ Employee Stock Appreciation Rights Plan have been implemented in accordance with SEBI SBEB Regulations and is as per the respective resolutions passed by the Members of the Company. The said certificate would be placed at the ensuing annual general meeting for the inspection by the Members of the Company. The applicable disclosures as stipulated under SEBI SBEB Regulations, for the financial year 2016-17, forms part of this Board's report as "Annexure-3" and in terms of Regulation 14 of SEBI SBEB Regulations the said details are also available on the website of the Company at the URL: <http://www.dhfl.com/investors/esos-esar-disclosures/>

### **DISCLOSURE UNDER SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013, READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

#### **A. Conservation of Energy**

Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy. During the financial year under review, your Company has made capital investment of approximately ₹ 0.30 crore at various locations, towards the installation of energy conservation equipment's such as replacement of CFL (Compact Fluorescent Lamp) with LED (Light- Emitting Diode) lights, energy saving Air-conditioners, replacement of normal tube lights with T5 lights at the new branches and in the

renovated branches. The Company has also installed at 3 locations Solar panel systems which are used as an alternate source of energy. These initiatives have resulted in power saving on a daily basis. The Company on its lending side actively associates in all programmes and schemes of the Government and NHB, in promoting energy efficient homes.

## B. Technology Absorption

Your Company actively engages itself towards technology advancements to serve its customers better and to create technology friendly environment for its employees which in turn helps them to manage the processes efficiently and economically.

The current technology transformation programme has been initiated to bring the Company's technology platform to a new level. The programme aims to identify and implement best-fit solutions for all the processes and functions viz, loan origination and management, customer relationship management, financial accounting and management, collections management, property information management systems, business systems (enterprise) integration, business intelligence and advanced analytics.

## C. Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings during the year.

The information on foreign exchange outgo and expenditure is furnished at Note No. 34 in the Notes forming part of the audited (standalone) financial statements for the financial year ended March 31, 2017.

## INSURANCE

Your Company has insured its various properties and facilities against the risk of fire, theft and other perils, etc. and has also obtained Directors' and Officers' Liability Insurance Policy which covers the Company's Directors and Officers (employees in managerial or supervisory position) against the risk of financial loss including the expenses pertaining to defense cost and legal representation expenses arising in the normal course of business.

Further, your Company has obtained money policy to cover "money in safe and till counter and money in transit" for the Company's branches and various offices. All the vehicles owned by the Company are also duly insured.

Your Company also has in place a group mediclaim policy for its employees and their dependent family members, group term life and group personal accident policies, which provide uniform benefits to all the employees.

Your Company acts as a group administrator and is also registered with Insurance and Regulatory Development Authority of India (IRDAI) as a Corporate Agent for distribution and solicitation of life insurance products of the joint venture entity DHFL Pramerica Life Insurance Company Limited.

During the previous financial year, your Company entered into a Memorandum of Understanding with Cholamandalam MS General Insurance Co. Ltd. (Chola MS) where the Company serves as group administrators and managers for group health and/or personnel accident insurance policy. During the financial year 2016-17, your Company also became a Corporate Agent for Chola MS to ensure adequate insurance coverage for the properties financed during the tenure of the loan, your Company also educates its customers in relation to the insurance products suitable for them. During the financial year under review, Company has obtained a Corporate Agent – Composite license bearing registration no. CA0052 from IRDAI.

## NATIONAL HOUSING BANK GUIDELINES

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions as prescribed by National Housing Bank (NHB) and has been in compliance with the various Circulars, Notifications and Guidelines issued by NHB from time to time. The Circulars, Notifications and Guidelines issued by NHB are also placed before the Audit Committee / Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same.

## RISK MANAGEMENT

As a housing finance company, your Company continues to stay exposed to various risks associated with lending business including credit risk, market risk, liquidity risk, legal risks, interest rate risk, compliance risk and operational risk. Your Company has a very strong risk management team and a very robust credit operations structure to mitigate these risks. This is aided by sound technology, robust processes and specialized workforce. Your Company's philosophy is to keep the risk management and underwriting functions separate from each other in order to keep the portfolio protected. These sustained efforts to strengthen the risk framework and portfolio quality have yielded significant results over the last few years.

Your Company places emphasis on risk management measures to ensure an appropriate balance between risk and return. Your Company has taken steps to implement robust and comprehensive policies and procedures to identify, measure, monitor and manage risks. 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 Asset Liability Management Committee ('ALCO'). Sensitive financial risks are monitored by the Risk Management Committee and also by Audit Committee of the Board. Your Company conducts risk profiling on a regular basis for the purpose of self-assessment.

During the financial year under review, the Company has setup Risk Containment Unit (RCU) at all major business locations. This unit is manned with risk specialists who work very actively to minimize bad loans from getting into the system. They also do a lot of analysis on bad loans to further strengthen the policies and processes prevalent in the organization. The Board is also at regular intervals updated on the risk management systems and processes.

Your Company has put in place a Business Continuity Plan. The risk management policies of the Company are reviewed and revised on regular basis to identify and mitigate attendant risks in a proactive manner under the changing business environment.

## **ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**

The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. The Company has duly implemented the NHB's Asset Liability Management Guidelines.

## **CODES AND POLICIES & COMPLIANCES**

Your Company has formulated various Policies and Codes in compliance with provisions of Directions and Guidelines issued by the National Housing Bank (NHB), Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws to ensure high ethical standards in the overall functioning of the organization. The said Policies and Codes are periodically reviewed by the Board of Directors.

The key Policies and Codes as approved by the Board of Directors and the respective compliance thereunder are detailed herein below:

## **Policy on Know Your Customer & Anti Money Laundering Measures**

Your Company has a Board approved Policy on Know Your Customer (KYC) & Anti Money Laundering Measures (AML) in

place and adheres to the said Policy. The said Policy is in line with the NHB Guidelines, as issued from time to time.

Your Company has adhered to the compliance requirements in terms of the said policy including the monitoring and reporting of cash and suspicious transactions. The Company furnishes to Financial Intelligence Unit, India (FIU), in the electronic mode, information of all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency and suspicious transactions whether or not made in cash, in terms of the said Policy. Your Company is registered with FIU vide registration No. FIHFC00010. Your Company is also following the process as briefed out under the Guidance Note on Effective Process of STRs Detection and Reporting for Housing Finance Sector, issued by Financial Intelligence Unit -India in consultation with the Regulator viz., the National Housing Bank (NHB). During the financial year under review, KYC & AML Policy was revised from time to time to align the same with the circulars issued by the National Housing Bank.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2017/05/KYC-AML-Policy-3rd-May-2017.pdf>

## **Fair Practice Code**

Your Company has in place a Fair Practice Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organization's policies vis-à-vis client protection. The FPC captures the spirit of the National Housing Bank guidelines on fair practices for Housing Finance Companies. Your Company and its employees duly comply with the provisions of FPC.

The said code is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2016/01/DHFL-Fair-Practice-Code.pdf>

## **Policy on Disclosure of Material Events and Information**

Your Company has in place Board approved Policy on Disclosure of Material Events and Information, formulated in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to determine the events and information which are material in nature and are required to be disclosed to the Stock Exchanges.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2015/12/Policy-on-Disclosure-of-Material-Events-and-Information1.pdf>

## **Policy on Preservation of Documents and Records**

Your Company has in place Board approved Policy on Preservation of Documents and Records formulated in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy ensures that the Company complies with the applicable document retention laws, preservation of various statutory documents and also lays down minimum retention period for the documents and records in respect of which no retention period has been specified by any law/ rule/ regulation. The Policy also provides for the authority under which the disposal /destruction of documents and records after their minimum retention period can be carried out.

## **Code of Conduct for the Board of Directors and the Senior Management Personnel**

Your Company has in place Code of Conduct for the Board of Directors and the Senior Management Personnel formulated in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which sets forth the guiding principles on which the Company and its Board and Senior Management Personnel shall operate and conduct themselves with multitudinous stakeholders, government and regulatory agencies, media and anyone else with whom it is connected.

Pursuant to the notification issued by Securities and Exchange Board of India, during the financial year under review, your Company amended the Code of Conduct for its Board of Directors and the Senior Management Personnel.

A declaration by Chief Executive Officer, with regard to the compliance with the said code, forms part of this Annual Report.

The said code is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2017/01/Code-of-Conduct-for-the-Board-and-the-Senior-Mgmt-Personnel.pdf>

## **Code of Conduct for Prohibition of Insider Trading**

Your Company has in place a Code of Conduct for Prohibition of Insider Trading formulated in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which lays down the process of trading in securities of the Company by the employees and the connected persons and to regulate, monitor and report trading by the employees and the connected persons of the Company either on his/her own behalf or on behalf of any other person, on the basis of unpublished price sensitive information.

## **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

Your Company has in place Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, which lays down the practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information that could impact price discovery in market for its securities.

The said code is available on the website of the Company at the URL:<http://www.dhfl.com/wp-content/uploads/2015/12/DHFL-Code-of-Practices-Procedures-for-Fair-Disclosure-of-UPSI.pdf>

## **Code of Business Ethics (COBE)**

Your Company has adopted a Code of Business Ethics (COBE) which lays down the principles and standards that govern the activities of the Company and its employees to ensure and promote ethical behaviour within the legal framework of the organization.

## **Whistle Blower Policy (Vigil Mechanism)**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct and Code of Business Ethics. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2016/02/Whistle-Blower-Policy-Revised.pdf>

## **Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace**

Your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and an Internal Committee has been constituted thereunder. The primary objective of the said Policy is to protect the women employees from sexual harassment at the place of work and also provides for punishment in case of false and malicious representations.

Pursuant to the provisions of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the complaints received thereunder and the details relating thereto are as follows:

- (a) Number of complaints received in the year: 1
- (b) Number of complaints disposed of during the year: 1
- (c) Number of cases pending more than ninety days: Nil
- (d) Number of workshops or awareness programme against sexual harassment carried out: During the financial year under review, there were various workshops and programmes conducted on spreading awareness with regard to Sexual Harassment at workplace, at various locations covering National Office, 6 zones, 32 regions and 226 locations.
- (e) Nature of action taken by the employer or district officer: Pursuant to the enquiry initiated by the Internal Committee in respect of one complaint received during the financial year under review, basis the evidence/ proof including interrogation with complainant, office colleagues and defendant, no conclusive evidence of sexual harassment was found. The Internal Committee recommended that warning be issued to the defendant and the complainant be transferred to another department or location of the Company.

## **Comprehensive Risk Management Policy**

Your Company is committed to manage its risk in a proactive manner and has adopted a structured and disciplined approach to risk management by developing and implementing risk management framework. With a view to manage its risk effectively your Company has in place a Comprehensive Risk Management Policy which covers a formalized Risk Management Structure, alongwith other aspects of Risk Management i.e. Credit Risk Management, Operational Risk Management, Market Risk Management and Enterprise Risk Management. The Risk Management Committee of the Board, on periodic basis, oversees the risk management systems, processes and minimization procedures of the Company. During the financial year under review, the risk management policy of the Company was revised to align the same with the changing business environment.

## **Nomination (including Boards' Diversity) Remuneration & Evaluation Policy (NRE Policy)**

Your Company recognizes the importance and benefits of having a diverse Board. It endeavors to ensure diversity on the Board through varied skills, experience and background, gender, knowledge and other distinguishing qualities to enhance the overall effectiveness of the Board which in turn brings in valuable contribution to the Company's business strategies, plans and future growth aspects.

Your Company also believes that the Board shall at all times represent an optimum combination of Executive and Non-Executive Directors as well as Independent Directors

The Board has thus adopted Nomination (including Boards' Diversity), Remuneration & Evaluation Policy, which, inter-alia, lays down the approach to diversity of the Board, criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, alongwith the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the financial year under review, your Company has amended the NRE Policy to align the same with the regulatory requirements.

Additional details with respect to the said policy are given in the Report on Corporate Governance forming part of this Annual Report.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2017/06/Nomination-Remuneration-Evaluation-Policy-Revised.pdf>.

## **Policy on Fit and Proper Criteria for the Directors**

During the financial year under review, your Company has formulated and adopted a Policy on Fit and Proper Criteria for the Directors, in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 which inter-alia, lays down the fit and proper criteria of the Directors at the time for their appointment/ re-appointment and on a continuing basis.

## **Related Party Transaction Policy**

Your Company has in place Related Party Transaction Policy as per the provisions of Companies Act, 2013 read with the rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which describes the related party transactions requiring requisite approvals and requirements of appropriate reporting and disclosure of transactions between the Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with such transactions.

During the financial year under review, the Related Party Transaction Policy was amended to align the same with the requirements of the amendments made to the relevant provisions of the Companies Act, 2013 and the rules thereunder.

Pursuant to Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Related Party Transaction Policy of the Company forms part of this Board's report as "Annexure - 4".

The said policy is available on the website of the Company at URL <http://www.dhfl.com/wp-content/uploads/2017/05/Related-Party-Transaction-Policy.pdf>

### **Corporate Social Responsibility (CSR) Policy**

Your Company has in place Corporate Social Responsibility policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. As per the provisions of Section 135 of the Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee assists the Board in fulfilling its duty towards the community and society at large by identifying the activities and programmes that can be undertaken by the Company, in terms of the CSR Policy of the Company. The composition of the CSR Committee and its terms of reference are given in the Report on Corporate Governance forming part of this Annual Report.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2015/11/Revised-CSR-Policy.pdf>

The Annual Report on CSR activities forms part of this Board's report as "Annexure - 5".

### **Dividend Distribution Policy**

During the financial year under review, your Company has formulated and adopted Dividend Distribution Policy, in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which intends to ensure that a rationale decision is taken with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes. The Policy also lays down various parameters to be considered by the Board of Directors of the Company before recommendation/ declaration of dividend to the Members of the Company.

The said policy is available on the website of the Company at the URL <http://www.dhfl.com/wp-content/uploads/2017/05/Dividend-Distribution-Policy.pdf> and forms part of this Board's report as "Annexure - 6".

### **Policy for Determining Material Subsidiary**

During the financial year under review, your Company has formulated and adopted the Policy for determining Material Subsidiary in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter-alia, lays down the criteria for determining 'material' subsidiary(ies) and for ensuring compliance with respect to their governance and disclosure requirements.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2016/06/Policy-on-determining-of-material-subsidiary.pdf>

### **Internal Guidelines on Corporate Governance**

During the financial year under review, your Company has formulated and adopted the Internal Guidelines on Corporate Governance in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company.

The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2017/05/Internal-Guidelines-on-Corporate-Governance.pdf>

### **Policy on Open Architecture for Retail Insurance Business**

Your Company has in place a policy on Open Architecture for Retail Insurance Business in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, which was amended during the financial year. It lays down the manner of soliciting and servicing insurance products and addresses the manner of adopting the philosophy of open architecture and its implementation.

### **Other Policies**

Further in order to strengthen the internal procedures and systems and for better governance, your Company also has in place various other policies and manuals such as Conflict of Interest Policy, Information Security Policies, Investment Policy, Policy for private placement of Non-Convertible Debentures (NCDs), Model Code of Conduct for Distributors, brokers and intermediaries, Business Continuity Plan, Asset Liability Management Policy, NPA Management Policy, Comprehensive Outsourcing Policy and Staff Accountability Policy for ensuring the orderly and efficient conduct of Company's business.

## LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed on BSE Limited and the National Stock Exchange of India Limited.

The Company has paid the listing fees as payable to the BSE Limited and the National Stock Exchange of India Limited for the financial year 2017-18 on time.

## MARKETING AND BRANDING

Your Company through its focused branding and marketing effort has been continuously working towards fulfilling its Founder Chairman's vision of enabling home ownership to every Indian. Your Company has also strengthened its reach and services, especially among the Lower and Middle Income (LMI). Your Company believes in handholding the consumer in his journey to fulfil his dream of owning a home of his own.

Therefore, your Company in its communication has been portraying itself as a flexible partner in making customers dream come true. Thus, the Tagline 'Ghar Jaisa Loan' was also created, which infers loan according to customer's needs. In its communication journey your Company roped in Shah Rukh Khan as its brand ambassador, who has played the role of an elder brother/ advisor to the customers. Your Company started advertising in 2015 with its brand ambassador, by showing the importance of dreaming to buy a house of one's own (Sapna) and post that pushed the envelope further by voicing the excuses which people give for not buying a house of their own (Bahana). In its latest communication, your Company has emphasized that the right time to buy a home is now (Home loan kab?).

Your Company has also ensured value driven communication, to reinforce the significance of home ownership, across TV, print, radio, digital and outdoor media. Additionally, your Company has leveraged digital media to generate awareness on the nuances of home loans and welfare schemes, including the Pradhan Mantri Awas Yojana (PMAY), using digital characters 'Sharmaji & Vinodji' launched in 2016 as a part of its consumer education initiative.

## AWARDS AND RECOGNITIONS

Your Company has added yet another feather in its cap and kept up its record of displaying commendable performance in the housing finance service sector which is reflected by the awards won by the Company as recognition at various award forums:

- "Industry Award" for the excellence in the Home Loan Banking.
- It has been recognised as the "Dream Companies to work in Housing Finance Sector" organized by Times Ascent and World HRD Congress.
- DHFL Home Loan Dilse Campaign won the 11th Indy's award for the most creative Ad on television in the BFSI sector.
- It has won the Marketing Campaign of the year for its "HomeLoanDilSe" Campaign at the Global Marketing Excellence Awards endorsed by World Federation of Marketing Professional and CMO Asia.
- Your Company has won 'Gold' at the Asia Pacific Customer Engagement Forum & Awards for the Most Admired Customer Engaged Brand.
- Your Company has won 'Gold' at the Asia Pacific Customer Engagement Forum & Awards for Excellence in CSR.
- Your Company and Mr. Kapil Wadhawan (Chairman & Managing Director) were honored with the India's Greatest Brands and Leaders Award 2015-2016 organized by AsiaOne and URS Media.
- Awarded the Best Housing Finance Company in the Financial Services Sector by CMO Asia and Stars Group.
- "Bahana Campaign" has been awarded the Marketing Campaign of the year in the BFSI Sector presented and endorsed by CMO Asia.
- "Bahana Campaign" has been awarded "Marketing Campaign of the Year" in the BFSI Sector at the National Awards for Marketing Excellence endorsed by World CSR day, Stars Group and CMO Asia.
- "Wealth2Health Fixed Deposit" product awarded the "Brand Extension Award" in the BFSI Sector at the National Awards for Marketing Excellence endorsed by World CSR day, Stars Group and CMO Asia
- Your Company has won 'Gold' at the Asia Pacific Customer Engagement Forum & Awards for its Bahana Campaign.
- Your Company has won the Golden Peacock Innovative Product and Service Award 2016 for its innovative "Wealth2Health Fixed Deposit" product.

## DISTRIBUTION NETWORK

The distribution network of your Company is designed to reach out to the LMI segment and tap a growing potential customer base throughout India. Your Company maintains a pan-India marketing and distribution network with a presence across 348 locations throughout India which includes 181 branches, 146 service centers, 18 circle/cluster offices, 2 disbursement hubs, 1 collection center as at March 31, 2017. Additionally, your Company has international representative offices located in London and Dubai.

Your Company's network is grouped into circles and clusters located pan-India and is spread over Tier II and Tier III cities, town and its peripheral suburbs. Your Company believes that its business model allows it to deliver improved turnaround time and to improve customer satisfaction while maintaining asset quality. The distribution network includes direct selling teams (i.e. staff working with us on a contract basis), Direct Selling Agents [DSAs] and other business referral partners. Direct selling teams work under supervision of the employees of your Company and the payment for their services is a combination of fixed fee and variable commission based on the disbursement of loans sourced by them. The majority of the loans are sourced through the direct selling teams. Your Company has also entered into tie-ups with a number of Indian public and private sector banks to provide their customers access to the home loan solutions offered by your Company. The tie-ups with such banks allows your company an access to the ally banks' customers and branch networks while providing them with the option to participate in the loan syndication programs with the Company.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Pursuant to the approval of the Members of the Company at the 32nd Annual General Meeting held on July 20, 2016, Dr. Rajiv Kumar (DIN: 02385076) was appointed as an Independent Director of the Company for a period of five years , effective from August 7, 2015.

Pursuant to the approval of the Members of the Company at the 31st Annual General Meeting held on July 23, 2015, Mr. Kapil Wadhawan (DIN: 00028528), was re-appointed as the Managing Director (designated as Chairman & Managing Director) of the Company and as Key Managerial Personnel for a further period of five years w.e.f. October 4, 2015, and his office was made liable to retire by rotation, pursuant to the provisions of the Companies Act, 2013 and rules made thereunder. In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association, Mr. Kapil Wadhawan, Chairman & Managing Director being the longest in office among directors who are liable to retire by

rotation, retires by rotation and being eligible; offers himself for reappointment at the ensuing Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013 and the provisions of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors of your Company are related to each other, except for Mr. Dheeraj Wadhawan, Non-Executive Director who is the brother of Mr. Kapil Wadhawan, Chairman & Managing Director of the Company. Brief resume of the Director, proposed to be re-appointed, nature of his expertise in specific functional areas and names of other companies in which he holds Directorship alongwith the Membership/ Chairmanship of Committees of the Board as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) on General Meetings are provided in the annexure to the Notice of the Thirty Third (33rd) Annual General Meeting being sent to the Members along with the Annual Report.

Based on the confirmations received, none of the Directors are disqualified for being appointed/ reappointed as directors in terms of Section 164 the Companies Act, 2013.

During the year under review, no stock options were issued to the Directors of the Company.

## PERFORMANCE EVALUATION

The Nomination and Remuneration Committee of the Board of Directors has laid down the performance evaluation and assessment criteria/parameters for the Board (including Board Committees) and individual Directors. During the financial year under review, the Nomination and Remuneration Committee of the Board of Directors in light of the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India reviewed and revised the performance assessment/ evaluation criterias. The Independent Directors in terms of Schedule IV of the Companies Act 2013 at its separate meeting evaluated the performance of the Chairman & Managing Director, Non-Executive Director and the Board as a whole. The Nomination and Remuneration Committee carried out the evaluation of every Director's performance and the Board additionally carried out a formal evaluation of its own performance, Board Committees namely Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Finance Committee

and all the individual Directors without the presence of the Director being evaluated. The detailed process and manner of performance evaluation carried out basis the criteria/parameters laid down for the purpose has been explained in the Report on Corporate Governance, forming part of this Annual Report.

## BOARD MEETINGS

Your Company holds at least four Board meetings in a year, one in each quarter, inter-alia, to review the financial results of the Company and an annual calendar of meetings of the Board are finalized well before the beginning of the financial year after seeking concurrence of all the Directors. All the decisions and urgent matters approved by way of circular resolutions are placed and numbered and noted at the subsequent Board meeting. Incase of urgent matters, additional Board meetings are held in between the quarterly meetings.

During the financial year 2016-17, seven (7) Board Meetings were convened and held. The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015. The details of the Board composition, its meetings held during the year along with the attendance of the respective Directors thereat are set out in the Report on Corporate Governance forming part of this Annual Report.

## Board Committees

Your Company has a duly constituted Audit Committee as per the provisions of Section 177 of Companies Act, 2013 and provisions of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Board of Directors have constituted five other committees namely - Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Finance Committee and Corporate Social Responsibility Committee which enables the Board to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of its responsibilities.

The Board of Directors had constituted two committees with specific objectives, namely - Sub-Committee for Investment in Mutual Fund Sector (which was dissolved by the Board on May 4, 2016) and Allotment Committee (comprising of Independent Directors) for allotment of warrants convertible into equivalent number of equity shares of ₹ 10/- each, to the promoter group entity (which was dissolved by the Board on October 17, 2016)

The details of the composition of the Audit Committee alongwith that of other Board committees and other details including their respective terms of reference are included in the Report on Corporate Governance forming part of this Annual Report.

The Audit Committee and other Board Committees meet at regular intervals and ensure to perform the duties and functions as entrusted upon them by the Board.

## RELATED PARTY TRANSACTIONS

The Company in terms of the applicable provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 obtains prior approval of the Audit Committee before entering into any related party transaction. Approval of the Board of Directors in terms of Section 188 of the Companies Act, 2013 is also obtained for entering into Related Party Transactions by the Company, wherever applicable. A quarterly update on the related party transactions is provided to the Audit committee and the Board of Directors for their review and consideration.

During the financial year under review, the Company entered into one material related party transaction, the detailed disclosure of the same has been provided in Form AOC -2 as per the requirements of the Companies Act, 2013 and rules made thereunder which forms part of this Board's report as "Annexure -7".

All other related party transactions entered into by the Company in the ordinary course of business at arm's length basis are mentioned in the notes to the accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2017.

There were however, no materially significant related party transaction(s) entered by the Company with any of its Independent directors or senior management personnel or their relatives that may have potential conflict with the interest of the Company at large.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURT OR TRIBUNALS

There were no significant and material orders passed by any Regulator or Court or Tribunal which would impact the going concern status of the Company and its future operations. Also, there were no penalties imposed on the Company by any regulator (including NHB).

## **INTERNAL AUDIT & INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

Your Company has an Internal Audit Department, which conducts comprehensive audit of functional areas and operations of the Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The audit function maintains its independence and objectivity while carrying out assignments. For ensuring independence of audits, the Internal Auditor reports directly to the Audit Committee of Board of Directors. The function also proactively recommends improvement in policies and processes and suggests streamlining of controls against various risks.

The Audit Committee and Board of Directors have approved a documented framework for the internal financial control to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information and disclosures. The Audit Committee periodically reviews and evaluates the effectiveness of internal financial control system.

## **SECRETARIAL AUDIT REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed Mrs. Jayshree S. Joshi Proprietress of M/s Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai, to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017, forms part of this Board's report as "Annexure-8". The said report does not contain any qualification, reservation or adverse remark.

## **STATUTORY AUDITORS**

M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration Number 101720W) were appointed as the Statutory Auditors by the Members of the Company at the Thirty Second (32nd) Annual General Meeting held on July 20, 2016, to hold office from the conclusion of the 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting of the Company (subject to ratification of the

appointment by the Members at every subsequent Annual General Meeting), in accordance with the provisions of the Companies Act, 2013.

Based on the recommendation of the Audit Committee, the Board of Directors, at their meeting held on May 3, 2017, recommended the ratification of appointment of M/s. Chaturvedi & Shah, Chartered Accountants as the Statutory Auditors of the Company and that the necessary resolution in this respect is being included in the notice of the Thirty Third (33rd) Annual General Meeting for the approval of the Members of the Company. M/s. Chaturvedi & Shah has furnished written consent and a confirmation to the effect that they are not disqualified to be appointed as the Statutory Auditors of the Company in terms of the provisions of Companies Act, 2013 and rules framed thereunder.

## **Notes to Accounts and Auditors Report**

The notes to the accounts referred to in Auditors Report are self-explanatory and do not call for any further comments. The Statutory Auditors Report on the financial statements for the financial year 2016-17 does not contain any qualification, reservation or adverse remark.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors would like to inform that the audited (standalone) financial statements for the financial year ended March 31, 2017 are in conformity with the requirements of the Companies Act, 2013 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These financial statements have been audited by M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration Number 101720W), the Statutory Auditors of the Company.

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,

- 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual financial statements on a going concern basis;
  - (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
  - (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **REPORT ON CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, a separate section titled 'Management Discussion and Analysis' forms part of this Annual Report.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled 'Report on Corporate Governance' forms part of this Annual Report which also includes certain disclosures that are required, as per Companies Act, 2013.

The certificate by the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Board's report as "Annexure-9". The said certificate for the financial year 2016-17 does not contain any qualification, reservation or adverse remark.

## **BUSINESS RESPONSIBILITY REPORT**

Pursuant to Regulation 34 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, a separate section titled 'Business Responsibility Report (BRR)' forms part of this Annual Report which describes the Company's performance and activities from environmental, social and governance perspective. The BRR is also available on the website of the Company at URL: <http://www.dhfl.com/wp-content/uploads/2017/06/Business-Responsibility-Report-FY-2016-17.pdf>.

## **EXTRACT OF ANNUAL RETURN**

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2017, in the

prescribed form MGT 9, forms part of this Board's report as "Annexure -10".

## **FUTURE OUTLOOK**

The affordable housing finance industry is at a very exciting stage. The Government's policies and path-breaking initiatives on affordable housing and finance, has opened up significant growth opportunities for your Company. The environment is greatly supportive of growth for your Company to expand towards broad basing financial inclusion across the country. The positive industry outlook, coupled with favorable macroeconomic indicators continue to set your Company on a high growth trajectory. In an era of accelerated growth, your Company believes that its rich heritage, a well-defined vision and unmatched experience in catering to the Lower and Middle Income [LMI] segment will continue to sharpen its competitive advantages. Your Company has embarked upon several new strategic initiatives across marketing, IT which has already started to greater speed of response, higher efficiency and stronger market position. Your Company remains steadfast to maintain its leadership position amongst peers and continue to be regarded as 'the most trusted partner of customers in the LMI and Economically Weaker Section segments, committed to transforming dreams of home ownership into a reality. Your Company looks forward with great excitement to another year of industry-leading growth in financial year 2017-18.

## **ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude to the National Housing Bank, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India), the Company's Customers, Bankers and other Lenders, Members, Debenture holders, Trustees, Depositors and others for their continued support and faith reposed in the Company. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels as their hard work, co-operation and support had enabled the Company to maintain its consistent growth. The Directors would also like to thank the BSE Limited, the National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited and the Credit Rating Agencies for their continued co-operation.

For and on behalf of the Board

**Kapil Wadhawan**

Chairman & Managing Director  
(DIN-00028528)

Place : Mumbai

Dated: May 3, 2017

# Annexure - 1

## to the Board's Report

### FORM AOC- 1

(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of Subsidiaries/Associate Companies/Joint Ventures**

#### **Part A: Subsidiaries**

Sl. No.	Particulars	Details	
1	Name of the subsidiary	DHFL Advisory & Investments Private Limited	DHFL Investments Limited
2	The date since when subsidiary was acquired	DHFL Advisory & Investments Private Limited was not acquired. It was incorporated by the Company on February 12, 2016.	DHFL Investments Limited was not acquired. It was incorporated by the Company on February 13, 2017.
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
4	Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
5	Share Capital - Number - Amount (₹ in Lakh )	7,50,10,000 7,501	10,00,50,000 10,005
6	Reserves & Surplus (₹ in Lakh )	(2,149)	(114)
7	Total Assets (₹ in Lakh )	30,007	2,00,103
8	Total Liabilities (₹ in Lakh )	24,655	1,90,212
9	Investments (₹ in Lakh )	30,000	2,00,052
10	Turnover (₹ in Lakh )	5	-
11	Profit before taxation (₹ in Lakh )	(2,061)	(114)
12	Provision for taxation (₹ in Lakh )	-	-
13	Profit after taxation (₹ in Lakh )	(2,061)	(114)
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	100%	100%

#### Notes:

- Names of subsidiaries which are yet to commence operations - NIL
- Names of subsidiaries which have been liquidated or sold during the year – NIL
- During the year, Company had incorporated wholly owned subsidiary i.e. DHFL Investments Limited ("DIL"). The Financial Statements of DIL for the period ended March 31, 2017 has been prepared only for the Income Tax purpose and for the purpose of relevant disclosure to be made in the Consolidated Financial Statements of the Company as per the provisions of Companies Act, 2013. However, as per the provisions of Section 2(41) of the Companies Act, 2013, the first Annual Financial Statements of the subject wholly owned subsidiary i.e. DIL shall be prepared for the financial year ended March 31, 2018.
- As on March 31, 2017, Company has invested ₹ 10,005 Lakh in equity shares of DIL representing 100% of its equity share capital. DIL has also issued Compulsorily Convertible Debentures to Wadhawan Global Capital Pvt. Ltd. (WGC), a promoter entity of the Company. Company's intention is to liquidate investments in DIL, subject to the favorable market conditions and therefore, in accordance with paragraph 11(a) of Accounting Standard (AS 21) - Consolidated Financial Statements, Company has not consolidated the financial statements of DIL.

## Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associates/Joint Ventures	Aadhar Housing Finance Limited	Avanse Financial Services Limited	DHFL Vysya Housing Finance Limited	DHFL Ventures Trustee Company Private Limited <sup>b</sup>	DHFL Pramerica Life Insurance Company Limited <sup>c</sup>	DHFL Pramerica Asset Managers Private Limited	DHFL Pramerica Trustees Private Limited
1.	Latest audited Balance Sheet Date	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017
2.	Date on which Associate or Joint Venture was associated or acquired	04-05-2010	23-09-2012	02-07-2003	23-02-2006 <sup>a</sup>	18-12-2013	11-08-2015	11-08-2015
3.	Shares of Associate or Joint Ventures held by the company on the year end							
	- Number of Equity Shares	1,49,00,000	1,21,97,522	10,48,989	22,500 <sup>b</sup>	18,70,30,931	54,246,918	50,000
	- Amount of Investment in Associates or Joint Venture (₹ in Lakh.)	1,490	4,988	315	2 <sup>b</sup>	3,107 <sup>c</sup>	3,770	5
	- Extend of Holding	12.37% <sup>e</sup>	36.78%	9.47%	45% <sup>b</sup>	50% <sup>d</sup>	50% <sup>f</sup>	50%
4.	Description of how there is significant influence	Influence in decision-making	Shareholding exceeding 20% of paid-up share capital	Influence in decision-making	Shareholding exceeding 20% of paid-up share capital through the Wholly Owned Subsidiary i.e. DHFL Investments Limited	Influence based on Joint Venture Agreement	Shareholding exceeding 20% of paid-up share capital together with Wholly Owned Subsidiary i.e. DHFL Advisory & Investments Private Limited	Shareholding exceeding 20% of paid-up share capital
5.	Reason why the associate or joint venture is not consolidated	Refer Note "g"	Refer Note "g"	Refer Note "g"	Refer Note "h"	Refer Note "h"	Refer Note "g"	Refer Note "g"
6.	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakh)	2,773	5,158	1,456	2	42,652	6,520	4
7.	Profit / Loss for the year (₹ in Lakh)	4,077	560	2,321	-	6,135	765	(2)
i.	Considered in Consolidation (₹ in Lakh)	569 <sup>e</sup>	206	220	-	3,068	382	(1)
ii.	Not Considered in Consolidation	3,508	354	2,101	-	3,068	383	(1)

Notes :

- a. DHFL Ventures Trustee Company Private Limited became an Associate Company of your Company on February 23, 2006 due to acquisition of shares. Further on March 1, 2017 the said shares were sold by the Company to its wholly owned subsidiary Company i.e. DHFL Investments Limited ("DIL").
- b. During the year under review the Company sold its investment held in DHFL Ventures Trustee Company Private Limited to its wholly owned subsidiary Company i.e. DHFL Investments Limited ("DIL"). Therefore DHFL Ventures Trustee Company Private Limited is an Associate Company through DIL.

- c. During the year under review the Company sold its investment held in DHFL Pramerica Life Insurance Company Limited to its wholly owned subsidiary Company i.e. DHFL Investments Limited ("DIL"). DHFL Pramerica Life Insurance Company Limited is Joint Venture of the Company through DIL. As on March 31, 2017, the Company continues to be a joint venture of DHFL Pramerica by way of its indirect holding through its Wholly Owned Subsidiary i.e. DHFL Investments Limited.
- d. The wholly owned subsidiary of the Company i.e. DHFL Investments Limited holds 50% shareholding of DHFL Pramerica Life Insurance Company Limited.
- e. During the year, stake of the Company has diluted due to the Rights Issue of Aadhar Housing Finance Limited, which was not subscribed to by the Company.
- f. Out of total shareholding in DHFL Pramerica Asset Managers Private Limited, 17.12% is held by the Company directly and remaining 32.88% is held by the Company through its Wholly owned subsidiary "DHFL Advisory & Investments Private Limited".
- g. Accounts have been consolidated therefore reporting under this clause i.e. clause 5 is "Not Applicable".
- h. Refer point number 4 of Part A above and note number 2.2 of notes to the consolidated financial statements for the financial year ended March 31, 2017.

**For Chaturvedi & Shah**

Chartered Accountants  
ICAI FRN : 101720W

**Jignesh Mehta**

Partner  
ICAI MN: 102749

**Kapil Wadhawan**

Chairman & Managing Director  
(DIN - 00028528)

**Santosh R. Sharma**

Chief Financial Officer  
(FCA - 112258)

**Niti Arya**

Company Secretary  
(FCS - 5586)

**Dheeraj Wadhawan**

(DIN - 00096026)

**G. P. Kohli**

(DIN - 00230388)

**V. K. Chopra**

(DIN - 02103940)

**M. Venugopalan**

(DIN - 00255575)

**Vijaya Sampath**

(DIN - 00641110 )

**Directors**

Place: Mumbai

Date: May 3, 2017

## Annexure - 2

### to the Board's Report

**The Statement of disclosure of Remuneration under sub-section 12 of Section 197 of the Companies Act, 2013  
read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

Sl. No.	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2016-17.	<b>Executive Director</b> Mr. Kapil Wadhawan -Chairman & Managing Director - 62.91x <b>Non-Executive Directors</b> Mr. Dheeraj Wadhawan - 3.78x Mr. G.P. Kohli - 4.53x Mr. V.K. Chopra - 3.26x Mr. M. Venugopalan - 3.00x Ms. Vijaya Sampath - 2.53x Dr. Rajiv Kumar - 2.20x
II	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year.	<b>Executive Director</b> Mr. Kapil Wadhawan -Chairman & Managing Director - 35.72% <b>Non-Executive Directors</b> Mr. Dheeraj Wadhawan - 2.84% Mr. G.P. Kohli - 5.22% Mr. V.K. Chopra - 3.82% Mr. M. Venugopalan - 2.31% Ms. Vijaya Sampath - 9.02% Dr. Rajiv Kumar - 44.54% (Refer Note 1) <b>Key Managerial Personnel other than Directors</b> Mr. Harshil Mehta - Chief Executive Officer - 28.73% Mr. Santosh Sharma - Chief Financial Officer - 16.93% Mrs. Niti Arya - Company Secretary (Refer Note 2) 7.63%
III	The percentage increase in the median remuneration of employees in the financial year.	
IV	The number of permanent employees on the rolls of the Company.	2,881 (as on March 31, 2017)
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The median percentage increase made in the salaries of employees other than the Key Managerial Personnel was 8% while the median increase in the salaries of Key Managerial Personnel was 12%. The increase in the remuneration is in line with the Company's Performance appraisal policy.
VI	Affirmation that the remuneration is as per the Remuneration Policy of the Company.	It is hereby affirmed that the remuneration is as per the Nomination (including Board's Diversity), Remuneration and Evaluation Policy of the Company.

Note :-

1. Dr. Rajiv Kumar was appointed as an Additional Director (Independent Director) w.e.f. August 7, 2015. Therefore percentage increase in his remuneration in current financial year is proportionately higher.
2. The percentage increase in the remuneration of Company Secretary in the current financial year as compared to previous financial year is negative, since the remuneration of Company Secretary for the previous financial year included the value of stock options exercised. However, the percentage increase in her remuneration for the current financial year including Salary, value of other Perquisites with respect to ESARs exercised and contribution to Provident Fund (excluding the value of stock options) was 29.21%.

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN-00028528)

Date : May 3, 2017

Place : Mumbai

## Annexure - 3

### to the Board's Report

**Disclosures in the Board's Report pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended**

- A. Relevant Disclosures in terms of the 'Guidance Note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India (ICAI) has been made in notes to accounts of the financial statements for financial year 2016-17.
- B. Diluted EPS on issue of shares pursuant to the various Schemes/Plan

Diluted earnings per share pursuant to the issue of share on exercise of options calculated in accordance with AS - 20, "Earnings Per Share"	Diluted earnings per share of the company calculated after considering the effect of potential equity shares arising on account of exercise of options/ESARs is ₹ 95.44
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**A. The details of employee stock options as on March 31, 2017 under the DHFL Employee Stock Option Scheme 2008, DHFL Employee Stock Option Scheme 2009 (Plan II) and DHFL Employee Stock Option Scheme 2009 (Plan III) are given below:**

Sl. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2009 (PLAN II) (*)	ESOP Scheme 2009 (PLAN III)
1	Date of Shareholder's approval	July 23, 2007	July 23, 2007	July 23, 2007
2	Total Number of Options approved	Remuneration and Compensation Committee at its meeting held on May 30, 2008 approved a grant of 14,22,590 options (pre-bonus) to the eligible employees of the Company.	Remuneration and Compensation Committee at its meeting held on November 25, 2009 approved a grant of 12,75,000 options (pre-bonus) to the eligible employees of the Company.	Remuneration and Compensation Committee at its meeting held on October 22, 2010 approved a grant of 12,34,670 options (pre-bonus) to the eligible employees of the Company.
3	Vesting requirement	Options granted under ESOS 2008 vested in not less than one year and not more than five years from the date of grant of such Options in the ratio of 20:20:20:40. Vesting of Options was a function of continued employment with the Company.	Options granted under ESOS Scheme 2009 (Plan II) vested in not less than one year and not more than four years from the date of grant of such Options in the ratio 30:30:40. Vesting of Options was a function of continued employment with the Company.	Options Granted under ESOS Scheme 2009 (Plan III) vested in not less than 18 months and not more than four years from the date of grant of such Options in the ratio 30:30:40. Vesting of Options was a function of continued employment with the Company.
4	Exercise Price or Pricing Formula	The exercise price was decided by the Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) to be the closing market price of the equity shares preceding the date of grant of options on the Stock Exchange having higher trading volume on which the shares of the company are listed.	The exercise price was decided by Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) as ₹ 141/- per option. Consequent to the Bonus issue, the exercise price is ₹ 70.50 per option	The exercise price was decided by Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) as ₹ 141/- per option. Consequent to the Bonus issue, the exercise price is ₹ 70.50 per option

Sl. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2009 (PLAN II) (*)	ESOP Scheme 2009 (PLAN III)
	The grant price was re-priced as on March 31, 2009 with the approval of the Members of the Company and the exercise price is ₹ 53.65 per option. Consequent to the Bonus issue, the exercise price is ₹ 26.83 per option			
5	Maximum term of Options granted [Exercise Period]	Expire at the end of five years from the date of vesting	Expire at the end of three years from the date of vesting	Expire at the end of three years from the date of vesting
6	Source of shares	Primary issuance	Primary issuance	Primary issuance
7	Variation in terms of ESOP	There were no variations except for repricing as mentioned at Point No. 4 above	N.A.	N.A.

The movement of options during the year are as follows:

Sl. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2009 (PLAN II) (*)	ESOP Scheme 2009 (PLAN III)
1	Number of options outstanding at the beginning of the year	35,560	-	2,00,000
2	Number of options granted during the year	-	-	-
3	Number of options issued due to Bonus during the year	-	-	-
4	Number of options forfeited / lapsed during the year	3,180	-	-
5	Number of options Vested during the year	-	-	2,00,000
6	Number of options Exercised during the year	-	-	-
7	Number of shares arising as a result of exercise of options	-	-	-
8	Money realized by exercise of options (₹ in Lakh)	-	-	-
9	Loan Repaid to Trust	NA	NA	NA
10	Number of options outstanding at the end of the year	32,380	-	2,00,000
11	Number of options exercisable at the end of the year	32,380	-	2,00,000

(\*) DHFL Employee Stock Option Scheme 2009-Plan - II became effective from November 25, 2009 and as per the terms of the Scheme it has become inoperative with effect from November 25, 2015.

#### Employee-wise details of Options granted to:

- (i) Key managerial personnel

Name of Employee	Designation	No. of Options granted during the year	Exercise Price (₹)
NA	NA	NA	NA

- (ii) Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year

Name of Employee	Designation	No. of Options granted during the year	Exercise Price (₹)
NA	NA	NA	NA

- (iii) Identified employees who were granted Options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name of Employee	Designation	No. of Options granted during the year	Exercise Price (₹)
NA	NA	NA	NA

**Diluted Earnings Per Share pursuant to issue of shares on exercise of options/SAR** ₹ 95.44  
**calculated in accordance with Accounting Standard (AS) 20**

**Method used for Accounting of ESOP's:** Intrinsic Value Method

The impact on the profits and EPS of the fair value method is given in the table below -

	₹	₹
Profit as reported (₹ in Lakh)		2,89,645.00
Add - Intrinsic Value Cost		Nil
Less - Fair Value Cost		Nil
Profit as adjusted		Nil
Earning per share (Basic) as reported		95.76
Earning per share (Basic) adjusted		95.47
Earning per share (Diluted) as reported		95.44
Earning per share (Diluted) adjusted		95.15

**Weighted average exercise price of ESOPs whose**

(a) Exercise price equals market price	NA
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

**Weighted average fair value of ESOPs whose**

(a) Exercise price equals market price	NA
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

**Method and Assumptions used to estimate the fair value of options granted during the year:**

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model on a weighted average basis are as follows:

Sl. No.	Particulars	
1.	Risk Free Interest Rate	
2.	Expected Life	
3.	Expected Volatility	No options have been granted by the Company during the year.
4.	Dividend Yield	
5.	Price of the underlying share in market at the time of the option grant (₹)	

**B. The details of Employee Stock Appreciation Rights as on March 31, 2017 pursuant to DHFL Employee Stock Appreciation Rights Plan 2015 are given below:**

Sl. No.	Particulars	ESAR Plan 2015 (Grant I)	ESAR Plan 2015 (Grant II)
1.	Date of Shareholder's Approval	February 23, 2015	February 23, 2015
2.	Total Number of ESARs approved	The Members of the Company have approved 5,146,023 ESARs. During the financial year 2015-16, Company had issued Bonus Equity Shares in the ratio of 1:1. Consequent to the bonus issue total number of ESARs also increased in the same ratio to 10,292,046 ESARs.	
3.	Vesting requirement	ESARs granted under Grant I would Vest after One (1) year but not later than Seven (7) years from the date of grant of such ESARs in the ratio 20: 20:20:20	ESARs granted under Grant II would Vest after One (1) year but not later than Seven(7) years from the date of grant of such ESARs in the ratio 10: 20: 30:40
4.	ESAR Price or Pricing Formula	ESAR price: ₹ 380/- (Rupees Three Hundred and Eighty Only) per ESAR, being calculated after a discount of 20% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant by the Nomination & Remuneration Committee. Consequent to the Bonus issue the exercise price is ₹ 190/- per ESAR.	ESAR price: ₹ 230.80 (Rupees Two Hundred Thirty and Eighty Paise only) per ESAR's being closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on November 16, 2016 by the Nomination & Remuneration Committee.
5.	Maximum term of ESARs granted	To be exercised within a maximum period of 3 years from the date of vesting of such ESARs	To be exercised within a maximum period of 3 years from the date of vesting of such ESARs
6.	Method of Settlement	Equity Shares of the Company	Equity Shares of the Company
7.	Choice of Settlement	Settlement is compulsory in the Equity Shares of the Company	Settlement is compulsory in the Equity Shares of the Company
8.	Source of shares	Primary issuance	Primary issuance
9.	Variation in terms of ESOP	N.A.	N.A.
10.	ESAR's granted	The Nomination and Remuneration Committee granted 15,50,100 ESARs during the previous financial year 2015-16 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.)  During the financial year 2015-16, Company has issued Bonus Equity Shares in the ratio of 1:1. The outstanding options as on the date of Bonus issue were increased in the same ratio i.e. 1:1.	The Nomination and Remuneration Committee granted 2,081,545 ESARs during the current financial year i.e. 2016-17 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.)

The movement of ESARs during the year are as follows:

Sl. No.	Particulars	ESAR Plan 2015 (Grant - I)	ESAR Plan 2015 (Grant - II)
1	Number of ESARs outstanding at the beginning of the year	2,822,000	-
2	Number of ESARs granted during the year	-	2,081,545
3	Number of ESARs issued due to Bonus during the year	-	-
4	Number of forfeited / lapsed during the year	516,840	69,953
5	Number of ESARs vested during the year	388,600	-
6	Number of ESARs exercised / settled during the year	347,200	-
7	Total number of shares arising as a result of exercise of options	124,147	-
8	Money realized by exercise of options (in ₹)	1,241,470	-
9	Number of ESARs outstanding at the end of the year	1,957,960	2,011,592
10	Number of ESARs exercisable at the end of the year	605,800	-

Employee-wise details of ESARs granted (during the year) to:

(i)	Key Managerial Personnel	
	Name	Designation
	Mr. Harshil Mehta	Chief Executive Officer
	Mr. Santosh Sharma	Chief Financial Officer
	Mrs. Niti Arya	Company Secretary
(ii)	Employees who were granted, during any one year, ESAR's amounting to 5% or more of the ESARs granted during the year	
	Name	Designation
	Mr. Harshil Mehta	CEO
(iii)	Identified employees who were granted ESARs, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	
	Name	Designation
	N.A.	N.A.

Diluted Earnings Per Share pursuant to issue of shares on exercise of options/ESARs calculated in accordance with Accounting Standard (AS) 20

₹ 95.44

Method used for Accounting of ESARs : Intrinsic Value Method

The impact on the profits and EPS of the fair value method is given in the table below

	₹	₹
Profit as reported (₹ in Lakh)		2,89,645.00
Add - Intrinsic Value Cost (₹ in Lakh)		753.03
Less - Fair Value Cost (₹ in Lakh)		2,087.92
Profit as adjusted		(1,334.89)
Earning per share (Basic) as reported		95.76
Earning per share (Basic) adjusted		95.47
Earning per share (Diluted) as reported		95.44
Earning per share (Diluted) adjusted		95.15

**Weighted average exercise price of ESARs whose**

(a) Exercise price equals market price	₹ 230.80
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

**Weighted average fair value of ESARs whose**

(a) Exercise price equals market price	₹ 104.26
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	NA

Method and Assumptions used to estimate the fair value of ESARs granted during the year:

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model on a weighted average basis are as follows:

Sl. No.	Particulars	
1.	Risk Free Interest Rate	6.36%
2.	Expected Life	4.50
3.	Expected Volatility	44.84%
4.	Dividend Yield	3.48%
5.	Price of the underlying share in market at the time of the option grant	₹ 229.80

**Other details**

- 1) Weighted Average Market Price on the date of Exercise is ₹ 299.33
- 2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2017

Particulars	ESAR Plan 2015 (Grant - I)	ESAR Plan 2015 (Grant - II)
Remaining Contractual life for unvested ESARs outstanding at the end of the year (yrs)	4.28	5.64
Remaining Contractual life for ESARs exercisable at the end of the year (yrs)	2.72	-

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN-00028528)

Date : May 3, 2017

Place : Mumbai

# Annexure - 4

## to the Board's Report

### RELATED PARTY TRANSACTION POLICY

#### 1. Preamble

In terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Section 188 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors (the "Board") of Dewan Housing Finance Corporation Limited (the "Company" or "DHFL"), have basis the recommendations of the Audit Committee Members framed and adopted the Related Party Transaction Policy ["Policy" or "this Policy"] with effect from October 1, 2014, which defines and lays down the procedures with regard to Related Party Transactions. This policy aims to regulate transactions between the Company and its Related Parties, based on the laws and regulations applicable to the Company.

#### 2. Objective

The objective of this Policy is to regulate transactions with related parties and ensure transparency between them. It sets out the materiality thresholds for related party transactions and the manner of dealing with such transactions in accordance with the provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 3. Definitions

**"Act"** means the Companies Act, 2013 and rules made thereunder and includes any amendment(s)/ modification(s) thereof.

**"Arms Length Transaction"** means transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

**"Audit Committee/Committee"** means Committee of Board of Directors of the Company constituted as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

**"Key Managerial Personnel"** (as defined in Section 2(51) of the Companies Act, 2013), in relation to the Company, means –

- i. Chief Executive Officer or the Managing Director or the Manager
- ii. Company Secretary
- iii. Whole Time Director
- iv. Chief Financial Officer and

- v. Such other officer as may be prescribed by the Government.

**"Policy"** means Related Party Transaction Policy.

**"Material Related Party Transaction(s)"** means transaction/ transactions with the related party to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the company."

**"Related Party"** as defined under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, shall mean a related party as defined under sub-section (76) of Section 2 of the Companies Act, 2013 or under the applicable accounting standards

Section 2(76) of the Companies Act, 2013, as referred above, defines Related Party as —

- i. A Director or his relative;
- ii. A Key Managerial Personnel or his relative;
- iii. A firm, in which a director, manager or his relative is a partner;
- iv. A private company in which a director or manager or his relative is a member or director;
- v. A public company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- vi. Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; [Except advice, directions or instructions given in a professional capacity]
- vii. Any person on whose advice, directions or instructions a director or manager is accustomed to act. [Except advice, directions or instructions given in a professional capacity]
- viii. Any company which is a holding, subsidiary or an associate company of such company; or a subsidiary of a holding company to which it is also a subsidiary.
- ix. A director other than an Independent Director or Key Managerial Personnel of the holding Company or his relative with reference to a Company.

**"SEBI Listing Regulations"** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any statutory modification(s)/ amendment(s) thereof.

**"Relative"** as per section 2 (77) of the Companies Act, 2013, with reference to any person, shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:-

- i. Father, includes step-father.
- ii. Mother, includes step-mother.
- iii. Son, includes step-son
- iv. Son's wife.
- v. Daughter.
- vi. Daughter's husband.
- vii. Brother, includes step-brother.
- viii. Sister, includes step-sister.
- ix. Are members of a Hindu Undivided Family
- x. They are Husband and wife.

**"Related Party Transaction"** shall mean to include:

- a. Transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract;
- b. Contracts or arrangements entered into with related party for:
  - i. Sale, purchase or supply of any goods or materials;
  - ii. Selling or otherwise disposing of, or buying, property of any kind;
  - iii. Leasing of property of any kind;
  - iv. Availing or rendering of any services;
  - v. Appointment of any agent for purchase or sale of goods, materials, services or property;
  - vi. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  - vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

*Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law or regulation(s).*

#### 4. Terms of the Policy

- 4.1 All the Related Party Transactions proposed to be entered by the Company shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall recommend the Related Party Transaction(s) for the approval of Board of Directors/ Shareholders as per the terms of this policy and the applicable provisions/ regulations of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 respectively or any amendment(s) / modification (s) thereto.
- 4.2 The Related Party Transactions entered into in the ordinary course of business and transacted at arms' length shall not require approval of the Board of Directors. However, all related party transactions to be entered by the Company shall require prior approval of the Audit Committee.
- 4.3 All the Material Related Party Transaction and Related Party Transactions as defined under Section 188 (1), exceeding the threshold limits prescribed under Rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, as detailed under Clause 4.4. below, shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of a resolution.
- 4.4 Transactions as prescribed under Rule 15(3) of the Companies (Meeting of Board and its Powers) Rules, 2014, includes the transactions/ contracts/ arrangements as follows :
  - a. Contracts or arrangements with respect to clauses (a) to (e) of Section 188 (1) of Companies Act, 2013 with criteria as mentioned below:
    - i. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
    - ii. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
    - iii. Leasing of property of any kind amounting to ten percent or more of the net worth of the company or ten percent or more of turnover

- of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
  - iv. Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013.
- These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
- b. Contracts or arrangements with respect to Clause (f) of Section 188 (1) wherein a related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company is at a monthly remuneration exceeding two and a half lakh rupees.
  - c. Contracts or arrangements with respect to Clause (g) of Section 188 (1) wherein such related party receives a remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.

## 5. Procedures

### a. Review and approval of Related Party Transactions by Audit Committee Members

- Audit Committee shall review all the potential proposed Related Party Transactions, to ensure that no conflict of interest exists and evaluate it from the perspective of Arms' Length Pricing.
- Any member of the Audit Committee who has an interest in the transaction under discussion shall abstain from voting on the approval of the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.
- Audit Committee shall have all the rights to call for information/documents in order to understand the scope of the proposed related party transactions and devise an effective control system for the verification of supporting documents.
- The Audit Committee shall be provided with the following information and details pertaining to each proposed related party transactions/ contracts –
  - i. The name of the related party and nature of relationship;
  - ii. The nature, duration of the transaction / contract or arrangement and particulars of the transaction/ contract or arrangement;
  - iii. The material terms of the transaction/contract or arrangement including the value and / or the maximum amount for which the same is proposed to be entered into ;
  - iv. Any advance paid or received for the transaction / contract or arrangement, if any;
  - v. The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part of the same;
  - vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered.
  - vii. The rationale for not considering the relevant factors; and
  - viii. Any other information relevant or important for the Audit/ Board to take a decision on the proposed transaction.
- The Audit Committee shall while reviewing the Related Party Transaction, consider all the relevant information/ facts submitted to it, including but not limited to the (a) Commercial or business reasonableness of the terms of the subject transaction so as to analyse that transaction is on an arms' length basis, benchmarking the same with the information and /or drawing reference to the information that may have a bearing on the arms' length analysis. eg: industry trends, certificate from an independent auditor, valuation reports, third party comparables, publications or quotations. etc. (b) availability and / or the opportunity cost of the alternate transactions (c) materiality and interest (direct/ indirect) of the related party in the subject transaction, (d) actual or apparent conflict of interest of the Related Party, (e) If the Related party is an Independent Director then the Audit Committee shall also consider the impact of the said Related Party Transaction on the Director's independence.
- Upon completion of its review of the transaction, the Audit Committee may determine whether to allow or disallow from entering into the Related Party Transaction. The Audit Committee shall also have the right to suggest any modification(s) in the proposed related party transaction.
- The Audit Committee, if considers it appropriate, can also propose modification/s in the approved related party transaction subsequently.

### b. Omnibus Approval of Related Party Transactions

The Audit Committee may grant omnibus approval, pertaining to the transactions in the ordinary course of business, transactions for support service/ sharing of services with Associates Companies, Sub Lease of Office Premises or Office Sharing arrangement with Associate Companies or any other transactions or arrangements as it may deem appropriate, being proposed to be entered into on arms' length basis, subject to the following conditions.

- i. The Audit Committee shall grant omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
- ii. The Audit Committee shall satisfy itself in respect of the need for such omnibus approval and that such approval is in the interest of the company;
- iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions or criteria's, as the Audit Committee may deem fit;  
However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction.
- iv. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
- v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

### c. Review and approval of Related Party Transactions by Board of Directors

- In case the Audit Committee determines that the Related Party Transaction requires the approval of the Board of Directors or Shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the Board of Directors for its approval alongwith all the relevant information/ documents pertaining to the same.

- The Board shall review the Related Party Transaction and recommendations of the Audit Committee, if any, and shall have the authority to call for such additional information as it may deem appropriate and may approve with or without modification(s) or reject the proposed related party transaction as per the terms of this policy and other applicable regulatory provisions.

- In case, the Board determines that the Related Party Transaction requires approval of the shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the shareholders for its approval alongwith all the relevant information/ documents pertaining to the same, as per the appropriate regulatory provisions.

- d. All Material related party transaction(s) to be entered into between the Company and its Wholly owned Subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval, shall not require approval of the Shareholders.

- e. Approval of the Audit Committee /Board of Directors shall be required incase of any subsequent amendment/ modification/renewal, in the terms of the earlier approved Related Party Transaction, as the case may be.

### 6. Disclosures

- Every Director of a Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—
  - (a) With a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
  - (b) With a firm or other entity in which, such director is a partner, owner or member, as the case may be, shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- Each Director, Key Managerial Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives.
- The Related Party Transaction entered into with the related party/ies shall be disclosed in the Director's Report / Annual Report as per the disclosure requirement(s) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.  
Material Transactions exceeding the threshold limits as prescribed under Rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall be disclosed under "Details of material contracts or arrangements or transactions at arms' length" in Form no. AOC-2 as a part of the Directors Report, as prescribed under Companies Act, 2013.
- The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the provisions of the Companies Act, 2013 and rules framed thereunder.
- All entities falling under the definition of related parties shall abstain from voting at the Board Meeting or at Annual General Meeting irrespective of whether the entity is a party to the particular transaction/ contract / arrangement or not.
- This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.

- Quarterly/periodical updates shall be provided to the Audit Committee members on the related party transactions entered by the Company.
- Details of all Material Related Party transactions with its related parties shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 7. Ratification

If any contract or arrangement is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or approval by a resolution in the general meeting as per the provisions of Section 188 (1) of the Companies Act, 2013 and if it is not ratified by the Board and/or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

However, the above provisions for ratification shall not apply to the Material Related Party Transactions.

## 8. Amendments

- The Audit Committee shall periodically review, propose modifications/ amendments, if deemed necessary, to this policy which shall be subject to the approval of the Board of Directors.
- In the event of any conflict between the provisions of this Policy, Act or SEBI Listing Regulations or any other statutory enactments/rules/laws, the provisions of such Act/Regulations or any other statutory enactments/rules/laws would prevail over this Policy.

# Annexure - 5

## to the Board's Report

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FINANCIAL YEAR 2016-17

**1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and Programmes/ Projects.**

The Company's Corporate Social Responsibility Policy, initially formulated in October 2012, and last revised and approved on April 30, 2014 by the Company's Board of Directors, aligns with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

The Policy encompasses the Company's philosophy for delineating its responsibility as a Corporate Citizen and offers guidelines and mechanisms for undertaking socially useful programmes, for the welfare and sustainable development of the community and society at large. The Company is determined to undertake CSR activities strategically, systematically and more thoughtfully and encourage community development as against institutional building. The Company believes in delivering impactful solutions in collaboration with the community, government, like-minded corporate entities and social purpose organisations.

The Company in accordance with this policy and its business motto of 'Changing Rules, Changing Lives' has extended its philosophy to the social commitments by implementing programmes that promote education and create livelihood opportunities amongst marginalised communities, to uplift their lives. Financial Literacy and Inclusive Growth remain integral to all programmes and is included appropriately as a part of implementation of each programme. In alignment with this, the CSR Committee of the Board approved 4 core areas for identification of programmes/ projects amongst other programmes like environment protection, extension of medical facilities, health awareness etc, as detailed hereunder:

**i. Early Childhood Care and Education (ECCE)**

ECCE covers programmes for kids from prenatal to six years of age; and caters to their needs in all domains of development i.e. physical, motor, language, cognitive, socio- emotional, and creative and aesthetic appreciation, and ensures synergy with health and nutrition. This programme is delivered through Anganwadi centres (courtyard centres) as a part of the Integrated Child Development Services (ICDS) by the Ministry of Women and Child Development.

The Company has undertaken a transformation initiative to enhance the outcome of ECCE programme, through Anganwadis (courtyard centres), covering education, nutrition & health (RMNCH+A), infrastructure & WASH.

The programme, further supports stakeholder empowerment with forward & backward linkages and safety net for Anganwadi Workers through Self Help Group formations.

The Company has implemented this programme in partnership with the Department of Women and Child Development (WCD), Government of Maharashtra, through adoption of 996 Anganwadi centres in Palghar & Vasai Talukas of Palghar District, Maharashtra. The Programme impacts 50,000+ children and 30,000+ women and girls in these locations.

**The ECCE programme has the below three components:**

- **Education:** Build the capacity of Child Development Project Officers (CDPO), Supervisors, Anganwadi Workers and Sevikas to deliver pre-school education
- **Nutrition & Health (RMNCH+A):** Supplement government's nutritional efforts basis

gap analysis and cater to the health care requirements of children, pregnant mothers, lactating mothers and adolescent girls in the community.

- **Infrastructure & Wash:** Undertake repairs and renovation of Anganwadis, provision of safe drinking water facility, toilets, etc. and establish a replicable 'model' of Anganwadi centre.

### ii. Skill Development

The Company delivers skilled programmes to youth from vulnerable populations, to empower them and create an ecosystem ensuring sustainable livelihoods. The programme is delivered through DHFL Skill Development Centres, in Kolhapur and Chandrapur.

This programme aims to train youth in the following traits:

- Business Correspondent – 500
- Loan Approval Officer – 500
- Mason – 250
- Carpenter – 250
- Electrician – 250
- Plumber – 250

The Centres are equipped to train 2000+ youth per year in the above trades.

The programme includes on-job trainings (OJTs) and ensures a minimum of 70% placement of the trained youth and post placement assistance for 6 months. The programme also creates linkages to various government welfare schemes like Mudra loans for self-employment.

The programme is deepening its impact through collaborations with gram panchayats, industrial bodies, corporate entities and developers for placement and up-skilling.

### iii. Village Transformation with focus on Drought mitigation

This is a holistic programme for water conservation and prevention of soil erosion, enabling village transformation, through supporting initiatives in multi cropping, village infrastructure development and environment issues.

The programme aims to address short term and long term measures to mitigate the cause and effects of drought, thus alleviating poverty and implementing a comprehensive rural development programme. The Company has adopted five villages namely Babhulgaon,

Chincholi, Darella Dari, Nandra and Waghola for a three-year intervention, covering following key areas:

- Soil and Water Conservation
- Livestock Management
- Sustainable agriculture practices
- Sustainable community groups – Self Help Groups, Farmer Producing Organisations etc.
- Health and Sanitation in community 20,000+ farmers / villagers are impacted through this programme.

### iv. Financial Literacy & Inclusive Growth

The Company has conceptualised and implemented a comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing , promoting Pradhan Mantri Awas Yojana.

This programme focuses on building community capacity through help centers & volunteers and facilitating skill development, livelihood linkages & linkages to various government welfare schemes; impacting 10,000 lives till August 2017 in urban slums of Jaipur, Rajasthan.

The Company has appointed a professional Project Management Unit named Samhita Social Ventures Ltd to undertake programme identification and evaluation, identification and diligence of implementation partners and enabling online monitoring tools to track progress of each programme at defined stages.

The CSR Policy of the Company has been outlined and uploaded on the Company's website and can be accessed at URL- <http://www.dhfl.com/about-us/corporate-social-responsibility/csr-policy/>. The details of the Company's CSR Projects/Programmes are available at URL- [www.dhfl.com/about.us/corporate-social-responsibility/csr-initiatives/](http://www.dhfl.com/about.us/corporate-social-responsibility/csr-initiatives/).

## 2. Composition of CSR committee of the Board of Directors

The CSR committee of Board comprises of the following Directors:

Mr. G.P. Kohli	Chairman (Independent Director)
Mr. V. K. Chopra	Member (Independent Director)
Mr. Kapil Wadhawan	Member (Chairman & Managing Director)

The CSR committee has also constituted a CSR Management Committee which works under the guidance of the CSR Committee of the Board in implementing approved programs. The Chairman & Managing Director oversees the working of this management committee.

**3. Average net profits of the company for last three (3) financial years is as detailed hereunder:**

Financial Year	Net Profits (₹ in Crore) (as per Section 135 of the Companies Act, 2013)
Financial Year 2013-14	736.26
Financial Year 2014-15	943.62
Financial Year 2015-16	1,101.45

The average net profit of the Company for the past 3 years was ₹ 927.11 crore

**4. Prescribed CSR expenditure (2% of amount as in item no. 3 above )**

The prescribed CSR expenditure at 2% of the amount for FY 2016-17 was ₹ 18.54 crore.

**5. Details of CSR spent during the financial year.**

- a. Total Amount to be spent for the financial year : The prescribed CSR expenditure as per provisions of the Companies Act, 2013 for financial year 2016-17 was ₹ 18.54 crore.
- b. Amount unspent: The Company in this current financial year has spent an amount of ₹ 8.83 crore on its flagship/ identified programmes. This includes ₹ 0.46 crore towards the administrative expenses which is well within the limits prescribed under the Companies Act, 2013. The balance committed funds/ budgeted spent under the identified programmes is ₹ 4.22 crore. Thus, the total amount spent/ committed (budgeted) for Financial Year 2016-17 amounts to ₹ 13.05 crore.

c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes Local Area or Others	Specify the State and District where projects or programmes were undertaken	Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY16-17 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2017 (₹)	Amount spent: Direct or through implementing agency
1	<b>Supporting Early Childhood Care and Education (ECCE) through Anganwadis</b> - A transformation initiative through education, Anganwadis, covering nutrition & health (RMNCH+A), infrastructure & WASH. - Supports stakeholder empowerment with forward & backward linkages and safety net for Anganwadi Workers through SHG formations.	Early Childhood Care and Education	Local Area	Maharashtra (Vasai and Palghar Thane District)	over a period of 12 months	6 crore	1.71 crore	2.56 crore Implementation Partner: Grammangal Innovation in Learning
2	<b>Skill Development</b> Development of Skills in BFSI sector and Construction sector through NSDC accredited Skill Development Programme	Skill Development	Local Area	Kolhapur and Chandrapur District in Maharashtra	3.05 crore over a period of 12 months	1.76 crore	3.03 crore	Implementation Partner: SEED CSR, Collective Good & BRISC-CARR
3	<b>Village Transformation through focus on Drought Mitigation</b> This program is a holistic intervention towards alleviating poverty and implementing a comprehensive rural development program, covering ■ Soil and Water Conservation ■ Livestock Management ■ Sustainable agriculture practices ■ Sustainable community groups – Self Help Groups, Farmer Producing Organisations etc. ■ Health and Sanitation in community	Village Transformation	Local Area	5 Villages in Phulambri Block - Aurangabad, Maharashtra	7.66 crore over a period of 3 years	1.11 crore	2.38 crore	Implementation Partner: Dillas Jhanvikas Pratishthan
4	<b>Financial Literacy &amp; Inclusive Growth</b> A comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing, promoting Pradhan Mantri Awas Yojana.	Slum Development	Local Area	Jaipur, Rajasthan	1.20 crore starting March 2016 till September 2018	0.4 crore	0.81 crore	Saath Livelihoods
5	<b>Akshaya Patra Foundation Assam unit</b> The mission of this program is to ensure that every child attends school and is provided tasty, nutritious, wholesome mid-day meal. The Company intends to continue support and cover 20,000+ students across 266 schools in Guwahati - Assam.	Education	Local Area	Guwahati (Assam)	3 crore over a period of 2 years	1.5 crore	3 crore	Akshaya Patra Foundation

Sl. No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes Local Area or Others and District where projects or programmes were undertaken	Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY16-17 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2017 (₹)	Amount spent: Direct or through implementing agency
6	<b>Aim For Seva sponsorship of students under free students home program in Andhra Pradesh and Tamil Nadu units</b>  This programs aims to implement the concept of Students Home, a free home facility in the vicinity of an existing school. Free students' home, free shelter, food, clothing and access to school and additionally to provide a value education, life skills, IT skills and extracurricular activities. The said program has been implemented and the Company has taken up the responsibility of two free students center at Nandayal in the State of Andhra Pradesh having 54 students and Anailkatti in Coimbatore in the State of Tamil Nadu having 50 students, totaling to 104 students starting 2016-17.	Education	Local Area Nandayal in Andhra Pradesh and Anailkatti- Coimbatore in Tamil Nadu	0.62 crore over a period of 2 years	0.31 crore	0.62 crore	AlM for SEVA Society
7	<b>Yusuf Meherally Centre (YMC)</b>  This program seeks to enable quality education among Tribal Children through improved infrastructure and funding operating expenses for teaching and support staff to sustain the program. YMC since 1961 is engaged in education, health care, empowering women and adivasis; organizing youth, environmental protection, re-employment generation, popularizing the values of freedom movement and relief activities across eight different states. The Company has initiated to extend support for renovation of the infrastructure of tribal girls hostel and recruiting manpower for a junior college in Tara village, Raigad District. This program will benefit 3 schools, 9 non - teaching staff, 11 teachers and 800 children.	Education	Local Area Tara village, Raigad District, Maharashtra	0.32 crore	0.13 crore	0.32 crore	Yusuf Meherally Center

Sl. No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered		Projects or Programmes Local Area or Others	Specify the State and District where projects or programmes were undertaken	(budget) project or programmes wise (₹)	Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY16-17 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2017 (₹)	Amount spent: Direct or through implementing agency
8	<b>Connect Ed Enabling digital teaching aids to government run rural schools</b> Smart Classroom' solution which makes use of portable projectors and surround-sound systems to introduce impactful audio-visual content into rural classrooms thereby enriching the learning experience in rural classrooms. The Company seeks to support 60 class rooms of 6 class each in 10 schools at 'Palghar' Takuka in Maharashtra. The CSR expenditure is utilized for audio visual equipments for each class and content development of Board approved syllabus. Hard ware has been installed and the trial run has commenced.	Education	Local Area	Palghar district, Maharashtra.		0.82 crore	0.59 crore	0.82 crore	0.82 crore	Direct
9	<b>Dr. Mane's Medical Foundation and Research Center</b> Dr. Mané's Medical Foundation and Research Center provides ambulance support for conducting Rural Medical Camps. The Company has financed a multi utility mini bus as a facility to carry out free cancer detection camps in rural areas and emergency relief operations with the required support equipments.	Health Care including Preventive Health care	Local Area	Rahuri, Ahmednagar District, Maharashtra.		0.18 crore	0.04 crore	0.04 crore	0.18 crore	Dr Mané's Medical Foundation & Research Centre
10	<b>Bharat Vikas Parishad towards Gramin Adivasi Vidhyalaya, Mira Road , Dist. Thane</b> Gramin Adivasi Vidhyalaya is a tribal school at the outskirts of Mumbai established in 1947 and caters to Tribal and poor children. This school caters to primary and secondary education and is operated with Municipal support through grant for salaries. The programs aim to renovate one school block with proper ventilation and other amenities.	Education	Local Area	Mira Road, Thane District, Maharashtra.		0.16 crore	0.16 crore	0.16 crore	0.16 crore	Bharat Vikas Parishad

Sl. No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes Local Area or Others	Specify the State and District where projects or programmes were undertaken	Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY16-17 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2017 (₹)	Amount spent: Direct or through implementing agency
11	<b>WLCC (World Center for Creative Learning) Foundation</b> WLCC is an institution which has pioneered the establishment of arts-based therapy in India by developing the model, researching and training others to practice and research in diverse field settings (from Community work to Hospitals). It is also very effective in engaging people with physical and mental disorders Under this programme the Company extended its support in training 30 practitioners in 2016-17 who will practice the ABT across the country in community work at jails, hospitals and schools for differentially able. The programme also supported training of ABT Educators or master trainers, as a part of the two year period between FY17 & FY18.	Health Care including Preventive Health care	PAN - India -		0.17 crore	0.13 crore	0.17 crore	WLCC Foundation
12	<b>Environment awareness &amp; protection</b> Awareness drives & campaigns to promote 'reduce', 'recuse' and 'recyle' as three pillars of environmental activities.	Environment Protection	Local Area	Mumbai, Maharashtra	0.36 crore over FY15, FY16 & FY17	0.18 crore	0.36 crore	Akshan Foundation, United Way, Curfe Parade Residents Association, SIES & JM Financial
13	<b>Arty Farms</b> Support to patients of Regiment of Artillery by donating a van / ambulance	Healthcare support including Preventive Healthcare	Local Area	Delhi	0.03 crore	0.03 crore	0.03 crore	Direct
14	<b>Prayas Research &amp; Health Care</b> Dengue treatment cover for students of public schools in Gurgaon in collaboration with DHFL Pramerica Life Insurance Company Limited	Healthcare support including Preventive Healthcare	Local Area	Gurgaon	0.09 crore	0.09 crore	0.09 crore	Prayas Research & Health Care
15	<b>Ace Production Pvt Ltd.</b> Encourage children and nurture interest in performing arts and recognize excellence and achievements in art and related areas with two organisations	Art & Culture	Local Area	Mumbai, Maharashtra	0.16 crore for a period of 2 years - FY17 & FY18	0.08 crore	0.08 crore	Direct
16	<b>Shambukhananda Fine Arts Society &amp; Sabha</b> Encourage children and nurture interest in performing arts and recognize excellence and achievements in art and related areas with two organisations	Art & Culture	Local Area	Mumbai, Maharashtra	0.05 crore	0.05 crore	0.05 crore	Shambukhananda Fine Arts Society & Sabha

Sl. No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		(budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY16-17 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2017 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
17	<b>Rebecca School run by Samaritan Help Mission with Edelgive Foundation</b>  The project primarily targets the most vulnerable children and youth groups while establishing the proposed Rebecca Bellilius English Institution for their formal education.  Also encouraging sports, physical and mental health of the children and youth. The project also targets the underprivileged women of Tikiapara slum and intends to empower them with training and income generation opportunities under the proposed Rebecca Vocational Training Unit.	Health Care including Preventive Health care	Local Area	Howrah, West Bengal	0.10 crore	0.10 crore	0.10 crore	Direct
<b>Total Spent And Commitments As At The End Of March 2017</b>								
		CSR Overheads	Fees payable based on approved cost structure for activities viz. Programme identification, project evaluation, dedicated resources committed for site work and monitoring and evaluation reports.		0.46 crore	0.46 crore	0.46 crore	Samhita Social Ventures Project Management unit
			In terms of Board approvals we appointed M/s Samhita as Project Management Unit for our CSR projects which include Project evaluation, partners identification and monitoring.		24.43 crore (includes the committed balance of ₹ 4.22 crore from the current year's CSR spent)			
					24.43 crore (includes the committed balance of ₹ 4.22 crore from the current year's CSR spent)	8.83 crore	15.22 crore	

## 6. The reasons for not spending the amount and proposed initiatives

The Company has been conceptualizing and implementing CSR programmes that are impactful and sustainable, through a collaborative approach. All programmes are aligned to meet community needs and address issues of national interest which require a long term strategic approach. The Company has identified four flagship areas of work as detailed in the earlier sections of this report. Each programme has been launched after a successful prototype and is now into its expansion phase into newer geographies.

The Early Childhood Care & Education (ECCE) programme in 2 talukas of Palghar district of Maharashtra has been recognized as 'best practice' in the Department of Women & Child Development, Government of Maharashtra's mobile app. The Company plans to extend to 4 more talukas within Palghar, to deliver a comprehensive programme covering education, nutrition & health and infrastructure upgrade. The programme during the next three years will cover 3000 Anganwadi centres, as against the 996 Anganwadi centres covered in financial year 2015-16 and financial year 2016-17.

Similarly, the Skill Development programme in Chandrapur & Kolhapur, Maharashtra will scale to cover other geographies and reach out to 1 lakh youth in the next three to five years, in association with the National Skills Development Corporation (NSDC). The Company further aims to focus on skilling & empowering women through specialised programmes.

The Company's financial literacy and inclusive growth programme has evolved as a comprehensive programme for economic empowerment to the vulnerable sections of the society since its inception in 2016. Based on its philosophy of enabling sustainable transformation of communities, the Company will take the programme to newer locations to aid transition from informal to formal housing and support the 'Housing for All by 2022' agenda and 'Skill India Mission', apart from facilitating 'financial sustainability' for households.

The Company's CSR spends are thus formed as per the programmes, spreading over 2-3 years. Hence, the expenses are planned for absorption on the life cycle of the programme. The CSR budgets for current year will thus be utilized over a span of the next year or two with an incremental addition to the budget year-on-year. Over the next 3-5 years, the Company is committed to making a significant investment through CSR, thus building communities that could actively participate in India's growth story.

## 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the CSR Policy as approved by the Board has been duly implemented and that the CSR Committee monitors the implementation of various projects and activities and the same is in compliance with the CSR objectives and policy of the Company.

### G. P. Kohli

Chairman of CSR Committee  
DIN: 002303888

### Kapil Wadhawan

Chairman & Managing Director and  
Member of CSR Committee  
DIN:00028528

### V. K. Chopra

Member of CSR Committee  
DIN: 02103940

Date: May 3, 2017

Place: Mumbai

# Annexure - 6

## to the Board's Report

### DIVIDEND DISTRIBUTION POLICY

#### I. Preamble

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["Listing Regulations"] vide circular no. SEBI/LAD-NRO/GN/2016-17/008 dated July 8, 2016, the Board of Directors of the Company at its meeting held on October 17, 2016, have approved and adopted the Dividend Distribution Policy ["Policy"] of the Company.

Regulation 43A of the Listing Regulations makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate Dividend Distribution Policy.

The Company being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, i.e. March 31, 2016, frames this Policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### II. Objective

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the equity and preference shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

#### III. Definitions

- a. "Act" means the Companies Act, 2013 and rules made thereunder [including any amendments or re-enactments thereof]
- b. "Applicable laws" shall mean to include Companies Act 2013 and rules made thereunder, [including any amendments or re-enactments thereof], Securities

and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/notifications/circulars issued by National Housing Bank and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.

- c. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.
- d. "Company" shall mean Dewan Housing Finance Corporation Limited.
- e. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- f. "Financial year" shall mean the period starting from 1st day of April and ending on the 31st day of March every year,
- g. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

#### IV. Parameters Governing the Distribution of Dividend

##### 1. Factors for recommendation/ declaration of Dividend

###### a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Current year's net operating profit
- ii. Capital expenditure and working capital requirements
- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- iv. Financial requirement for business expansion and/or diversification, acquisition, etc. of new businesses.
- v. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- vi. Past dividend trend

###### b. External Factors

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws.
- ii. Economic conditions
- iii. Prevalent market practices

## **2. Circumstances under which the shareholders of the Company may or may not expect dividend.**

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits.

## **3. Manner of utilisation of Retained Earnings.**

The Board of Directors of the Company may recommend/ declare dividend out of the profits of the Company or out of the profits for any previous year or years or out of free reserves available for distribution of dividend, after consideration of the factors as stated at point no. 1 above. The Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other applicable laws.

## **4. Other factors to be considered with regard to various classes of shares.**

Pursuant to the approval of the Board of Directors at its meetings held on January 16, 2017, and the shareholders of the Company through postal ballot resolution dated February 22, 2017, the Company reclassified its authorized share capital. At present, the authorised share capital of the Company comprises of Equity and Preference shares.

Presently, the issued share capital of the Company comprises of only one class of equity shares of ₹10 each which rank pari passu with respect to all their rights. In the event the Company issues preference shares, equity dividend shall stand second in priority after payment of dividend to the preference shareholders.

In the event of the Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted w.r.t. such class(es) of shares.

## **V. General**

- i) Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting. The Board may also, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- ii) The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend, including interim dividend, is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.
- iii) Due regard shall be given to the restrictions/ covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/ agreement, if any, before recommending or distributing dividend to the shareholders.

## **VI. Disclosures**

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website ([www.dhfl.com](http://www.dhfl.com)) of the Company.

Incase, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes alongwith the rationale in the annual report and on its website.

## **VII. Review**

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## Annexure - 7

### to the Board's Report

#### FORM NO. AOC-2

[Pursuant to clause (h) of sub-section 3 of Section 134 of the Companies Act,2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

Nil. All transactions entered into by the Company with its related parties during financial year 2016- 17, were at arm's length basis.

#### 2. Details of material contracts or arrangements or transactions at arm's length basis

##### a. Name(s) of the related party and nature of relationship:

- i. DHFL Investments Limited [DIL], a wholly owned subsidiary of the Company wherein Mr. Kapil Wadhawan (Promoter and Chairman & Managing Director), Mr. G. P. Kohli (Independent Director) and Mr. V. K. Chopra (Independent Director) are Directors who are common to the Company and DIL.
- ii. Wadhawan Global Capital Private Limited [WGC], an entity forming part of the promoter group of the Company wherein Mr. Kapil Wadhawan (Promoter and Chairman & Managing Director), Mr. Dheeraj Wadhawan (Promoter and Non- Executive Director) and Mrs. Aruna Wadhawan, are promoters of WGC. Mr. Kapil Wadhawan, Mr. Dheeraj Wadhawan and Mr. G.P. Kohli (Independent Director) are directors who are common to the Company and WGC.
- iii. Mrs. Aruna Wadhawan is the mother of Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan and forms part of the promoter group of the Company.

##### b. Nature of contracts/ arrangements/ transactions

The Company entered into a transaction with its related parties i.e. WGC and DIL for sale of 100% of the shares held by the Company in DHFL Pramerica Life Insurance Company Limited (DPLI) [representing 50% of the paid up share capital of DPLI] at a fair market value ascertained by an internationally reputed actuarial consultants, to DIL. The subject transaction was undertaken in accordance with the provisions of Section 188 of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the approval of the Members of the Company.

The applicable regulatory approvals for the aforesaid transaction was also obtained from Competition Commission of India, Reserve Bank of India and Insurance Regulatory and Development Authority of India.

##### c. Duration of the contracts / arrangements/ transactions

The subject transaction was approved by the Members of the Company by way of a resolution passed through postal ballot on March 17, 2017. The Company transferred/sold its entire equity stake held in DPLI to DIL on March 31, 2017.

##### d. Salient terms of the contracts or arrangements or transactions including the value, if any

The Company acquired 50% of the equity share capital of DHFL Pramerica Life Insurance Company Limited (erstwhile DLF Pramerica Life Insurance Company Limited) ("DPLI") from DLF Limited in December, 2013, and entered into a joint venture

with Prudential International Insurance Holdings Limited ("Prudential"). Prudential currently holds 49% of the paid up equity share capital of DPLI and the balance 1% is held by Yardstick Developers Private Limited.

The Company's investment in DPLI (including the original cost of acquisition) was approximately ₹ 31,06,89,296 (Rupees thirty one crore six lakh eighty nine thousand two hundred and ninety six). In order to unlock the value of the Company's investment in DPLI, the Company transferred its entire shareholding in DPLI to DIL by way of Share Purchase Agreement at a fair market value.

An internationally reputed actuarial consultant, had set out the fair market value for the aforesaid transfer, as ₹2000.50 crore (Rupees two thousand crore and fifty lakh), which was within the preliminary range indicated in the Postal Ballot notice, dated February 14, 2017.

The Company made an investment of ₹ 100.05 crore (Rupees one hundred crore and five lakh) by way of subscription to 10,00,50,000 equity shares of ₹ 10 each of DIL.

In order to fund such acquisition DIL issued and allotted 190,10,00,000 (One Hundred Ninety Crore and ten lakh) non-redeemable, non-participating, fully, mandatorily and compulsorily convertible debentures of face value of ₹10 (Rupees ten) each ("CCDs") to WGC. The aforesaid CCDs would convert into equity shares of DIL after the expiry of 100 months and not later than 110 months, from the

date on which the CCDs were issued, in accordance with their terms. WGC would, post conversion of the CCDs, own a majority of the issued and paid-up share capital of DIL.

WGC funded the acquisition of the CCDs through its internal accruals and through market borrowings. The CCDs issued by DIL was pledged by WGC as collateral in favour of the lenders. In connection with its market borrowings, as per the agreements entered into with the Company, certain options may be exercised requiring the CCDs to be transferred to the Company in order to ensure that the underlying shares of DPLI remain within the group.

The subject transaction consummated on March 31, 2017.

**e. Date(s) of approval by the Board, if any.**

Prior approval of the Audit Committee and Board of Directors of the Company was obtained for entering into the aforesaid transaction on February 14, 2017.

**f. Amount paid as advances, if any.**

Nil

For and on behalf of the Board

**Kapil Wadhawan**

Chairman & Managing Director  
(DIN-00028528)

Date : May 3, 2017

Place : Mumbai

## Annexure - 8

### to the Board's Report

To,  
The Members,  
DEWAN HOUSING FINANCE CORPORATION LIMITED  
Mumbai

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Jayshree Dagli & Associates**  
Company Secretaries  
Unique Code: S1995MH013400

**Jayshree S. Joshi**  
F.C.S.1451; C.P.487

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
DEWAN HOUSING FINANCE CORPORATION LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DEWAN HOUSING FINANCE CORPORATION LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- (A) We have examined the books, papers, minutes books, forms and returns filed and other records maintained by **DEWAN HOUSING FINANCE CORPORATION LIMITED** ("the Company") for the financial year ended on March 31, 2017 according to the provisions of:
1. The Companies Act, 2013 (the Act) & the Rules made there under and The Companies Act, 1956 and the Rules and Regulations made there under to the extent applicable; and circulars, notifications, clarifications, Removal of Difficulties Orders or such other relevant statutory material issued by Ministry of Corporate Affairs from time to time;
  2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of External Commercial Borrowings, RBI Master Circulars No. RBI/2014-15/100 and RBI/2015-16/56 dated July 1, 2015, RBI/2015-16/387 dated April 28, 2016, RBI/FMRD/2016-17/32 dated July 7, 2016 respectively; and Operational Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India) effective from June 30, 2001 (as amended from time to time) w.r.t. Issue of Commercial Papers;
  5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;
    - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  6. Based on the nature of business activities of the Company, the following specific Acts / Laws / Rules / Regulations are applicable to the Company:
    - (a) All the Rules, Regulations, Circulars, Directions and Guidelines prescribed under the National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010 and Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014 for Housing Finance Companies.
    - (b) Credit Information Companies (Regulation) Act, 2005 and Rules.
    - (c) The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
    - (d) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
    - (e) Guidelines with respect to SEBI KYC registration agency (KRA) Regulations, 2011.
    - (f) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
    - (g) Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time and SEBI circular dated September 13, 2012 as regards the registration with Association of Mutual Funds in India / to the extent applicable.
    - (h) With respect to the Company's business activity of acting as Corporate Agent for sale of Life and General Insurance products, to the extent applicable, the following Acts / laws / Rules / Regulations:
      - i. The Insurance Act, 1938 and Rules framed thereunder, the Insurance Regulatory and Development Authority of India Act, 1999 and the regulations, guidelines, notifications, circulars and directives issued thereunder and in force, from time to time, to the extent applicable to Corporate Agents.
      - ii. IRDA (Registration of Corporate Agents) Regulations, 2002 read with IRDAI (Registration of Corporate Agents) Regulations, 2015 and guidelines for the purpose,

- iii. Anti Money Laundering (AML) guidelines. (30/ IRDA/AML/CIR/AUG-09)
- iv. The Insurance Regulatory and Development Authority of India (IRDA) guidelines on 'Indian owned and controlled' (Control Guidelines) applicable from October 19, 2015, to the extent applicable
- v. Insurance Regulatory and Development Authority of India Act, 1999 and Insurance Laws (Amendment) Act, 2015
- vi. Labour Laws to the extent applicable based on the nature of activities of the Company.

(B) We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings (SS - 1) and for General Meetings (SS - 2).

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except / other than the observations covered here under.

During the year under review, the provisions of the following Regulations (as enumerated in the prescribed format of Form MR - 3) were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**We further report that:** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act.

Adequate notice had been given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in cases where shorter notice/s were given for Board Meetings, at least one Independent Director was present at such meeting/s and that the system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

Unanimous decisions were carried through as there were no cases of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in place in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines referred to herein above. The observations given in **Annexure - I** are however placed on record.

**We further report that** during the audit period the Company has specific events / actions as detailed in **Annexure - II** to this Report having impact on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**For Jayshree Dagli & Associates**  
Company Secretaries  
Unique Code: S1995MH013400

Date: May 3, 2017  
Place: Mumbai

**Jayshree S. Joshi**  
F.C.S.1451; C.P.487

# Annexure - I

## Observations

1. The Company had received Show Cause Notice dated September 27, 2016 from the Ministry of Corporate Affairs under Section 134(8) for alleged violation of Section 134(3)(o) read with Section 135 of the Companies Act, 2013 with respect to insufficient disclosure in the Board's Report of the Company the reason for not spending the required CSR amount on Corporate Social Responsibility (CSR) initiatives taken during the year 2015-16. In response thereto, the Company had submitted to the ROC, Maharashtra, Mumbai on October 5, 2016 an Explanatory Letter giving clarifications/explanations/details. We are informed that personal representations were also made to the concerned officer of the ROC, Maharashtra, Mumbai. We are further informed that the matter was then reported as having been resolved and no penalty was levied against the Company.
  2. The Company has in place Whistle Blower Policy. Pursuant to the same, during the year under audit, the Chairman of Audit Committee / Board / Company Secretary received 10 (Ten) complaints of which some of them are resolved and in case of the rest, required / necessary actions have already been initiated.
  3. During the year under review, there were two Inspection Reports issued by the National Housing Bank (NHB) in respect of the Inspection already carried out by them for the financial years ended March 31, 2015 and 2016, seeking clarifications/explanation/information/documents on certain compliance issues.
- the Company has provided with required documents / information/ clarification / explanation to the NHB and that the required compliance were either complied with or were being complied with by the Company.
- Further, from the records of the Company provided to us for examination / audit purpose, it is observed that no show cause or penalty notice was issued by the NHB during the year under review.
4. The Company had received in aggregate 965 Investors' Complaints namely 45 Complaints w.r.t. Equity Shares, 892 w.r.t. Public Issue of Secured Redeemable Non-Convertible Debentures and 28 w.r.t. Fixed Deposits, during the year under Audit and that all of those complaints were reported as resolved within the time prescribed under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
  5. During the year under audit, 1 complaint was received by the Internal Committee under the Policy on 'Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace'. Pursuant to the enquiry initiated by the Internal Committee basis the evidence/proof including interrogation with complainant, office colleagues and defendant, no conclusive evidence of sexual harassment was found. The Internal Committee recommended that warning be issued to the defendant and the complainant be transferred to another department or location of the Company.

However, from the records of the Company provided to us for examination / audit purpose, it is observed that

## Annexure - II

**TABLE SHOWING SPECIFIC EVENTS AND ACTIONS OF DEWAN HOUSING FINANCE CORPORATION LIMITED FOR THE FINANCIAL YEAR 2016-17**

Sr.	Particulars of the Events and Actions No	Date of Board / Committee Resolution	Date of General Meeting/ Postal Ballot Resolution
1.	Allotment of 250 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 05/04/2016	-
2.	Allotment of 447 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 25/04/2016	-
3.	Allotment of 130 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 27/04/2016	-
4.	Appointment of M/s Chaturvedi & Shah, Chartered Accountants as Statutory Auditors from 32nd AGM to 37th AGM.	BM : 20/07/2016	AGM : 20/07/2016
5.	Appointment of Dr. Rajiv Kumar as Director and Independent Director by the Members	BM : 07/08/2015	AGM : 20/07/2016
6.	Allotment of 4000 Non- Convertible Subordinate Unsecured Debentures on Private Placement basis.	FCM : 10/05/2016	-
7.	Allotment of 565 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 03/06/2016	-
8.	Allotment of 700 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 10/06/2016	-
9.	Allotment of 4201 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 17/06/2016	-
10.	Board decided to apply for Certificate of registration as Corporate Agent (Composite) to IRDAL and the same was received on 10/08/2016	BM : 20/07/2016	-
11.	Allotment of 2740 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 28/07/2016	-
12.	Allotment of 4,00,00,000 Secured, Redeemable Non- Convertible Debentures	BM : 05/07/2016 FCM : 16/08/2016	12/06/2014 Postal Ballot
13.	Allotment of 1476 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 22/08/2016	-
14.	Allotment of 4750 Unsecured, Subordinated, perpetual securities in the form of Non- Convertible Debentures on Private Placement basis.	FCM : 23/08/2016	-
15.	Allotment of 10,00,00,000 Secured, Redeemable Non- Convertible Debentures	FCM : 09/09/2016	12/06/2014 Postal Ballot
16.	Allotment of 21230070 Equity shares of ₹ 10/- each upon conversion of share warrants issued and allotted on preferential basis to M/s Wadhawan Global Capital Private Limited - Promoter entity.	BM : 20/01/2016 30/09/2016 Allotment Committee	26/02/2016 Postal Ballot
17.	Allotment of 97,686 Equity shares of ₹ 10 each to eligible employees of the Company on Exercise of Employee Stock Appreciation Rights (ESAR) under the DHFL- Employee Stock Appreciation Rights Plan 2015	FCM : 04/11/2016	23/02/2015 Postal Ballot
18.	Re- classification of Authorised Share Capital of the Company: ₹ 828 Crore divided into 1. 57.8 Crore Equity Shares of ₹ 10/- each 2. 25 Lakh NCRCPS of ₹ 1000/- each.	BM : 16/01/2017	20/02/2017 Postal Ballot
19.	Alteration of Clause V of MOA w.r.t above re- classification	BM : 16/01/2017	20/02/2017 Postal Ballot
20.	Incorporation of WOS in the name of "DHFL Investments Limited" (Incorporated on 13/02/2017)	02/02/2017 Cir. Reso. of Board	-
21.	Allotment of 12,665 Equity shares of ₹ 10 each to eligible employees of the Company on Exercise of Employee Stock Appreciation Rights (ESAR) under the DHFL- Employee Stock Appreciation Rights Plan 2015	FCM : 22/02/2017	23/02/2015 Postal Ballot
22.	Allotment of 15,000 Secured, Redeemable Non- Convertible Debentures on Private Placement basis.	FCM : 01/03/2017	-
23.	Allotment of 13,796 Equity shares of ₹ 10 each to eligible employees of the Company on Exercise of Employee Stock Appreciation Rights (ESAR) under the DHFL- Employee Stock Appreciation Rights Plan 2015	FCM : 30/03/2017	23/02/2015 Postal Ballot
24.	Sale of 50% equity stake held by the Company in DHFL Pramerica Life Insurance Company Limited to DHFL Investments Limited. (WOS)	BM : 14/02/2017 FCM : 30/03/2017	17/03/2017 Postal Ballot

FCM: Finance Committee Meeting | BM: Board Meeting

# Annexure - 9

## to the Board's Report

### AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members,  
Dewan Housing Finance Corporation Limited

1. We have examined the compliance of conditions of Corporate Governance by Dewan Housing Finance Corporation Limited ("the Company") for the year ended on March 31, 2017, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in applicable provisions of Listing Regulations during the year ended March 31, 2017.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Chaturvedi & Shah**  
Chartered Accountants  
F.R.N.No.101720W

**Jignesh Mehta**  
Partner  
Membership No. 102749

Date : May 3, 2017  
Place : Mumbai

# Annexure - 10

## to the Board's Report

### FORM NO. MGT - 9 Extract of Annual Return

as on the financial year ended March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and other details

i)	Corporate Identity Number (CIN) of the Company	L65910MH1984PLC032639
ii)	Registration Date	April 11, 1984
iii)	Name of the Company	Dewan Housing Finance Corporation Limited
iv)	Category / Sub-Category of the Company	Public Company Limited by Shares (registered with National Housing Bank as a Housing Finance Company bearing registration number 01.0014.01)
v)	Address of the Registered office and contact details	Warden House, 2nd Floor, Sir P.M. Road, Fort, Mumbai - 400 001. Telephone: +91 022-22029900, Fax: +91 022-22871985 E-mail: response@dhfl.com, website: www.dhfl.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	For Equity Shares and Debentures issued on private placement basis Link Intime India Private Limited C 101, 247 Park, L. B. S Marg, Vikhroli West, Mumbai – 400083 Tel. No.: +91 22-49186000, Fax No.: +91 22-49186060 E-mail: rnt.helpdesk @linkintime.co.in
		For Debentures issued on public issue basis Karvy Computershare Private Limited Karvy Selenium Tower B, Plot no. 31&32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032 Telephone # 91-40-67162222, Fax No.: +91 40-23420814 E-mail : einward.ris@karvy.com

#### II. Principal business activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company:-

SI No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Carrying out activities of housing finance companies ( Housing Loan & Non-Housing Loans )	65922	100%

### III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the Company	Corporate Identity Number	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section of the Companies Act, 2013.
1.	DHFL Advisory & Investments Private Limited 10th Floor, TCG Financial Centre, Bandra Kurla Complex, BKC Road, Bandra -East, Mumbai -400098	U67190MH2016PTC273074	Subsidiary	100.00	2(87)
2.	DHFL Investments Limited 10th Floor, TCG Financial Centre, Bandra Kurla Complex, BKC Road, Bandra -East, Mumbai -400098	U74999MH2017PLC291108	Subsidiary	100.00	2(87)
3.	Aadhar Housing Finance Limited 2nd Floor, No. 3, JVT Towers, 8th A Main Road, Sampangi Rama Nagar, Hudson Circle, Bengaluru Bangalore -560027	U65922KA2010PLC096680	Associate	12.37	2(6)
4.	Avanse Financial Services Limited Ground Floor, Madhava, Bandra Kurla Complex, Bandra East, Mumbai - 400 051	U67120MH1992PLC068060	Associate	36.78	2(6)
5.	DHFL Vysya Housing Finance Limited No.3, JVT Towers, 8th A Main Road, Sampangi Rama Nagar, Bangalore - 560027	U66010KA1990PLC011409	Associate	9.47	2(6)
6.	DHFL Ventures Trustee Company Private Limited HDIL Towers, Ground Floor, Anant Kanekar Marg, Bandra East, Mumbai - 400051	U65991MH2005PTC153886	Associate	45 (held through wholly owned subsidiary i.e. DHFL Investments Limited)	2(6)
7.	DHFL Pramerica Life Insurance Company Limited 4th Floor, Building 9, Tower B, Cyber City, DLF City Phase - III, Gurgaon, Haryana- 122002	U66000HR2007PLC052028	Joint Venture	50 (held through wholly owned subsidiary i.e. DHFL Investments Limited)	2(6)
8.	DHFL Pramerica Asset Managers Private Limited 2nd Floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai-400030	U74900MH2008FTC187029	Joint Venture	50 (17.12% held directly and 32.88% held through wholly owned subsidiary i.e. DHFL Advisory & Investments Private Limited)	2(6)
9.	DHFL Pramerica Trustees Private Limited 2nd Floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai-400030	U67190MH2009FTC193009	Joint Venture	50.00	2(6)

#### IV. Shareholding Pattern (Equity Share Capital breakup as percentage of total equity)

##### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01/04/2016 i.e. as per shareholding pattern of 31/03/2016)				No. of Shares held at the end of the year (as on 31/03/2017 i.e. as per shareholding pattern of 31/03/2017)				% Change during the year i.e. Increase / (Decrease)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
(a) Individual/HUF	60,00,000	-	60,00,000	2.06	60,00,000	-	60,00,000	1.92	(0.14)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	9,58,19,644	-	9,58,19,644	32.84	11,70,49,714	-	11,70,49,714	37.38	4.54
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>10,18,19,644</b>	-	<b>10,18,19,644</b>	<b>34.89</b>	<b>12,30,49,714</b>	-	<b>12,30,49,714</b>	<b>39.30</b>	<b>4.41</b>
(2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2):-</b>									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	<b>10,18,19,644</b>	-	<b>10,18,19,644</b>	<b>34.89</b>	<b>12,30,49,714</b>	-	<b>12,30,49,714</b>	<b>39.30</b>	<b>4.41</b>
<b>B. Public Shareholding</b>									
(1) Institutions	-	-	-	-	-	-	-	-	-
(a) Mutual Funds	73,27,226	39,000	73,66,226	2.52	1,23,61,092	39,000	1,24,00,092	3.96	1.44
(b) Banks / FI	2,93,673	400	2,94,073	0.10	1,00,77,339	400	1,00,77,739	3.22	3.12
(c) Central Govt	2,000	-	2,000	-	2,000	-	2,000	0.00	0.00
(d) State govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FII's	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	<b>76,22,899</b>	<b>39,400</b>	<b>76,62,299</b>	<b>2.63</b>	<b>2,24,40,431</b>	<b>39,400</b>	<b>2,24,79,831</b>	<b>7.18</b>	<b>4.55</b>
(2) Non-Institutions	-	-	-	-	-	-	-	-	-
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	4,13,28,503	5,402	4,13,33,905	14.17	4,10,33,831	4,702	4,10,38,533	13.10	(1.07)
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,07,05,108	11,51,790	2,18,56,898	7.49	2,02,87,105	10,97,132	2,13,84,237	6.83	(0.66)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1,82,77,897	92,000	1,83,69,897	6.30	2,07,42,202	92,000	2,08,34,202	6.65	0.35
(c) Others - Hindu Undivided family	17,43,801	-	17,43,801	0.60	1,44,4954	-	14,44,954	0.46	(0.14)
- Clearing Members	9,09,768	-	9,09,768	0.31	19,75,670	-	19,75,670	0.63	0.32
- Foreign Nationals	-	-	-	-	500	-	500	0.00	-
FII-Foreign Portfolio Investor	9,66,58,794	-	9,66,58,794	33.13	7,92,83,015	-	7,92,83,015	25.32	(7.81)
Non Resident Indians (REPAT)	11,03,525	-	11,03,525	0.38	12,64,529	-	12,64,529	0.40	0.02
Non Resident Indians (NON REPAT)	3,28,072	-	3,28,072	0.11	3,94,033	-	3,94,033	0.13	0.02
Trust	11,385	-	11,385	0.00	2,987	-	2,987	-	0.00
<b>Sub-total (B)(2):-</b>	<b>18,10,66,853</b>	<b>12,49,192</b>	<b>18,23,16,045</b>	<b>62.48</b>	<b>16,64,28,826</b>	<b>11,93,834</b>	<b>16,76,22,660</b>	<b>53.52</b>	<b>(8.96)</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>18,86,89,752</b>	<b>12,88,592</b>	<b>18,99,78,344</b>	<b>65.11</b>	<b>18,88,69,257</b>	<b>12,33,234</b>	<b>19,01,02,491</b>	<b>60.70</b>	<b>(4.41)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>29,05,09,396</b>	<b>12,88,592</b>	<b>29,17,97,988</b>	<b>100</b>	<b>31,19,18,971</b>	<b>12,33,234</b>	<b>31,31,52,205</b>	<b>100</b>	<b>-</b>

## ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2016 i.e. as per shareholding pattern of 31/03/2016)			Share holding at the end of the year as on 31/03/2017 i.e. as per shareholding pattern of 31/03/2017)			% change in shareholding during the year i.e. Increase / (Decrease)
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Kapil Wadhawan	18,00,000	0.62	-	18,00,000	0.57	-	(0.05)
2.	Mr. Dheeraj Wadhawan	18,00,000	0.62	-	18,00,000	0.57	-	(0.05)
3.	Mrs. Aruna Wadhawan	24,00,000	0.82	-	24,00,000	0.77	-	(0.05)
4.	M/s. Wadhawan Global Capital Private Limited (formerly Wadhawan Housing Private Limited)	9,58,19,644	32.84	-	11,70,49,714	37.38	-	4.54
	Total	10,18,19,644	34.89	-	12,30,49,714	39.30	-	4.41

Note :

- (a) Except for the allotment of 2,12,30,070 equity shares to M/s. Wadhawan Global Capital Private Limited (WG CPL), promoter group entity, pursuant to conversion of warrants which were allotted to WG CPL in the previous year, in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, there was no other change in absolute terms in the shareholding of promoters/promoter group. The variation in terms of percentage of their shareholding was due to increase in the paid-up Equity share capital of the Company on account of allotment of Equity Shares, pursuant to exercise of Stock Options/ESAR by the eligible employees of the Company on account of various Employee Stock Option / ESAR schemes of the Company.
- (b) The percentage has been taken in two digit number and rounded off to nearest integer accordingly.

## iii) Change in Promoters' Shareholding

Sl. No.	For Each of the Promoter	Shareholding at the beginning of the year (01/04/2016)				Reason	Cumulative Shareholding at the end of the year(31/03/2017)		
		No. of shares	% of total shares of the company	Date	Increase (No. of shares)	Decrease (No. of shares)	No. of shares	% of total shares of the company	
1.	Mr. Kapil Wadhawan	18,00,000	0.62	-	-	-	18,00,000	0.57	
2.	Mr. Dheeraj Wadhawan	18,00,000	0.62	-	-	-	18,00,000	0.57	
3.	Mrs. Aruna Wadhawan	24,00,000	0.82	-	-	-	24,00,000	0.77	
4.	M/s. Wadhawan Global Capital Private Limited (formerly Wadhawan Housing Private Limited )	9,58,19,644	32.84	30.09.2016 (i.e. date of passing of Resolution by Allotment Committee to allot the Equity Shares)	2,12,30,070	-	Allotment pursuant to conversion of Warrants	11,70,49,714	37.38

- (a) Except for the allotment of 2,12,30,070 equity shares to M/s. Wadhawan Global Capital Private Limited (WG CPL), promoter group entity, pursuant to conversion of warrants which were allotted to WG CPL in the previous year, in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, there was no other change in absolute terms in the shareholding of promoters/promoter group. The variation in terms of percentage of their shareholding was due to increase in the paid-up Equity share capital of the Company on account of allotment of Equity Shares, pursuant to exercise of Stock Options/ESAR by the eligible employees of the Company on account of various Employee Stock Option/ESAR schemes of the Company.
- (b) The percentage has been taken in two digit number and rounded off to nearest integer accordingly.

## iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holder of GDRs and ADRs)

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2016 i.e. as per shareholding pattern of 31/03/2016			Transactions during the year			Cumulative Shareholding at the end of the year as on 31/03/2017 i.e. as per shareholding pattern of 31/03/2017	
		No.of shares held	% of total shares of the company	Date of transaction	No. of shares	Reason	No of shares held	% of total shares of the company	
1	Hemisphere Infrastructure India Pvt Ltd.	1,07,17,778	3.67	-	-	-	1,07,17,778	3.42	
	At the end of the year				-	-	1,07,17,778	3.42	
2	Galaxy Infraprojects and Developers Pvt Ltd	1,04,35,404	3.58	-	-	-	1,04,35,404	3.33	
	At the end of the year				-	-	1,04,35,404	3.33	
3	Silicon First Realtors Pvt Ltd.	1,00,95,562	3.46	-	-	-	1,00,95,562	3.22	
	At the end of the year				-	-	1,00,95,562	3.22	
4	Jhunjhunwala Rakesh Radheshyam	1,00,00,000	3.43	-	-	-	1,00,00,000	3.19	
	At the end of the year				-	-	1,00,00,000	3.19	
5	Life Insurance Corporation of India	0	0.00	-	-	-	0	0.00	
				09 Sep 2016	2,03,073	Market Purchase	2,03,073	0.06	

**Dewan Housing Finance Corporation Limited**

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2016 i.e. as per shareholding pattern of 31/03/2016			Transactions during the year		Cumulative Shareholding at the end of the year as on 31/03/2017 i.e. as per shareholding pattern of 31/03/2017	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	Reason	No. of shares held	% of total shares of the company
		16 Sep 2016	22,96,927	Market Purchase	25,00,000	0.80		
		30 Sep 2016	10,20,304	Market Purchase	35,20,304	1.12		
		07 Oct 2016	13,78,606	Market Purchase	48,98,910	1.56		
		14 Oct 2016	1,01,090	Market Purchase	50,00,000	1.60		
		28 Oct 2016	44,155	Market Purchase	50,44,155	1.61		
		04 Nov 2016	14,35,372	Market Purchase	64,79,527	2.07		
		11 Nov 2016	15,20,473	Market Purchase	80,00,000	2.55		
		02 Dec 2016	3,70,472	Market Purchase	83,70,472	2.67		
		30 Dec 2016	1,00,000	Market Purchase	84,70,472	2.70		
		03 Feb 2017	8,87,991	Market Purchase	93,58,463	2.99		
		10 Feb 2017	2,29,275	Market Purchase	95,87,738	3.06		
		17 Feb 2017	3,82,734	Market Purchase	99,70,472	3.18		
		31 Mar 2017	(3,00,000)	Sale	96,70,472	3.09		
	At the end of the year				96,70,472	3.09		
6	Morgan Stanley Mauritius Company Limited	6,80,588	0.23		-	6,80,588	0.22	
		08 Apr 2016	52,800	Market Purchase	7,33,388	0.23		
		29 Apr 2016	2,51,478	Market Purchase	9,84,866	0.31		
		06 May 2016	8,800	Market Purchase	9,93,666	0.32		
		03 Jun 2016	2,200	Market Purchase	9,95,866	0.32		
		10 Jun 2016	68,200	Market Purchase	10,64,066	0.34		
		17 Jun 2016	1,52,751	Market Purchase	12,16,817	0.39		
		08 Jul 2016	1,41,150	Market Purchase	13,57,967	0.43		
		15 Jul 2016	17,523	Market Purchase	13,75,490	0.44		
		22 Jul 2016	2,53,527	Market Purchase	16,29,017	0.52		
		05 Aug 2016	1,06,876	Market Purchase	17,35,893	0.55		
		12 Aug 2016	(34,929)	Sale	17,00,964	0.54		
		19 Aug 2016	924	Market Purchase	17,01,888	0.54		
		26 Aug 2016	13,53,002	Market Purchase	30,54,890	0.98		
		16 Sep 2016	(80,603)	Sale	29,74,287	0.95		
		23 Sep 2016	6,68,918	Market Purchase	36,43,205	1.16		
		30 Sep 2016	(5,00,587)	Sale	31,42,618	1.00		
		07 Oct 2016	(22,454)	Sale	31,20,164	1.00		
		14 Oct 2016	2,49,026	Market Purchase	33,69,190	1.08		
		21 Oct 2016	73,071	Market Purchase	34,42,261	1.10		
		28 Oct 2016	5,55,278	Market Purchase	39,97,539	1.28		

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2016 i.e. as per shareholding pattern of 31/03/2016		Transactions during the year			Cumulative Shareholding at the end of the year as on 31/03/2017 i.e. as per shareholding pattern of 31/03/2017	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	Reason	No. of shares held	% of total shares of the company
				04 Nov 2016	(5,53,303)	Sale	34,44,236	1.10
				11 Nov 2016	7,09,118	Market Purchase	41,53,354	1.33
				18 Nov 2016	17,65,899	Market Purchase	59,19,253	1.89
				25 Nov 2016	(3,75,979)	Sale	55,43,274	1.77
				02 Dec 2016	(12,34,812)	Sale	43,08,462	1.38
				09 Dec 2016	94,913	Market Purchase	44,03,375	1.41
				16 Dec 2016	14,296	Market Purchase	44,17,671	1.41
				23 Dec 2016	9,30,303	Market Purchase	53,47,974	1.71
				30 Dec 2016	49,584	Market Purchase	53,97,558	1.72
				06 Jan 2017	48,524	Market Purchase	54,46,082	1.74
				13 Jan 2017	(2,95,366)	Sale	51,50,716	1.64
				20 Jan 2017	(11,65,055)	Sale	39,85,661	1.27
				27 Jan 2017	(95,208)	Sale	38,90,453	1.24
				03 Feb 2017	(4,20,149)	Sale	34,70,304	1.11
				10 Feb 2017	(3,26,684)	Sale	31,43,620	1.00
				17 Feb 2017	(83,892)	Sale	30,59,728	0.98
				24 Feb 2017	2,00,164	Market Purchase	32,59,892	1.04
				03 Mar 2017	1,48,914	Market Purchase	34,08,806	1.09
				10 Mar 2017	(10,030)	Sale	33,98,776	1.09
				17 Mar 2017	61,812	Market Purchase	34,60,588	1.11
				24 Mar 2017	22,730	Market Purchase	34,83,318	1.11
				31 Mar 2017	2,50,301	Market Purchase	37,33,619	1.19
	At the end of the year					-	37,33,619	1.19
7	Copthall Mauritius Investment Limited	21,57,464	0.74			-	21,57,464	0.69
				06 May 2016	26,355	Market Purchase	21,83,819	0.70
				20 May 2016	3,515	Market Purchase	21,87,334	0.70
				27 May 2016	(12,375)	Sale	21,74,959	0.69
				30 Jun 2016	(6,695)	Sale	21,68,264	0.69
				15 Jul 2016	6,000	Market Purchase	21,74,264	0.69
				22 Jul 2016	15,000	Market Purchase	21,89,264	0.70
				05 Aug 2016	39,285	Market Purchase	22,28,549	0.71
				12 Aug 2016	1,41,000	Market Purchase	23,69,549	0.76
				19 Aug 2016	57,000	Market Purchase	24,26,549	0.77
				26 Aug 2016	(3,845)	Sale	24,22,704	0.77
				16 Sep 2016	(1,34,725)	Sale	22,87,979	0.73
				28 Oct 2016	(20,700)	Sale	22,67,279	0.72
				18 Nov 2016	(1,74,477)	Sale	20,92,802	0.67
				25 Nov 2016	(81,000)	Sale	20,11,802	0.64
				02 Dec 2016	2,16,882	Market Purchase	22,28,684	0.71
				09 Dec 2016	61,798	Market Purchase	22,90,482	0.73

**Dewan Housing Finance Corporation Limited**

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2016 i.e. as per shareholding pattern of 31/03/2016		Transactions during the year			Cumulative Shareholding at the end of the year as on 31/03/2017 i.e. as per shareholding pattern of 31/03/2017	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	Reason	No. of shares held	% of total shares of the company
				16 Dec 2016	21,000	Market Purchase	23,11,482	0.74
				03 Feb 2017	4,50,000	Market Purchase	27,61,482	0.88
				10 Mar 2017	5,46,000	Market Purchase	33,07,482	1.06
				17 Mar 2017	93,000	Market Purchase	34,00,482	1.09
				24 Mar 2017	78,500	Market Purchase	34,78,982	1.11
	At the end of the year						34,78,982	1.11
8	Templeton Institutional Funds - Foreign Smaller Companies Series	17,86,758	0.61				17,86,758	0.57
				22 Apr 2016	2,62,634	Market Purchase	20,49,392	0.65
				27 May 2016	4,10,833	Market Purchase	24,60,225	0.79
				30 Jun 2016	(36,857)	Sale	24,23,368	0.77
				01 Jul 2016	(146,922)	Sale	22,76,446	0.73
				29 Jul 2016	6,67,124	Market Purchase	29,43,570	0.94
				30 Sep 2016	3,54,000	Market Purchase	32,97,570	1.05
				07 Oct 2016	1,23,082	Market Purchase	34,20,652	1.09
				21 Oct 2016	(1,02,208)	Sale	33,18,444	1.06
				16 Dec 2016	(62,781)	Sale	32,55,663	1.04
				13 Jan 2017	1,91,700	Market Purchase	34,47,363	1.10
				20 Jan 2017	2,10,561	Market Purchase	36,57,924	1.17
				31 Mar 2017	(2,97,501)	Sale	33,60,423	1.07
	At the end of the year						33,60,423	1.07
9	Acacia Partners, LP	32,64,000	1.12				32,64,000	1.04
	At the end of the year						32,64,000	1.04
10	Lazard Emerging Markets Small Cap Equity Trust	48,50,137	1.66				48,50,137	1.55
				09 Sep 2016	(11,81,017)	Sale	36,69,120	1.17
				28 Oct 2016	(4,32,577)	Sale	32,36,543	1.03
				02 Dec 2016	4,33,181	Market Purchase	36,69,724	1.17
				31 Mar 2017	(6,02,085)	Sale	30,67,639	0.98
	At the end of the year						30,67,639	0.98
11	Treasurer of The State of North Carolina Equity Investment Fund Pooled Trust Managed by Franklin Templeton Institutional	40,40,950	1.38				40,40,950	1.29
				22 Apr 2016	1,60,820	Market Purchase	42,01,770	1.34
				27 May 2016	2,03,993	Market Purchase	44,05,763	1.41
				10 Jun 2016	(3,36,739)	Sale	40,69,024	1.30
				17 Jun 2016	(12,18,815)	Sale	28,50,209	0.91
				24 Jun 2016	(4,80,228)	Sale	23,69,981	0.76
				30 Jun 2016	(2,09,939)	Sale	21,60,042	0.69
				01 Jul 2016	(2,08,571)	Sale	19,51,471	0.62
				08 Jul 2016	(93,503)	Sale	18,57,968	0.59
				15 Jul 2016	(8,18,005)	Sale	10,39,963	0.33
				29 Jul 2016	3,18,996	Market Purchase	13,58,959	0.43
				30 Sep 2016	2,04,600	Market Purchase	15,63,559	0.50



v) Shareholding of Directors and Key Managerial Personnel:

A. Shareholding of Directors

For Each of the Directors	Shareholding at the beginning of the year i.e. 01/04/2016		Date	Increase (No. of shares)	Decrease (No. of shares)	Reason	Shareholding At the end of the year i.e. 31/03/2017	
	No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
<b>At the beginning of the year</b>								
1. Mr. Kapil Wadhawan	18,00,000	0.62	-	-	-	-	18,00,000	0.57
2. Mr. Dheeraj Wadhawan	18,00,000	0.62	-	-	-	-	18,00,000	0.57
3. Mr. G. P. Kohli	6,800	0.00	-	-	-	-	6,800	0.00
4. Mr. V. K. Chopra	-	0.00	-	-	-	-	-	0.00
5. Mr. M. Venugopalan	1,000	0.00	-	-	-	-	1,000	0.00
6. Ms. Vijaya Sampath	4,000	0.00					4,000	0.00
7. Dr. Rajiv Kumar	-	-	-	-	-	-	-	-

B. Shareholding of Key Managerial Personnel:

Sl. No.	For Each Key Managerial Personnel (other than Director)	Shareholding at the beginning of the year i.e. 01/04/2016		Date	Increase of shares	Decrease of shares	Reason	Cumulative Shareholding during the year i.e. 31/03/2017	
		No. of shares	% of total shares of the company					No. of Shares	% of total shares of the company
1.	Mr. Harshil Mehta - Chief Executive Officer	5,110	0.00	-	-	-	-	5,110	0.00
2.	Mr. Santosh Sharma - Chief Financial Officer	2	0.00	-	-	-	-	2	0.00
3.	Ms. Niti Arya - Company Secretary	14,000	0.00	23/02/2017	-	(100)	Market Sale	13,900	0.00
				28/02/2017	-	(200)	Market Sale	13,700	0.00
				01/03/2017	-	(100)	Market Sale	13,600	0.00
				14/03/2017	-	(200)	Market Sale	13,400	0.00
				15/03/2017	-	(200)	Market Sale	13,200	0.00
				16/03/2017	-	(100)	Market Sale	13,100	0.00
				20/03/2017	-	(100)	Market Sale	13,000	0.00
				28/03/2017	-	(100)	Market Sale	12,900	0.00
				30/03/2017	1,139	-	Allotted under ESAR Plan of the Company	14,039	0.00

v) Indebtedness -

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakh )

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	50,03,489	6,02,620	4,84,228	60,90,337
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	45,786	2,009	20,034	67,829
<b>Total (i+ii+iii)</b>	<b>50,49,275</b>	<b>6,04,629</b>	<b>5,04,262</b>	<b>61,58,166</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	32,36,108	14,74,222	4,45,383	51,55,713
Reduction	12,22,255	15,48,074	2,72,779	30,43,108
<b>Net Change</b>	<b>20,13,853</b>	<b>(73,852)</b>	<b>1,72,604</b>	<b>21,12,605</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	69,34,513	5,22,746	6,48,618	81,05,877
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,28,615	8,031	28,248	1,64,894
<b>Total (i+ii+iii)</b>	<b>70,63,128</b>	<b>5,30,777</b>	<b>6,76,866</b>	<b>82,70,771</b>

## VI. Remuneration of Directors and Key Managerial Personnel

**A. Remuneration to Managing Director, Whole-time Director and / or Manager :** The Company has only one Managing Director, Mr. Kapil Wadhawan

Sl. No.	Particulars of Remuneration	(In ₹) (Gross)	Mr. Kapil Wadhawan (Chairman & Managing Director)
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,73,00,000	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	
2	Stock Option	0	
3	Sweat Equity	0	
4	Commission - as % of profit *	1,40,00,000	
5	Provident Fund	12,00,000	
<b>Total (A)</b>		<b>3,25,00,000</b>	
Ceiling as per the Act		In terms of the provisions of the Companies Act, 2013, ("Act") the remuneration payable to the Managing Director shall not exceed 5% of the net profit of the Company as calculated as per the Act. The remuneration paid to Mr. Kapil Wadhawan – Chairman & Managing Director was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company.	

### B. Remuneration to other Directors

#### B1. Independent Directors

Sl. No.	Name of Independent Director	Fees for attending Board/ Committee Meetings (In ₹) (Gross)	Commission* (In ₹) (Gross)	Total Amount (In ₹) (Gross)
1.	Mr. G. P. Kohli	13,38,000	10,00,000	23,38,000
2.	Mr. V. K. Chopra	6,86,000	10,00,000	16,86,000
3.	Mr. M. Venugopalan	5,51,000	10,00,000	15,51,000
4.	Dr. Rajiv Kumar	1,35,000	10,00,000	11,35,000
5.	Ms. Vijaya Sampath	3,06,000	10,00,000	13,06,000
<b>Total (B)(1)</b>		30,16,000	50,00,000	80,16,000

#### B2. Other Non Executive Director

1.	Mr. Dheeraj Wadhawan	954,000	10,00,000	19,54,000
<b>Total( B) (2)</b>		954,000	10,00,000	19,54,000
<b>Total (B)=(B)(1)+(B)(2)</b>		39,70,000	6,00,000	99,70,000

**Total Managerial Remuneration : Total remuneration to Chairman & Managing Director, Whole Time Director and other Directors (being the total A and B)**

4,24,70,000

Overall Ceiling as per the Act

- In terms of the provisions of the Companies Act, 2013, the remuneration payable to Directors other than Executive directors shall not exceed 1% of the net profit of the Company as calculated as per the Act. The remuneration paid to the Independent Directors and Non-Executive Director as listed above was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company.
- The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.

\*As a practice, Commission will be paid to the Directors after the financial statements are adopted by the Members of Company at the ensuing AGM.

**C. Remuneration to Key Managerial Personnel other than Managing Director/Manager/WTD**

SL. No.	Particulars of Remuneration	Mr. Harshil Mehta (CEO)	Mr. Santosh Sharma (CFO)	Ms. Niti Arya (CS)	Total
1	<b>Gross salary</b>				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (In ₹)	3,41,33,310	95,39,372	78,09,866	5,14,82,548
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961				
(i)	Perquisites w.r.t to exercise of ESAR (In ₹)	0	0	4,00,643	4,00,643
(ii)	Other Perquisites (In ₹)	2,30,888	1,42,641	13,16,843	16,90,372
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
(a)	ESOP Plan III	0	50,000	0	50,000
(b)	ESAR Grant I	2,00,000	32,000	9,600	2,41,600
(c)	ESAR Grant II	2,24,700	36,842	36,842	2,98,384
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
-	as % of profit,	0	0	0	0
-	others, specify...	0	0	0	0
5	Others, please	0	0	0	0
specify :		0	0	0	0
	Employer contribution to PF (In ₹)	14,25,600	4,82,413	3,78,000	22,86,013
<b>Total (In ₹)</b>		<b>3,57,89,798</b>	<b>1,01,64,426</b>	<b>99,05,352</b>	<b>5,58,59,576</b>

Note: The total of remuneration is without stock options.

**VII Penalties / punishment/ compounding of offences**

Sl. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A.	COMPANY Penalty Punishment Compounding			None		
B.	DIRECTORS Penalty Punishment Compounding			None		
C.	OTHER OFFICERS IN DEFAULT Penalty Punishment			None		

# Report on Corporate Governance

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as "SEBI Listing Regulations"], a Report on Corporate Governance for financial year 2016-17 is presented below:

## 1. DHFL'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance is a code that sets the principles, systems, and practices through which the Board of Directors of the Company ensures transparency, fairness and accountability in the Company's relationship with all its stakeholders, viz. regulators, shareholders, creditors, government agencies, employees, among others. The code of governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner.

We at DHFL, practice a trustworthy, transparent, moral and ethical conduct, both internally and externally, and are committed towards maintaining the highest standards of Corporate Governance practices in the best interest of all its stakeholders.

DHFL believes that it not only has legal, contractual and social responsibilities, but also has obligations towards its stakeholders such as shareholders, bankers, regulators, government agencies, employees, investors, creditors and customers, among others. DHFL strives that all its stakeholders have an access to clear, adequate and factual information relating to the Company. It promotes accountability of its management and the Board of Directors acknowledges its responsibilities towards its stakeholders for creation and safeguarding their wealth.

The Company has further formulated and adopted the Internal Guidelines on Corporate Governance in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 [hereinafter referred as "NHB CG Directions"]. The same is uploaded on

the Company's website at the URL: <http://www.dhfl.com/wp-content/uploads/2017/05/Internal-Guidelines-on-Corporate-Governance.pdf>

## 2. BOARD OF DIRECTORS

DHFL's Board of Directors play a pivotal role in ensuring that good corporate governance practices are followed within the Company. The Board of Directors oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company.

The Board while performing its fiduciary duties recognizes its responsibilities towards the shareholders and other stakeholders, to uphold the highest standards in all matters concerning the Company and for the purpose ensures proper delegation of appropriate authority to the senior officials of the Company for effective management of operations.

The Board monitors and approves the annual budgets, business plans & strategies and various policies of the Company. It also reviews the operational and financial performance of the Company. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws. It also oversees the process of disclosure & communications made by the Company and ensures that a transparent nomination process to the Board of the Company is duly followed.

## Composition and Category

The Composition of the Board of Directors of the Company is in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations. The Board has an optimum combination of Executive, Non-Executive and Independent Directors. The Board comprises of total seven (7) Directors, out of which one (1) is an Executive Director (designated as the Chairman and Managing Director) who acts as the Chairperson of the Board, one (1) is a Non - Executive Director and five (5) are Independent Directors including one (1) Woman Director.

The composition of the Board and category of each Director along with their shareholding in the Company as at March 31, 2017, is as follows:

Name of the Director	Category of Director	DIN	No. of equity shares <sup>1</sup> held in the Company
Mr. Kapil Wadhawan	Promoter/Executive Director	00028528	18,00,000
Mr. Dheeraj Wadhawan	Promoter/Non-Executive Director	00096026	18,00,000
Mr. G.P. Kohli		00230388	6,800
Mr. V.K. Chopra		02103940	-
Mr. Mannil Venugopalan	Independent Directors	00255575	1,000
Ms. Vijaya Sampath		00641110	4,000
Dr. Rajiv Kumar <sup>2</sup>		02385076	-

1 None of the Directors hold any convertible instruments of the Company.

2 Members of the Company at the 32nd Annual General Meeting held on July 20, 2016 approved the appointment of Dr. Rajiv Kumar as an Independent Director for a term of five years w.e.f. August 7, 2015.

### Inter- se relationship between the Directors

Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan are brothers. None of the other Directors are related to each other.

### Directorships and Membership of the Directors in other Companies/Committees

None of the Directors on the Board is a member of more than ten Committees across public companies in which he / she is a Director and Chairman of more than five Committees across all listed entities in which he/she is a Director.

The details of directorship, chairmanship and membership of the committees of each Director of the Company including that of DHFL, are as follows:

Name of the Director	Number of Directorships <sup>1</sup>	Member/Chairperson of Committee <sup>2</sup>	
		Member <sup>3</sup>	Chairperson <sup>4</sup>
Mr. Kapil Wadhawan	8	3	-
Mr. Dheeraj Wadhawan	2	-	-
Mr. G. P. Kohli	7	5	2
Mr. V. K. Chopra	10	10	4
Mr. Mannil Venugopalan	9	6	1
Ms. Vijaya Sampath	6	2	-
Dr. Rajiv Kumar	1	-	-

1 Directorships and memberships of Committees held by Directors in Private Limited Companies, Foreign Companies and Section 8 companies has been excluded.

2 Committees considered to reckon the limit are Audit Committee & Stakeholders' Relationship Committee.

3 The number of membership includes the number of chairmanship held by the Director.

4 The chairmanship held by the Director in listed entities alone has been considered. However, the entities whose debentures are listed on the Stock Exchange(s) has been considered as listed entities for the purpose of calculating the number of chairmanship.

### Board Meetings

The Board meets at least four (4) times a year, one in each quarter, inter-alia, to discuss and review the financial results, business policies, strategies. etc. The maximum interval between two Board meetings is not more than one hundred and twenty days. Additional Board Meetings are held by the Company as and when the Company needs merit oversight and guidance. However, incase of business exigency or urgent matters, approval of the Board is sought through resolution by circulation as per the provisions of Companies Act, 2013, which is noted in the subsequent Board Meeting.

The Company circulates the Board/Committee Meeting agenda and related notes/documents well in advance through its e-based module known as the Board Meeting Organiser (BMO) which provides for quick and easy accessibility. The information/documents are available at a click of a button without compromising on the confidentiality of information, at all times.

All statutory and other significant matters including minimum information required to be placed in terms of Schedule II – Part A of the SEBI Listing Regulations are tabled before the Board to enable it to discharge its duties responsibly.

As a practice, the Company Secretary reports the compliance status of all the laws applicable to the Board of Directors on quarterly basis. All significant decisions taken by the Board/Committee Members is communicated to the functional head of

the concerned department. The Board/Committee Members are apprised of the action taken or proposed to be taken by the Company on the observations/directions given in the previous meeting.

During the year 2016-17, seven (7) Board meetings were held. The details of the Board meetings along with the attendance of each Director at the respective Board meeting and last Annual General Meeting is tabled below:

Name of the Director	Attendance at the Board Meetings held on							Attendance at last (32nd ) AGM
	May 4, 2016	July 5, 2016	July 20, 2016	August 17, 2016	October 17, 2016	January 16, 2017	February 14, 2017	
Mr. Kapil Wadhawan	Yes	Leave of Absence	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Dheeraj Wadhawan	Yes	Leave of Absence	Yes	Yes	Yes	Yes	Yes	Yes
Mr. G. P. Kohli	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. V.K. Chopra	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mannil Venugopalan	Yes	Yes	Yes	Leave of Absence	Yes	Yes	Yes	Yes
Ms. Vijaya Sampath	Yes	Leave of Absence	Yes	Yes	Yes	Yes	Yes	Yes
Dr. Rajiv Kumar	Yes	Leave of Absence	Yes	Leave of Absence	Leave of Absence	Yes	Leave of Absence	Yes

## Separate Independent Directors' Meeting

During the year 2016-17, a separate meeting of the Independent Directors without the presence of the non-Independent Directors and senior management members was held on March 24, 2017, in accordance with the provisions of Schedule IV - Code for Independent Directors of the Companies Act, 2013 and Regulation 25 of the SEBI Listing Regulations.

The Independent Directors, inter-alia, reviewed -

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairperson of the Company, and
- the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## Familiarization Programme for the Independent Directors

The Company follows a structured orientation programme for its newly inducted Director(s) to ensure that they become fully aware of the industry in which the Company operates, the processes, systems and policies adopted and followed by the Company. The familiarization programme focuses on the business model and operations of the Company and aims at informing the directors on the legal, regulatory as well as socio-economic regime in which the Company functions.

The Company briefs its Independent Directors on the roles, rights and responsibilities of the Independent Directors, nature

of the industry in which the Company operates, business and operations model, credit policies of the Company, etc. It ensures that regular updates are provided to the Directors on the changes/revision in the Company's business model, new developments & initiatives undertaken by the Company, new processes & policies adopted/revised, amendment/introduction of applicable laws and/or regulations. etc.

The familiarization programme for the new and continuing Independent Directors of the Company ensures valuable participation and inputs from them which helps in bringing forth the best practices into the organization and helps in taking informed decision(s) at the Board Level.

The details of familiarization programme imparted to the Independent Directors of the Company is available on the Company's website at URL: <http://www.dhfl.com/wp-content/uploads/2017/04/Familiarization-Program.pdf>

## 3. COMMITTEES OF THE BOARD

The Board of Directors has constituted six committees namely – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Finance Committee and Corporate Social Responsibility Committee which enables the Board to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of their duties and responsibilities.

The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expediently. The Board overlooks the functioning of

the Committees. The Chairman of the respective Committees briefs the Board on significant discussions and decisions taken at their respective meetings. Minutes of the Committee Meetings are circulated and placed before the Board of Directors in the subsequent Board Meeting for their noting.

The Company Secretary acts as a Secretary to all the Committees of the Board.

Detailed terms of reference, composition, meetings and other information of each of the Committees of the Board is detailed herein below:

#### **a. Audit Committee**

The constitution of Audit Committee of the Board is in compliance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI Listing Regulations and NHB CG Directions.

All the Members of the Audit Committee have the required qualification and expertise for appointment on the Committee and possesses the requisite accounting and related financial management expertise.

The representatives of the statutory auditors are the permanent invitees to the meetings of the Committee wherein the financial statements/results are discussed. In addition to the representatives of the Statutory Auditors, Head (Audit & Inspection) alongwith the Chief Executive Officer and the Chief Financial Officer are also invited to attend the Audit Committee meetings. Various Functional heads and Senior Management Personnel are invited to the meetings to give presentations relating to their respective function. Periodically, presentations are also made by the management and other external auditors to the Audit Committee Members.

The Chairman of the Audit Committee was present at the last i.e. 32nd Annual General Meeting of the Company.

#### **Terms of Reference**

During the year 2016-17, the terms of reference of the Audit Committee was amended by the Board of Directors on January 16, 2017, March 12, 2017 and last amended on May 3, 2017\*.

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees;

- To approve the payment to statutory auditors for any other services rendered by them;
- To review with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Qualifications in the draft audit report.
  - g. Disclosure of related party transactions.\*
- To review with the management, the financial statements/business operations before submission to the Board.
- To review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To review with the management, performance of statutory and internal auditors, and monitor auditor's independence and performance and effectiveness of the audit process and adequacy of the internal control systems;
- To review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management;
- To ensure that the Information System Audit of the internal systems and processes is conducted to assess the operational risks faced by the Company;
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- To review the findings of any internal investigations 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 discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of nonpayment of declared dividends) and creditors;
- To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- To consider, suggest, modification and/or recommend/approve, the related party transactions of the Company;
- To scrutinize inter corporate loans and investments;
- To review the Asset-Liability Management Mechanism of the Company.
- To consider valuation of assets or undertaking of the Company wherever required;
- To evaluate internal financial controls, risk management systems and fraud reporting;
- To review and formulate the scope, functioning, periodicity, methodology for conducting the internal audit, in consultation with the Internal Auditor and to discuss with the internal auditors any significant findings and follow up there on;
- To have the authority to investigate into any matter as included in its terms of reference or referred to it by the Board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- To review the Company's Vigil Mechanism as defined under the Whistle Blower Policy of the Company with regard to the process/procedure prescribed for its employees and directors to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other related matter. To ensure that these arrangements allow independent investigation of such matters and appropriate follow up action;
- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### **Composition and Meetings**

The composition of the Audit Committee is as per the provisions of Companies Act, 2013, SEBI Listing Regulations and NHB CG Directions.

The Company holds minimum four pre-scheduled Audit Committee meetings annually, one in each quarter and the maximum time gap between two Audit Committee meetings is not more than one hundred and twenty days.

During the year 2016-17, Seven (7) Audit Committee meetings were held on May 4, 2016, July 20, 2016, September 27, 2016, October 17, 2016, January 16, 2017, February 14, 2017 and February 28, 2017. The composition and the attendance thereof of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. M. Venugopalan (Chairman of the Committee)	Independent	7
Mr. G.P. Kohli	Independent	7
Mr. V.K. Chopra	Independent	7

### **b. Nomination and Remuneration Committee**

The constitution of Nomination and Remuneration Committee is in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations and NHB CG Directions.

### **Terms of Reference**

The terms of reference of the Nomination and Remuneration Committee are as follows:

- To identify and recommend to the Board, in accordance with the criteria as laid down, appointment/re-appointment/removal of the Executive /Non – Executive Directors and the senior management of the Company
- To formulate criteria for evaluation and evaluate the performance of every director including the Independent Directors.
- To formulate the criteria for determining qualifications, positive attributes and independence of the Directors.
- To recommend to the Board a remuneration policy for the Directors, Key Managerial Personnel and other employees of the Company.
- To devise a Policy on Board Diversity of the Company.
- To monitor and handle any other matter relating to framing/administration of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or any amendments thereof.
- Any other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

## Composition and Meetings

The composition of the Nomination and Remuneration Committee is as per the provisions of Companies Act, 2013 and SEBI Listing Regulations.

The Chairman of the Nomination and Remuneration Committee was present at the last i.e. 32nd Annual General Meeting of the Company.

During the year 2016-17, the Committee met three (3) times on May 4, 2016, November 17, 2016 and January 16, 2017. The composition and the attendance thereat of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. V. K. Chopra (Chairman of the Committee)	Independent	3
Mr. G.P. Kohli	Independent	3
Ms. Vijaya Sampath	Independent	2

## Remuneration Policy

The Company has a duly formulated Nomination (including Board Diversity), Remuneration and Evaluation Policy (NRE Policy) as per the provisions of Companies Act, 2013 and the SEBI Listing Regulations which, inter-alia, lays down the approach to diversity of the Board, the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees and the process of their evaluation. During the year 2016-17, NRE Policy was amended on March 12, 2017 to align with the requirements of Policy on fit and proper criteria for the Directors. The said policy is available on the website of the Company at the URL: <http://www.dhfl.com/wp-content/uploads/2017/06/Nomination-Remuneration-Evaluation-Policy-Revised.pdf>

The attributes for appointment, components of the remuneration and the process of performance evaluation relating to the Directors, Key Managerial Personnel (KMP) and employees of the Company is explained below:

### a. Appointment criteria, remuneration terms and performance evaluation of the Executive Director/Whole Time Director:

- The Executive Director/ Whole Time Director is appointed as per the applicable provisions of Companies Act, 2013 and rules made there under. The person to be appointed/re-appointed as Executive Director/Whole Time Director is assessed against a range of personal attributes and

criteria which includes but is not limited to qualifications, skills, industry experience, and background. etc.

- The remuneration being paid to the Executive Director/ Whole Time Director carries a balance between fixed and incentive pay (commission, bonus. etc.) based on the performance objectives in relation to the operations of the Company. The Compensation (fixed salaries) paid to Executive Director/ Whole Time Director is competitive and reflects the individual's role, responsibility and experience in relation to performance of business operations of the Company. This includes salary, allowances and other statutory/non-statutory benefits. The remuneration paid to the Executive Director/ Whole Time Director also includes a variable component which is determined by the Committee/Board, based on the performance against pre-determined financial and non-financial parameters. The total managerial remuneration payable by the Company to the Executive Director/Whole Time Director is within the limits prescribed under the Companies Act, 2013.
- The Executive Director/Whole Time Director is evaluated on the basis of his present performance (financial/non-financial) and his achievements against various key performance parameters as defined by the Board of Directors of the Company. The performance evaluation of the Executive Director/ Whole Time Directors is carried out by the Nomination and Remuneration Committee, the Independent Directors in a separate meeting, and by the Board of the Company without the presence of the Executive Director/ Whole Time Director being evaluated. The re-appointment of the Executive Director/ Whole Time Director is on the basis of the report of his performance evaluation.

### b. Appointment criteria, remuneration terms and performance evaluation of the Non - Executive Director(s)/ Independent Directors:

- The NRE policy of the Company aims at promoting diversity on the Board. The Nomination and Remuneration Committee ensures that the Board at all times represents an optimum combination of Executive and Non-Executive Directors as well as Independent Directors with atleast one woman Director and not less than fifty percent of the Board comprising of Independent Directors. The selection of suitable candidate(s) for the directorship of the Company is based on various criteria viz. educational and professional background, personal achievements, experience, skills. etc.
- The Non - Executive Director is appointed as per the applicable provisions of the Companies Act, 2013 and rules made thereunder and assessed on various parameters such as qualification, relevant experience

and expertise, integrity, skill sets. etc. The appointment of Independent Directors is made in accordance with the provisions of Companies Act, 2013 and SEBI Listing Regulations. A formal letter of appointment is also issued to the Independent Directors upon their appointment. Independent Directors of the Company are not entitled to stock options.

- Commission, if any, paid to the Non-Executive Directors and the Independent Directors is within the monetary limits approved by the Members of the Company, subject to the overall ceiling of 1% of the net profits of the Company computed as per the applicable provisions of Companies Act, 2013. The sitting fees is paid to the Non-Executive Directors and the Independent Directors within the limits as prescribed under Companies Act, 2013. The Company also reimburses the expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses to the Non-Executive Directors and the Independent Directors. The performance evaluation of the Non-Executive Directors and the Independent Directors is carried out by the Nomination and Remuneration Committee and the Board of the Directors excluding the director being evaluated. The performance evaluation of the Non-Executive Director is also carried out by the Independent Directors in a separate meeting. Re-appointment of a Director is based on the report of performance evaluation.

#### **c. Appointment criteria, remuneration terms and performance evaluation of the Senior Management Personnel and other employees:**

- The Company appoints KMP i.e. Whole Time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary of the Company as per the provisions of Section 203 of the Companies Act, 2013. The Company recruits individuals with appropriate mix of skills, experience and personal attributes. For the appointment of employees, the criteria such as qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the respective position and the extent to which the appointee is likely to contribute to the overall effectiveness of the organization, work constructively with the existing team and enhance the efficiencies of the Company is considered.
- The remuneration for the Chief Executive Officer, Chief Financial Officer and Company Secretary at the time of the appointment is approved by the Board and any subsequent increments is approved by the Chairman & Managing Director of the Company as per the HR & NRE policy of the Company and the same is placed

before the Nomination and Remuneration Committee and the Board. The remuneration of the employees is determined, after considering the key factors like:

- i) The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate directors/executives and should be in line with the industry practice aimed at promoting the short term and long term interests and performance of the company.
- ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- iii) Remuneration will involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- The performance of the other employees is evaluated on annual basis as per Company's and individual employees performance and contribution to the overall goals / objectives of the Company.

#### **Details of the Evaluation Process**

During the year 2016-17, the Nomination and Remuneration Committee in terms of the SEBI "Guidance Note on Board Evaluation" revised the evaluation/assessment parameters for the Directors (including the Independent Directors) of the Company and the Board as a whole (including the Board Committees) at its meeting held on January 16, 2017.

As per the provisions of Companies Act 2013 and SEBI Listing Regulations, the Nomination and Remuneration Committee carried out the evaluation of the performance of each Director of the Company at its meeting held on May 2, 2017. As a part of the performance evaluation process, self -assessment was also carried out by all the Directors (including the Independent Directors).

Pursuant to the report/feedback on the evaluation as carried out by the Nomination and Remuneration Committee and the Independent Directors in a separate meeting, the Board conducted the formal annual evaluation of its own performance, its Committees and the individual directors (without the presence of the director being evaluated) at its meeting held on May 3, 2017. Basis the said evaluation, the Nomination and Remuneration Committee made recommendations for the re-appointment of Mr. Kapil Wadhawan.

### **Criteria for evaluation of Board and its Committees**

The evaluation of the Board and its committees were based on the criteria, inter-alia, covering various assessment parameters like structure and composition, frequency & duration of meetings, its processes and procedures, effectiveness of the Board/ committees, its financial reporting process including internal controls, review of compliances under various regulations, adequate discharge of responsibilities entrusted under various regulations and/ or terms of reference of the committees etc.

### **Criteria for evaluation of Individual Directors**

The criteria for evaluation of performance of the individual Directors included various parameters viz. attendance & participation during the meetings, their active contribution & independent judgment, cohesiveness, discussions/ deliberations on important matters, understanding of the Company, etc. The Chairman and Managing Director, in addition to the above, was also evaluated on his achievements against various key performance parameters (financial / non-financial) for the financial year 2016-17.

### **Details of remuneration including commission and other payments to the Directors**

#### **Executive Director**

The brief terms and conditions of Mr. Kapil Wadhawan, upon re-appointment by the Members as the Managing Director (designated as Chairman & Managing Director) of the Company for a term of five years, as set out in the agreement dated October 4, 2015, entered into with the Company, are listed below:

**Remuneration:** Remuneration payable to Mr. Kapil Wadhawan, Chairman & Managing Director (w.e.f. October 4, 2015) is as under :

₹ in Lakh]	
Particulars	Amount (p.a.)
Basic Salary	100
Perquisites/ Allowances	85
<b>Total</b>	<b>185</b>
Commission	As may be decided by Nomination and Remuneration Committee/ Board of Directors of the Company

**Commission:** Commission per annum shall be equivalent to such sum as fixed by the Board of Directors / Nomination and Remuneration Committee, in conformity with the applicable provisions of Companies Act, 2013 and rules made thereunder. The said commission shall be payable based on the set goals and performance criteria/ parameters as defined by Nomination & Remuneration Committee and/ or the Board of Directors of the Company.

**Perquisites/Allowances :** The perquisites and allowances, as aforesaid, shall include (a)Rent-free accommodation (furnished or otherwise) or House Rent Allowance, in lieu thereof; (b)House maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing & repairs, (c) Leave Travel Concession for self and family including dependents, (d) Fees for Club Membership, (e) Payment of Insurance Premium on policies relating to Health Insurance, Personal Accident Insurance and Others, (f) Reimbursement of Medical Expenses. The valuation of perquisites and allowances shall be as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

The Contribution to provident fund, superannuation or annuity fund, to the extent these, singly or together, are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of his overall ceiling of remuneration.

The expenses incurred by Mr. Kapil Wadhawan for travelling, boarding and lodging during business trips; provision of cars for official use and his telephone expenses shall be reimbursed at actuals and not considered as perquisites.

**Other terms:** The overall remuneration payable every year to Mr. Kapil Wadhawan – Chairman & Managing Director by way of basic salary, perquisites/ allowances and commission shall not exceed in aggregate, 1% (one percent) of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013 and the rules made thereunder. In the event of any loss, or absence or inadequacy of profits in any financial year, during the term of office of Mr. Kapil Wadhawan, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not be paid in excess of the limits prescribed in Schedule V of the Companies Act, 2013 or with the approval of the Central Government.

**Notice period/severance fee:** The office of the Chairman & Managing Director may be terminated either by the Company or by him, by way of giving 3 (three) months' prior notice in writing. Further, the Chairman & Managing Director shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a Member. There is no provision for payment of any severance fee to the Chairman & Managing Director.

The compensation paid to Mr. Kapil Wadhawan - Chairman & Managing Director for the year ended March 31, 2017 is as follows:

Name	Salary	Contribution to funds	Commission*
Mr. Kapil Wadhawan (Chairman & Managing Director)	1,73,00,000	12,00,000	1,40,00,000

\* Commission will be paid after the financial statements for FY 2017 are adopted by the Members of the Company at the ensuing Annual General Meeting.

### Non-Executive and Independent Directors

None of the Non-Executive and Independent Directors of the Company have any pecuniary relationship with the Company except as mentioned herein below. The Non-Executive and Independent Directors are paid sitting fees and other expenses on actual basis (travelling, boarding and lodging) incurred for attending the Board/Committee meetings. In view of the provisions of Companies Act, 2013, which provides for higher ceiling of sitting fees payable to the Board of Directors, the sitting fees payable to Non-Executive and Independent Directors for attending each meeting is fixed at ₹ 45,000 for Board Meetings and ₹ 35,000 for Audit Committee Meeting. The sitting fees for other committee meetings namely Nomination and Remuneration Committee Meeting, Finance Committee Meeting, Risk Management Committee and Corporate Social Responsibility Committee Meeting is fixed at ₹ 18,000 per meeting, respectively and ₹ 10,000 per meeting for attending Stakeholders' Relationship Committee Meeting.

As per the approval of the Board of Directors and approval of the Members of the Company at the 31st Annual General Meeting held on July 23, 2015, Non-Executive Directors of the Board of the Company are also entitled to a commission not exceeding one percent (1%) of the net profits of the Company. On the basis of the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on January 16, 2017, approved the payment of Commission of ₹ 10,00,000 per director to Non-Executive Directors (Independent and Non-Independent) for the financial year 2016-17 with effect from April 1, 2016, payable on pro rata basis, aggregate being within the overall ceiling of one percent (1%) of the net profits of the Company.

During the year, no stock options were granted to the Non-Executive Director and Independent Directors of the Company.

The compensation paid / payable by the Company to the Non-Executive and Independent Directors as at March 31, 2017 is as given below:

Name	Sittings Fees	Commission*
Mr. G. P. Kohli	13,38,000	10,00,000
Mr. V. K. Chopra	6,86,000	10,00,000
Mr. Dheeraj Wadhawan	9,54,000	10,00,000
Mr. Mannil Venugopalan	5,51,000	10,00,000
Ms. Vijaya Sampath	3,06,000	10,00,000
Dr. Rajiv Kumar	1,35,000	10,00,000

\* Commission will be paid to the directors after the financial statements for FY 2017 are adopted by the Members of the Company at the ensuing Annual General Meeting.

### c. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Board is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

### Terms of Reference

During the year 2016-17, the Terms of Reference of the Stakeholders' Relationship Committee was amended by the Board of Directors at their meeting held on October 17, 2016.

- To redress the complaints of the members and investors, related to transfer and transmission of securities, non-receipt of annual reports, dividends and other securities related matter.
- To review the requests/complaints received by the Registrar and Share Transfer Agent from the Members relating to transfer, transmission, consolidation, replacement of share certificates, issue of duplicate certificates and dematerialization of securities certificates.
- To review the certificates and reports submitted by the Company to the Stock Exchanges under the SEBI Listing Regulations.
- To observe the quarterly status of the number of shares in physical as well as dematerialized form.
- To review the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share Transfer Agent.
- To monitor and resolve/redress the grievances of Security Holders i.e. Members, Fixed Depositors or Debenture Holders or Commercial Paper Investors or any other Investors of the security/ies issued by the Company.
- To recommend measures for overall improvement in the quality of investors services.

- To oversee and ensure the compliances under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
- Any other function as may be stipulated by the Companies Act , 2013, SEBI, Stock Exchange or any other regulatory authorities from time to time.

### **Composition and Meetings**

The composition of the Stakeholders' Relationship Committee is as per the provisions of Companies Act, 2013 and SEBI Listing Regulations. The Chairman of the Stakeholders' Relationship Committee was present at the last i.e. 32nd Annual General Meeting of the Company.

Mrs. Niti Arya - Company Secretary acts as the Secretary to the Committee and is the Compliance Officer of the Company.

During the year 2016-17, four (4) Committee meetings were held on May 4, 2016, July 19, 2016, October 17, 2016 and January 16, 2017. The composition and the attendance thereat of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. G.P. Kohli (Chairman of the Committee)	Independent	4
Mr. Kapil Wadhawan	Executive	4

### **Details of shareholders complaints/grievances received**

During the year, the Company has received 45 complaints from its shareholders relating to non-receipt of share transfer/bonus certificate, non-receipt of dividend, non-receipt of annual report etc. All the complaints were redressed to the satisfaction of the shareholders and there were no pending/unresolved complaints at the end of the financial year.

The Company received 28 complaints from the fixed deposit holders of the Company and all the complaints stands resolved as at the end of the financial year ended March 31, 2017. During the year 2016-17, Company received 892 complaints relating to non-receipt of securities, electronic credit, refund order, etc. from its debentureholders and all the complaints stands resolved as at the end of the financial year.

### **d. Risk Management Committee**

The Risk Management Committee of the Board is constituted in compliance with the provisions of Regulation 21 of the SEBI Listing Regulations and the same is in line with the provisions of NHB CG Directions.

### **Terms of Reference**

The terms of Reference of the Risk Management Committee was last revised on January 20, 2016.

- To review and monitor the Risk Management Policies and Procedures;
- To ensure that the Credit Exposure of the Company to any single/group borrowers does not exceed, the internally set limits and the prescribed exposure ceilings by the Regulator;
- To review the Risk Monitoring System;
- To review and verify adherence to various risk parameters set-up for various Operations/Functions;
- To review the Asset-Liability Management Mechanism of the Company;
- To undertake such other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### **Composition and Meetings**

The Composition of the Risk Management Committee is in compliance with the requirements of SEBI Listing Regulations. The Chief Risk Officer is a permanent invitee to the Committee. The Chief Executive Officer of the Company also attends the meetings of the Risk Management Committee as an invitee.

During the year 2016-17, two (2) Risk Management Committee meetings were held on September 27, 2016 and February 28, 2017. The composition and the attendance thereat of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. Kapil Wadhawan (Chairman of the Committee)	Executive	2
Mr. V.K. Chopra	Independent	2
Mr. Mannil Venugopalan	Independent	2

### **e. Finance Committee**

The terms of Reference of the Finance Committee was amended on May 4, 2016 and September 23, 2016 by the Board of Directors.

### **Terms of Reference**

The terms of reference of the Finance Committee are as follows:

- To borrow moneys for the purpose of the Company's Business in accordance with the Companies Act, and any modification and enactment thereof, if any and but not exceeding the overall limit up to which the

Board of Directors of the Company are authorized/to be authorized under the Companies Act, and any modification and enactment thereof;

- 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 purpose;
- To authorize operation of such 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 approval of loans above ₹ 200 crore upto prudential exposure norms as per NHB guidelines to any person, firm or body corporate at any time or from time to time and to grant approval for issuance of Corporate Guarantee(s) by the Company in favour of the body corporates as per the provisions of Companies Act, 2013 and NHB Guidelines;
- To open and close the current account(s) with any banks at any place outside the territory of India and to finalize/ vary the authorization (s) to operate the same;
- To open and close the securities/demat/custodian accounts(s) with any depository /participant at any place in India and abroad and to finalize/vary the authorization (s) to operate the same;
- To consider and approve the buyout and sell down of pool of loan portfolio by way of securitization and/or assignment and the matters relating thereto and to authorize Director(s) or the official(s) of the Company for the purpose.

### **Composition and Meetings**

During the year 2016-17, the Committee met thirty eight (38) times on April 5, 2016, April 25, 2016, April 27, 2016, May 10, 2016, May 20, 2016, June 3, 2016, June 10, 2016, June 17, 2016, June 27, 2016, June 29, 2016, July 12, 2016, July 26, 2016, July 28, 2016, August 3, 2016, August 9, 2016, August 16, 2016,

August 17, 2016, August 22, 2016, August 25, 2016, August 29, 2016, September 9, 2016, September 21, 2016, September 23, 2016, September 28, 2016, October 10, 2016, November 4, 2016, November 16, 2016, November 29, 2016, December 28, 2016, January 12, 2017, February 6, 2017, February 22, 2017, March 1, 2017, March 6, 2017, March 16, 2017, March 24, 2017 and two meetings on March 30, 2017.

The composition and the attendance thereat of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. Kapil Wadhawan (Chairman of the Committee)	Executive	36
Mr. G.P. Kohli	Independent	36
Mr. Dheeraj Wadhawan	Non - Executive	38

### **f. Corporate Social Responsibility (CSR) Committee**

The Corporate Social Responsibility Committee is constituted in line with the requirements of Section 135 of the Companies Act, 2013.

#### **Terms of Reference**

The terms of reference of the CSR Committee are as follows:

- To establish and review of corporate social responsibility policies;
- To identify, segment and recommend the CSR projects/ programs/activities to the Board of Directors;
- To recommend the amount of expenditure to be incurred on the activities as identified for CSR by the Company;
- To oversight the implementation of corporate social responsibility projects/ programs/ activities;
- To review the annual budgets/expenditure with respect to corporate social responsibility programs/projects/ activities;
- To work with management to establish and develop the Company's strategic framework and objectives with respect to corporate social responsibility matters;
- To receive reports on the Company's Corporate Social Responsibility programs/ projects/ activities;
- To establish and review the implementation mechanism for the CSR programs/ projects/activities undertaken by the Company;
- To establish and review the monitoring mechanism of CSR projects/programs/activities;
- To review the CSR initiatives and programs/projects/ activities undertaken by the Company;
- To review the Company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions;

- To obtain legal or other independent professional advice/ assistance;
- To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee
- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### **Composition and Meetings**

During the year 2016-17, the Committee met two (2) times on May 4, 2016 and September 27, 2016. The composition and the attendance thereof of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. G.P. Kohli (Chairman of the Committee)	Independent	2
Mr. V. K. Chopra	Independent	2
Mr. Kapil Wadhawan	Executive	2

### **4. SPECIAL COMMITTEES OF THE BOARD**

The Board of Directors had constituted two committees with specific objectives namely Allotment Committee and Sub-Committee for Investment in Mutual Fund, the details of the composition alongwith the brief terms and meetings of the said Committees are as follows:

#### **i. Allotment Committee**

The Allotment Committee was constituted by the Board of Directors at their meeting held on January 20, 2016, to take decisions with regard to pricing of the convertible warrants as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, tenure

of warrants, tranches of exercise of warrants, time of conversion, entitlement against the warrants, mode of payment of consideration, rights of warrants holders and other related matters with regard of allotment of warrants convertible into equivalent number of equity shares on preferential basis to the Promoter Group entity i.e. Wadhawan Global Capital Private Limited. The Committee comprised of Mr. G.P. Kohli - Chairman of the Committee and Mr. V.K. Chopra, Independent Directors of the Company. During the year 2016-17, one (1) meeting was held on September 30, 2016, which was attended by both the Members.

The Board of Directors at their meeting held on October 17, 2016, unanimously agreed to dissolve the said committee since the purpose of the constitution of this Committee was duly met with.

#### **ii. Sub-Committee for Investment in Mutual Fund**

The Sub – Committee was constituted by the Board of Directors of the Company at their meeting held on October 21, 2014 to take decisions for making investments in mutual fund sector. The Committee comprised of Mr. Kapil Wadhawan - Chairman of the Committee, Mr. G.P. Kohli and Mr. V.K. Chopra, Independent Directors of the Company. During the year 2016-17, no meetings were held.

The Board of Directors at their meeting held on May 4, 2016, unanimously agreed to dissolve the said committee since the purpose of the constitution of this Committee was duly met with.

## 5. GENERAL BODY MEETINGS

### i. Details of past three Annual General Meetings held by the Company

Meeting	Date and Time	Location	Details of Special Resolution passed
32nd AGM	July 20, 2016 at 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051	Issuance of Non-Convertible Debentures and/or other hybrid instruments on Private Placement Basis.
31st AGM	July 23, 2015 at 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051	Issuance of Non-Convertible Debentures and/or other hybrid instruments on Private Placement Basis.
30th AGM	July 24, 2014 at 12.00 Noon	Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051	Approval for entering into Related Party Transactions by the Company.

### ii. Details of Postal Ballots conducted by the Company

During the year 2016-17, the Company has conducted two Postal Ballots in accordance with Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

The Company has provided its Members with an e-voting facility through National Securities Depository Limited (NSDL), in accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI Listing Regulations, in order to enable them to exercise their voting rights by way of electronic means on the resolution(s) proposed through Postal Ballot(s).

Mrs. Jayshree S. Joshi, Proprietress of M/s Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai, was appointed as a scrutinizer for scrutinizing voting (both physical and e-voting) in a fair and transparent manner for both the postal ballots conducted by the Company during the year.

The details of the resolutions passed by way of postal ballots alongwith the voting pattern in respect of the Special Resolutions passed are mentioned below:

- I. The Board of Directors approved the Postal Ballot notice dated January 16, 2017, containing the below mentioned resolutions for the approval of the Members, which was passed with the requisite majority on February 20, 2017.

#### a. Details of Resolution:

- Item no. 1 - Re-classification of Authorized share capital of the Company. (Ordinary resolution)
- Item no. 2 - Alteration of the Memorandum of Association of the Company upon reclassification of Authorized Share Capital of the Company. (Ordinary resolution)
- Item no 3 to 8 - Issue and Offer of Non- Convertible Redeemable Cumulative Preference Shares on a private placement basis - Offer 1 to Offer 6. (Special resolution)

### b. Details of voting pattern of the Special Resolutions passed:

Details of Special Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
		No. of Votes	%	No. of Votes	%
Issue and Offer of 7,00,000 Non-Convertible Redeemable Cumulative Preference Shares (NCRCPS) of ₹ 1,000 each at a premium of ₹ 2,000 per NCRCPS on a private placement basis – Offer-1	16,56,19,972	15,44,47,643	93.25	1,11,72,329	6.75
Issue and Offer of 5,00,000 Non-Convertible Redeemable Cumulative Preference Shares (NCRCPS) of ₹ 1,000 each at a premium of ₹ 2,000 per NCRCPS on a private placement basis- Offer-2	16,56,19,927	15,44,46,477	93.25	1,11,73,450	6.75
Issue and Offer of 4,00,000 Non-Convertible Redeemable Cumulative Preference Shares (NCRCPS) of ₹ 1,000 each at a premium of ₹2,000 per NCRCPS on a private placement basis- Offer-3	16,56,18,886	15,44,46,490	93.25	1,11,72,396	6.75

Details of Special Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
		No. of Votes	%	No. of Votes	%
Issue and Offer of 3,50,000 Non-Convertible Redeemable Cumulative Preference Shares (NCRCPS) of ₹ 1,000 each at a premium of ₹2,000 per NCRCPS on a private placement basis – Offer-4	16,56,19,622	15,44,46,647	93.25	1,11,72,975	6.75
Issue and Offer of 3,00,000 Non-Convertible Redeemable Cumulative Preference Shares (NCRCPS) of ₹1,000 each at a premium of ₹2,000 per NCRCPS on a private placement basis – Offer-5	16,56,19,822	15,44,47,223	93.25	1,11,72,599	6.75
Issue and Offer of 2,50,000 Non-Convertible Redeemable Cumulative Preference Shares (NCRCPS) of ₹ 1,000 each at a premium of ₹2,000 per NCRCPS on a private placement basis – Offer-6	16,56,18,583	15,44,45,868	93.25	1,11,72,715	6.75

II. The Board of Directors further, approved the Postal Ballot notice dated February 14, 2017, seeking approval of the Members by way of an ordinary resolution for entering into Related Party Transaction with Wadhawan Global Capital Private Limited, a promoter group entity and DHFL Investments Limited, a Wholly Owned Subsidiary Company, which was passed with the requisite majority on March 17, 2017.

### iii. Details of Proposed Postal Ballots

No special resolution through Postal Ballot is proposed to be conducted on or before the ensuing Annual General Meeting.

## 6. SUBSIDIARY COMPANIES

As at March 31, 2017, the Company has two unlisted wholly owned subsidiaries, namely DHFL Advisory & Investments Private Limited and DHFL Investments Limited.

During the year 2016-17, DHFL Investments Limited ("DIL") was incorporated on February 13, 2017, and was constituted with the intent of becoming a "core investment company" (exempt) under the Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016 issued by Reserve Bank of India on August 25, 2016. The main objective of DIL is to carry on the business of an investment Company and to acquire, hold, sell, buy or otherwise deal in the securities of other companies(including group Companies)

The Company ensures compliance with the requirements as listed out under Regulation 24 of SEBI Listing Regulations in respect of its unlisted subsidiary companies including review of financial statements, in particular, the investments made by the subsidiaries, by the Audit Committee/Board of Directors of the Company. The minutes of the Board Meetings of both the unlisted subsidiary companies and statement of all significant

transactions and arrangements entered into by the unlisted subsidiary companies, if any , are placed before the Board of Directors on quarterly basis.

As per the provisions of Regulation 16 (c) of the SEBI Listing Regulations, DHFL Advisory & Investments Private Limited and DHFL Investments Limited are not material subsidiaries. The Board has approved a Policy on determining material subsidiary (ies) in terms of the SEBI Listing Regulations and is available on the website of the Company at URL: <http://www.dhfl.com/wp-content/uploads/2016/06/Policy-on-determining-of-material-subsidiary.pdf>

## 7. MEANS OF COMMUNICATION

The primary source of information to the shareholders, customers, analysts and to the public at large is through the website of the Company i.e. [www.dhfl.com](http://www.dhfl.com). The Company maintains a functional website and disseminates, inter-alia, the following information:

- details of its business;
- terms and conditions of appointment of independent directors;
- composition of various committees of board of directors;
- the email address for grievance redressal and other relevant details;
- contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;
- financial information including notice of Board Meetings, financial results, annual report. etc.
- shareholding pattern;
- schedule of analyst or institutional investors meet and/or presentations made by the Company to analyst or institutional investors and such other required information in terms of Regulation 46 of SEBI Listing Regulations.

The Company regularly updates any change in the content of the website within two working days of such change.

The Annual Report, annually/half yearly/ quarterly results, shareholding pattern, investors presentation, information on material events.etc. are periodically filed in accordance with the SEBI Listing Regulations on BSE Listing and NSE electronic application processing system (NEAPS) portals. The financial results of the Company (quarterly and annually) are published in leading newspapers namely Financial Express, Navshakti and other leading newspapers.

Half yearly communications as required under Regulation 52(4) and 52(5) of SEBI Listing Regulations are sent to the debentureholders by the Company which inter-alia, includes half yearly/ annual financial results, annual reports.etc.

Various investor relation activities such as analyst briefings, conference calls, global investor road shows, presentation on financials, discussion on Company strategy and development. etc. are undertaken by the senior management team and the Chief Investor Relations Officer.

## 8. GENERAL SHAREHOLDERS INFORMATION

<b>i. Date , Time and Venue of the 33rd Annual General Meeting</b>	The 33rd Annual General Meeting of the Company will be held on Friday, July 21, 2017 at 12.00 noon at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001.
<b>ii. Financial Year</b>	The financial year of the Company is April to March.
<b>iii. Dividend Payment date</b>	The final dividend, if declared, by the shareholders at the ensuing Annual General Meeting shall be paid within 30 days from the date of declaration.
<b>iv. Name and address of the Stock Exchanges on which the securities i.e. Equity and Debentures of the Company are listed</b>	National Stock Exchange of India Ltd.(NSE) BSE Limited (BSE) Exchange Plaza, Bandra – Kurla Complex, Bandra (East),Mumbai - 400 051. Stock Code – DHFL Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai - 400 001 Stock Code – 511072 The Annual Listing fees has been paid to both the Stock Exchanges for financial year 2017-18.
<b>v. ISIN Number for Equity Shares in NSDL &amp; CDSL :</b>	INE 202B01012
<b>vi. Date of Book Closure</b>	Saturday, July 15, 2017 to Friday, July 21, 2017 (both days inclusive)

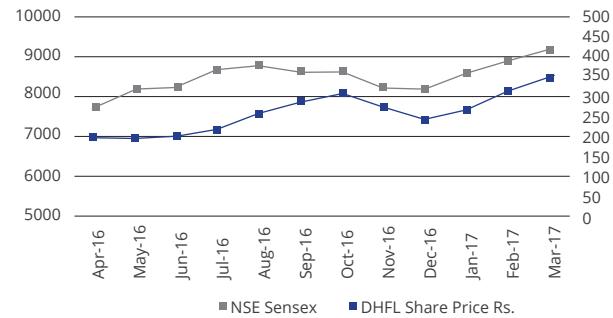
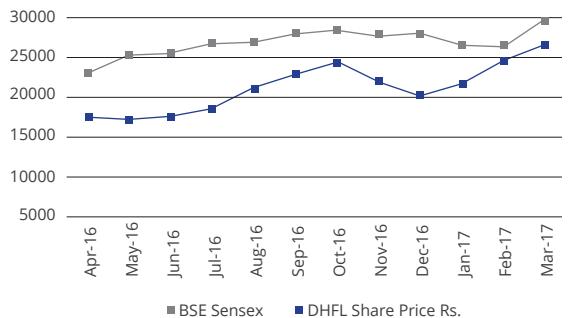
### vii. Market Price Data

The monthly high and low closing prices during the financial year 2016-17 along with the volume of shares traded at BSE and NSE are as follows :

Month	(Price in ₹)								
	BSE-Price			NSE-Price			Quantity Traded		
High	Low	Average Price	High	Low	Average Price				
Apr-16	210.75	184.50	197.63	29,08,729	210.70	184.40	197.55	2,34,12,515	
May-16	207.50	182.70	195.10	49,34,292	207.30	183.00	195.15	3,28,70,654	
Jun-16	216.00	186.05	201.03	47,87,804	215.90	186.00	200.95	4,52,00,067	
Jul-16	227.50	204.45	215.98	38,17,623	227.50	204.00	215.75	3,83,55,161	
Aug-16	294.50	220.25	257.38	77,64,343	294.65	220.20	257.43	6,28,69,832	
Sep-16	304.70	268.00	286.35	56,07,544	304.45	267.00	285.73	4,65,71,178	
Oct-16	337.00	278.35	307.68	51,42,590	336.20	278.00	307.10	5,59,50,606	
Nov-16	332.35	214.20	273.28	87,36,224	332.45	213.70	273.08	8,66,43,208	
Dec-16	258.90	227.55	243.23	36,53,285	259.00	227.20	243.10	3,85,79,683	
Jan-17	292.50	240.85	266.68	57,56,335	292.35	240.60	266.48	6,32,42,851	
Feb-17	339.10	284.55	311.83	58,09,372	338.95	284.30	311.63	5,76,10,699	
Mar-17	371.55	320.30	345.93	43,99,101	371.50	320.00	345.75	4,32,31,324	

(Sources: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

### viii. Performance in comparison to broad based indexes< sensex details to be updated as a graph



### ix. Registrar and Share Transfer Agents

#### For Equity Shares and Debentures (on Private Placement )

Link Intime India Private Ltd.  
C-101, 247 Park, L B S Marg,  
Vikhroli West, Mumbai 400 083  
Tel: 022- 49186000  
Fax: 022-49186060  
email- rnt.helpdesk@linkintime.co.in  
website :www.linkintime.co.in

#### For Debentures (Public Issue)

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31 & 32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032  
Tel : +91 40- 67162222  
Fax: +91 40- 23420814  
email – einward.ris@karvy.com  
website: www.karvy.com

During the year, in terms of the communication letters received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) dated March 24, 2017 and March 10, 2017, respectively, the Registrar & Share Transfer Agent for Debt Instruments/Commercial Papers was changed from M/s. System Support Services to M/s. Link Intime India Private Limited w.e.f. March 25, 2017 consequent to takeover of business of M/s. System Support Services by M/s. Link Intime India Private Limited

is processed periodically by the Registrar & Share Transfer Agent (RTA) of the Company. The Stakeholders' Relationship Committee is updated on quarterly basis on the details of shares transferred/transmitted etc. as received from the RTA. In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants.

**x. Secretarial Audit for Financial Year 2016-17**  
Mrs. Jayshree S. Joshi, Proprietress of M/s Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai, was appointed as a Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year ended March 31, 2017 as per the provisions of Companies Act, 2013 who has carried out an independent assessment of the Compliance of SEBI Listing Regulations as a part of the secretarial audit. The Secretarial Audit Report addressed to the Board of Directors of the Company forms part of this Annual Report as an annexure to the Board's report.

In terms of Regulation 40 (2) of SEBI Listing Regulations, the Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the Registrar & Share Transfer Agent (RTA) pursuant to which the RTA reports on transfer of securities to the Board of Directors in every Board Meeting.

### xi. Share Transfer System

All activities in relation to physical share transfer facility (includes transmission/ splitting and consolidation of share certificates/dematerialization /rematerialization)

The Company also obtains a certificate of compliance certifying that all certificates have been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies and other related formalities, from a Practicing Company Secretary, as required under Regulation 40(9) of the SEBI Listing Regulations and files a copy of the same with the stock exchanges on half yearly basis.

## xii. Distribution of Shareholding as on March 31, 2017

Shareholding of nominal Value of In ₹	Shareholders Number	Shareholders % to Total	Share Amount In ₹	Share Amount % to Total
1	2	3	4	5
Upto 5,000	85,813	89.75	9,23,42,150	2.95
5,001 to 10,000	5,066	5.30	3,98,55,580	1.28
10,001 to 20,000	2,266	2.37	3,43,86,560	1.10
20,001 to 30,000	748	0.78	1,91,61,780	0.61
30,001 to 40,000	362	0.38	1,32,07,030	0.42
40,001 to 50,000	271	0.28	1,26,54,730	0.40
50,001 to 1,00,000	493	0.52	3,60,48,490	1.15
1,00,001 and above	597	0.62	2,88,38,65,730	92.09
<b>Total</b>	<b>95,616</b>	<b>100</b>	<b>3,13,15,22,050</b>	<b>100</b>

## xiii. Shareholding Pattern of the Company as on March 31, 2017

Category	No of Shares	% of Shareholding
Promoters and Persons acting in concert with promoters	12,30,49,714	39.29
Bodies Corporate	4,10,38,533	13.11
Government Companies	2,000	0.00
Mutual Funds	1,24,00,092	3.96
FII's	65,20,513	2.08
Foreign Portfolio Investor (Corporate)	7,27,58,502	23.23
Foreign Portfolio Investor (Individual)	4,000	0.00
NRI	16,58,562	0.53
Financial Institutions / Banks	1,00,77,739	3.22
Individual	4,22,07,139	13.48
Directors (other than Promoter Directors)	11,800	0.00
Trusts	2,987	0.00
Others- Clearing Members	19,75,670	0.63
Hindu Undivided Family	14,44,954	0.46
<b>Total</b>	<b>31,31,52,205</b>	<b>100.00</b>

Note : None of the shares of the promoters/person acting in concert with promoters are pledged or encumbered with any of the banks or financial institutions.

## xiv. Dematerialization of Shares and Liquidity

The Company's equity shares are in the list of compulsory demat settlement by all the investors. As on March 31, 2017, 99.60% of the total issued share capital of the Company representing 31,19,18,971 equity shares were held in dematerialized form and the balance 0.40% representing 12,33,234 equity shares were held in physical form by the shareholders of the Company.

The shares of the Company are frequently traded on both the stock exchanges.

## xv. Outstanding GDR or ADR or warrants or Convertible instruments, conversion date and likely impact on equity.

As at March 31, 2017, the Company does not have any outstanding GDR or ADR.

Pursuant to the approval accorded by the Members of the Company vide a special resolution in the financial year 2016, the Allotment Committee of the Board at its meeting held on March 11, 2016, allotted 2,12,30,070 warrants at an Issue Price of ₹ 235.515 per warrant [i.e. at a premium of 5% to the minimum price calculated as per SEBI (ICDR) Regulations], convertible into equivalent number of equity shares of ₹ 10/- each to Wadhawan Global Capital Pvt. Ltd [WGC] a promoter group entity, upon receipt of 25% of the issue consideration. The subject warrants were to be converted into equivalent number of equity shares on receipt of balance 75% of the total issue consideration, in one or more tranches, within a period of eighteen (18) months from the date of allotment of warrants.

During the year 2016-17, the Allotment Committee of the Board of Directors on September 30, 2016 , approved

the conversion of 2,12,30,070 warrants into equivalent number of equity shares of ₹ 10 each upon receipt of an application exercising the right to subscribe to the equity shares and payment of balance 75% of total consideration amount i.e. ₹ 375 crore by WGC.

#### **xvi. Commodity price risk or foreign exchange risk and hedging activities**

The Company is not exposed to any commodity price risk. However, the Company has borrowed in the form of External Commercial Borrowings (ECBs) and has managed its associated foreign exchange risk and hedged the same to the extent necessary. It has entered into Principal/Interest rate Swap transactions for hedging foreign exchange risk. The details of the foreign currency exposure are disclosed at Note No. 6 of the audited (standalone) financial statements.

#### **xvii. Listing of Debt Securities**

The secured debentures issued by the Company (includes those issued by amalgamated Company viz. First Blue Home Finance Ltd.) on private placement basis and those issued by way of public issue are listed on National Stock Exchange of India Limited and BSE Limited. Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited) and IDBI Trusteeship Services Limited act as the debenture trustees for the Non – Convertible Debentures issued by the Company on private placement basis.

Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited) also acts as a debenture trustee for Non-Convertible Debentures issued by the Company by way of Public Issue. The Company is in compliance with the regulations as set out in Chapter V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **xviii. Redressal of Investor Grievances through SEBI Complaints Redress System (SCORES)**

SCORES is a web based centralized grievance redressal system of SEBI that enables the investors to lodge, follow up and track the status of redressal of complaints online. The investor complaints are processed in a centralized web based complaints redressal system. The Company is registered with SEBI Complaints Redress System (SCORES) and ensures to file Action Taken Report under SCORES well within the prescribed timeframe.

#### **xix. Address for Correspondence**

Correspondence relating to grievances in relation to non receipt of annual report, dividend and share certificates sent for transfer, etc. should be addressed to secretarial@dhfl.com. Further any requests/intimation regarding change in address, issue of duplicate share certificates, change in nomination etc. may also be sent to the same email address for its quick redressal or you may write to the Secretarial team at the below correspondence.

##### **Ms. Niti Arya**

Company Secretary and Compliance Officer  
TCG Financial Centre,  
10th Floor, BKC Road, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400098.  
Tel: 91-22- 6600 6999  
email: secretarial@dhfl.com

##### **Mr. P. K. Kumar**

Sr. Chief Manager - Secretarial,  
TCG Financial Centre, 10th Floor,  
BKC Road, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400098.  
Tel: 91-22- 6600 6999  
email: pkumar@dhfl.com

##### **Mr. Vijay Tambe**

Manager - Secretarial,  
TCG Financial Centre, 10th Floor,  
BKC Road, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400098.  
Tel: 91-22- 6600 6999  
email: vijay.tambe@dhfl.com

Members holding shares in electronic form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given directly to their respective Depository Participant. Members holding shares in physical form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given to the Company's RTA viz. Link Intime India Private Limited.

The investors have the facility to post any query to a dedicated email id for investors i.e. investor.relations@dhfl.com , which are acted upon within 24 hours of receipt of query.

Correspondence address of Debenture Trustees are as below :

##### **Catalyst Trusteeship Limited**

(formerly GDA Trusteeship Limited)  
GDA House, 94/95, Plot No. 85, Bhusari Colony, (Right)  
Paud Road, Pune – 411 038  
Telephone No. +91 20-25280081  
Fax No. +91 20- 25280275  
Email id - dt@ctltrustee.com  
Website : www.catalysttrustee.com

##### **IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R Kaman Marg, Ballard Estate  
Mumbai – 400 001.  
Telephone No – 022 4080 7000  
Fax No. – 022 66311776  
Email id - itsl@idbitrustee.com  
Website : www.idbitrustee.com

## **9. OTHER DISCLOSURES**

### **i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large.**

During the year 2016-17, the Company entered into one material related party transaction in terms of applicable provisions of Companies Act, 2013, SEBI Listing Regulations and Related Party Transaction Policy of the Company.

The Members of the Company approved entering into a related party transaction with Wadhawan Global Capital Private Limited (WGC), a promoter group entity and DHFL Investments Limited ["DIL"], a wholly owned subsidiary of the Company, by way of an ordinary resolution, with the requisite majority on March 17, 2017.

Pursuant to the necessary approvals, on March 31, 2017, the Company transferred/sold its entire equity stake held in the Joint Venture Company namely DHFL Pramerica Life Insurance Company Limited ["DPLI"] (representing 50% of the paid up equity share capital of DPLI) at a fair market value of ₹ 2000.50 crore, ascertained by an internationally reputed actuarial consultant, to DIL.

WGC funded the acquisition of the Compulsorily Convertible Debentures [CCDs] issued by DIL through its internal accruals and through market borrowings. The CCDs issued by DIL was pledged by WGC as collateral in favour of the lenders. In connection with its market borrowings, as per the agreements entered into with the Company, certain options may be exercised requiring the CCDs to be transferred to the Company in order to ensure that the underlying shares of DPLI remain within the group.

However, the above related party transaction did not have any potential conflict with the interests of the Company at large.

All other related party transactions entered by the Company were largely in the ordinary course of business and on an arm's length pricing basis. The disclosure as per the requirements of Accounting Standard 18 and SEBI Listing Regulations are disclosed at Note No. 36 of the Notes forming part of the audited (standalone) financial statements forming part of this Annual Report.

The approval of the Board of Directors, as applicable, is obtained by the Company before entering into any related party transaction. However, prior approval of the

Audit Committee is obtained for entering into all related party transactions. A quarterly update is also given to the Audit Committee and the Board of Directors on the related party transactions undertaken by the Company with their respective approvals, for their review and consideration.

Pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, Related Party Transaction Policy is being made part of this Annual Report as an Annexure to the Board's Report. The Policy has also been uploaded on the Company's website and is available at URL: <http://www.dhfl.com/wp-content/uploads/2017/05/Related-Party-Transaction-Policy.pdf>

### **ii. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with all the applicable requirements of Capital Markets and no strictures or penalties were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter relating to capital market, during the last three years.

### **iii. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.**

The Company has a duly adopted Whistle Blower Policy and established a vigil mechanism in line with the provisions of SEBI Listing Regulations and Companies Act, 2013, which aims to provide a mechanism to the employees and directors of the Company to report instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors and employees who avail the mechanism and provides for direct access to the Chairman of the Audit Committee, in exceptional cases.

It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee during the financial year 2016-17.

### **iv. Code of Conduct for the Board of Directors and Senior Management Personnel**

The Company has a duly approved Code of Conduct for the Board of Directors and Senior Management

Personnel ["Code"] of the Company in place in terms of the requirements of SEBI Listing Regulations. The subject Code identifies and lists out various elements of commitment, duties and responsibilities that serves as a basis for taking ethical decision-making in the conduct of day to day professional work. The Code requires the Directors and employees to act honestly, ethically and with integrity and in a professional and respectful manner.

During the year, in light of the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2016, the Code was amended by the Board of Directors at their meeting held on January 16, 2017 to include a new clause which required every employee including Senior Management Personnel, Key Managerial Persons, Directors and Promoters of the Company to obtain a prior approval of the Board of Directors of the Company and Shareholders at the general meeting of the Company, before entering into any agreement for themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

The Board of Directors and Senior management personnel have provided their affirmation to the compliance with this code. A declaration regarding compliance by the Board of Directors and the Senior Management Personnel with the said Code of Conduct duly signed by the Chief Executive Officer forms part of this Annual Report.

The said code has been posted on the Company's website and is available at URL: <http://www.dhfl.com/wp-content/uploads/2017/01/Code-of-Conduct-for-the-Board-and-the-Senior-Mgmt-Personnel.pdf>

## v. CEO /CFO Certification

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provides a certification on quarterly/annual basis to the Audit Committee and Board of Directors in terms of Regulation 17(8) and Regulation 33(2)(a) of the SEBI Listing Regulations.

## vi. Auditors Certificate on Corporate Governance

M/s Chaturvedi & Shah, (FRN No.: 101720W) Statutory Auditors of the Company have certified that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations. The said certificate forms part of this Annual Report as an Annexure to the Board's Report.

## vii. Details of compliance with Mandatory requirements and adoption of non-mandatory requirements

During the year 2016-17, the Company has complied with all mandatory requirements as specified in the SEBI Listing Regulations. The Company has adopted the below specified non-mandatory requirements in terms of Regulation 27(1) of SEBI Listing Regulations:

### 1. Modified Opinion in Audit Report

During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

### 2. Separate posts of Chairman and Chief Executive Officer

The Company has an Executive Director acting as the Chairman & Managing Director and has appointed a separate person as the Chief Executive Officer (designated as a Key Managerial Personnel) of the Company.

### 3. Reporting of Internal Auditor

The Company has an internal audit department, which is headed by a Senior Management Personnel, a qualified Chartered Accountant, who is responsible for conducting independent internal audit of branches/ clusters/ circles & other offices and head office functions of the Company. The Internal Audit Head reports directly to the Audit Committee of the Board.

**DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

I, hereby, confirm and declare that in terms of Regulation 26 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the Board of Directors and the Senior Management Personnel, for the financial year 2016-17.

**Harshil Mehta**  
Chief Executive Officer

Date : May 3, 2017  
Place : Mumbai

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# Business Responsibility Report

## INTRODUCTION

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100, and later in 2015 the top 500 listed entities on National Stock Exchange of India Limited and BSE Limited to prepare a 'Business Responsibility Report' as part of the Annual Report. This is as per clause (f) of sub regulation (2) of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The report outlines the organization's performance from the environmental, social and governance perspective.

Dewan Housing Finance Corporation Limited ("DHFL") being part of the top 500 listed entities has developed this Business Responsibility Report based on the suggested framework of SEBI, strengthening its commitment towards transparent disclosure of its environmental and social performance.

Recognizing the prevalent sentiment attached to having one's own home, DHFL set out on a mission to help the citizens fulfill their dreams and was thus established with the objective of providing affordable housing and housing-loans to people from all strata of society. With a focus on the Lower & Middle Income (LMI) segments, DHFL is ushering a new wave of financial inclusion by enabling access to affordable housing finance in semi-urban and rural parts of India.

Continuing on the Company's mission to tackle social issues, DHFL is committed to monitor and report on its other social and environmental performance with the aim of providing a clear picture to the stakeholders and investors.

## Section A: General Information about the Company

- 1 **Corporate Identity Number (CIN) of the Company:**  
L65910MH1984PLC032639
- 2 **Name of the Company :** Dewan Housing Finance Corporation Limited
- 3 **Registered address :** Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai - 400001
- 4 **Website :** [www.dhfl.com](http://www.dhfl.com)

- 5 **E-mail id :** [secretarial@dhfl.com](mailto:secretarial@dhfl.com)
- 6 **Financial Year reported :** 2016-17
- 7 **Sector(s) that the Company is engaged in (industrial activity code-wise) :** NIC Code - 65922 - Carrying out activities of housing finance companies (Housing Loan & Non-Housing Loans)
- 8 **List three key products/services that the Company manufactures/provides (as in balance sheet) :**
  - Housing Loans
  - Other property Loans
- 9 **Total number of locations where business activity is undertaken by the Company :**
  - a. Number of International Locations – 2 representative offices (London and Dubai)
  - b. Number of National Locations – The business operation takes place through 348 locations which includes 18 circles spread across 25 states, 181 branches, 146 service centres, two disbursement hubs, and one collection center.
- 10 **Markets served by the Company**

DHFL has a pan-India presence with network that is grouped into circles and clusters located across the length and breadth of India. The distribution network in India is mainly spread across Tier II and Tier III cities and towns. Additionally, DHFL has its corporate and national offices in Mumbai and overseas representative offices in London and Dubai.

## Section B: Financial Details of the Company

- 1 **Paid up Capital (INR)**  
₹ 313.15 Crore
- 2 **Total Turnover (INR)**  
₹ 8,857.23 Crore

**3 Total profit after taxes (INR)**

₹ 2,896.45 Crore (including exceptional items)

**4 Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :**

The Company in this current financial year has spent an amount of ₹ 8.83 crore on its flagship/ identified CSR programmes and the balance committed funds or budgeted spent under the identified CSR programmes is ₹ 4.22 crore, thus the total CSR allocation of the Company for Financial Year 2016-17 is ₹ 13.05 crore.

**5 List of activities in which expenditure in 4 above has been incurred :**

The activities where the Company has focused its efforts and funds are mentioned below :

- 1 Skill development
- 2 Child care programs
- 3 Promoting education among children
- 4 Financial literacy programs
- 5 Supporting art & culture
- 6 Health care and Preventive Health Care
- 7 Environmental support initiatives
- 8 Village Transformation through focus on Drought Mitigation

Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the Annual Report for the financial year ending March 31, 2017.

**Section C: Other Details****1 Does the Company have any Subsidiary Company/ Companies?**

The Company has two wholly owned subsidiaries viz, DHFL Advisory & Investments Private Limited and DHFL Investments Limited.

**2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

No, the subsidiary companies have been recently incorporated.

**3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No other entity participates in the BR initiatives of the company.

**Section D: BR Information****1 Details of Director/Directors responsible for BR****a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

Name	DIN Number	Designation
Mr. Kapil Wadhawan	00028528	Chairman & Managing Director

**b) Details of the BR head**

S. No.	Particulars	Details
1.	DIN Number (if applicable)	N.A.
2.	Name	Mr. Harshil Mehta
3.	Designation	Chief Executive Officer
4.	Telephone number	022 71583229
5.	e-mail id	harshil.mehta@dhfl.com

**2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

S. No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y*								
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y+								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(\*) – The policies have been developed on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' established by the Ministry of Corporate Affairs, Government of India in 2011.

(+) – All the policies are available for employees to view on the company's intranet. Most of them are also available on the website at [www.dhfl.com/investors](http://www.dhfl.com/investors)

Note: 1. The principle wise details are provided under Section E of this report.

2. The Company has in place policies / code with regard to all the principles i.e P1 to P9, During the financial year, the Board of Directors formulated Business Responsibility Policy Manual under which all the subject policies/code(s) falling under each principle have been collated.

**2 (a) If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

S. No	Particulars	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									
							NOT APPLICABLE			

**3 Governance related to BR**

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
The Board of Directors assesses the BR performance of the Company on an annual basis.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
This is the Company's first Business Responsibility Report which will be published along with the annual report and will also be uploaded on the website of the Company at URL : <http://www.dhfl.com/wp-content/uploads/2017/06/Business-Responsibility-Report-FY-2016-17.pdf>

## Section E: Principle-wise performance

### Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The long term growth and success of DHFL depends on maintaining the highest standards of ethical behavior both within and outside the organization. The Company is committed to ensuring that the employees, directors and business associates adhere to compliance with the law and exercise professionalism in every sphere of business.

To drive the spirit of ethical behavior in the organization, the Company has in place the Code of Business Ethics (COBE) which aims at promoting moral behavior, acts as a guideline for ethical decision-making, enhances reputation, prevents negative legal consequences, encourages positive relationships, and prevents discrimination or harassment.

The Company's COBE is essentially a summary of certain policies which is expected to be adhered to by all employees, failure of which can result in disciplinary action up to and including termination.

Some of the key policies in this code are:

- Maintaining accurate books and records
- Business use of equipment, data, and software
- Protecting confidential information
- Avoiding conflict of interest
- Maintaining a drug-free workplace
- Equal opportunity for employment
- Employee conduct and standards
- Prevention of sexual harassment
- Prevention of insider trading
- Release of financial information

**1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?**

The reputation of the Company, the quality of the Company's work-place experience, and the satisfaction of its obligations to the shareholders depend on each of the employees, directors, and business associates respecting and abiding by the various policies as outlined in the COBE.

**2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the reporting period, the Company received 965 complaints 45 Complaints w.r.t. Equity Shares, 892 w.r.t.

Public Issue of Secured Redeemable Non-Convertible Debentures and 28 w.r.t. Fixed Deposits, and all have been resolved satisfactorily. It is the Company's endeavor to provide the best service to all stakeholders and resolve any complaints that may arise at the earliest.

### Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Sustainable products and services are those that provide environmental, social and economic benefits while protecting public health and environment over the complete life cycle. Being a pioneer in providing housing loans for the LMI segment, the Company's journey towards sustainable development centers around societal improvement through making affordable housing available to all sections of society. By considering the hardships felt by members from LMI segments, DHFL has tailor-made products that specifically cater to their needs and address their concerns.

**1 List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

DHFL was created on the principles of social inclusion and welfare, when its founder Chairman Late Shri Rajesh Wadhawan dreamt of housing for all in 1984. Since inception, the core focus segment for lending has been the lower and middle income segment of the society. Even today, majority of its home loan portfolio is below ₹ 30 Lac ticket size. This essentially describes the Company's vow to serve the weaker section of the society and in doing so contribute towards the cause of social upliftment and inclusion.

Under the Government of India's initiative - 'Pradhan Mantri Awas Yojana', the Company has also introduced 'Jan Awas Home Loans' exclusively for economically weaker sections of society, under the Credit Linked Subsidy Scheme (CLSS). This scheme is in-line with the Government's initiative "Housing for all by 2022" and aims at making the dream of owning a house a reality for thousands of Indians.

**2 For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (optional)**

As a financial services organization, the Company is not directly involved in the building process, post the disbursement of loans. However, it endeavors to identify projects which are planned for green building certification by the Indian Green Building Council (IGBC) and Green Rating for Integrated Habitat Assessment (GRIHA).

**3 Does the company have procedures in place for sustainable sourcing (including transportation)?**

In its business operations, the Company has taken noteworthy initiatives like making use of online/digital platforms for the application process thus saving paper on a large scale. Further to this, it also introduced e-board meetings which are conducted in a completely paperless manner thus making significant efforts to reduce the consumption of resources, specifically paper, wherever it can.

**4 What percentage of the inputs were sourced sustainably?**

As the Company is in the business of providing financial services and is not involved in any manufacturing activities, there were no significant inputs that can be sourced sustainably.

**5 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

As the Company is in the business of providing financial services and work predominantly out of offices, the scope for procurement of goods from local and small producers is very limited.

**6 Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

The Company is in the process of moving its National office to a new IGBC Certified Green Building that will provide a comfortable and conducive environment for the employees while also providing intangible benefits like enhanced air quality, excellent daylighting, improved health & well-being of the occupants, safety benefits and conservation of national resources.

The Green Building will ensure that during construction, most of the resulting construction waste will be recycled and reclaimed as much as possible while the rest will be sent to facilities that will dispose of them without contaminating the environment. Similarly, post construction, effective solid waste management will ensure that whatever waste is generated will be disposed of in a responsible manner.

**Principle 3 (P3): Businesses should promote the wellbeing of all employees**

The Company's business success is directly related to the performance of its employees. Especially in a service-oriented industry, the key assets - its employees, are significant in driving business growth.

To ensure that DHFL has motivated and high-performing employees, it takes numerous steps towards improving working conditions, providing a safe workplace, protecting their interests & human rights, and developing their skillset both on a personal and professional level to continue to keep them engaged and productive.

The Human Resources team continues to look after the wellbeing of employees and addresses their concerns to ensure they continue to deliver at the highest level, thus sustaining the business in the long run.

**Workforce**

**1 Please indicate the Total number of employees.**

As on March 31, 2017, there were 2,881 permanent employees in the Company.

**2 Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

There are no employees hired on temporary/casual basis. However, the Company does have 4,457 number of outsourced employees, majority being employed in sales and non-sales functions of the Company

**3 Please indicate the Number of permanent women employees.**

There were 248 women employed in the Company as on March 31, 2017.

**4 Please indicate the Number of permanent employees with disabilities**

There are currently 2 employees with disabilities.

**5 Do you have an employee association that is recognized by management?**

No such associations exist

**6 What percentage of your permanent employees is members of this recognized employee association?**

This is not applicable.

**Employee grievance handling mechanism**

An effective grievance handling mechanism ensures a cordial work environment as it redresses the grievance to mutual satisfaction of both the employees and the management. It also helps the management in framing policies and procedures acceptable to the employees. Thus, it becomes an effective medium for the employees to express their feelings, discontent and dissatisfaction openly and formally and guarantees a resolution or response to their concerns. The Company's current grievance handling process requires employees to email their concerns. The Company is in the

process of transitioning to a system where the employees can make use of the intranet to disclose their grievances. The Company has also formulated a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and an Internal Committee has been constituted thereunder to resolve any grievances relating thereto.

The Company also has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and

supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct and Code of Business Ethics. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

- 7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

S. No.	Category	No of Complaints filed during the financial year	No of complaints pending as on end of this financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	1	NIL
3	Discriminatory employment	NIL	NIL

### Training and Development

Employees who receive the necessary and frequent training become more aware of the best practices and appropriate procedures for work-related tasks. The trainings provided may also build employees' confidence as they will possess a stronger understanding of the industry and the responsibilities of their job. This confidence may push them to perform even better and think of new ideas that will help them excel in their professional lives. Continuous training also helps to keep employees on the cutting edge of industry developments. Employees who are competent and on top of changing industry standards will also help DHFL hold its position as a leader and remain a strong competitor within the industry. The Company provides a number of skill-based trainings along with mandatory trainings on KYC& AML and also COBE, and Anti-Fraud and Ethics as part of the employee induction program.

- 8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Skill-upgradation Training	Safety Training
Permanent employees	95.27%	100%
Permanent employees with Disability	100%	100%

### Principle 4 (P4): Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

DHFL's stakeholders both internal and external are critical to the success and growth of the organization. Along with identifying them, DHFL understands the importance of engaging and communicating with them. This helps the Company in recognizing their concerns and catering to their needs. The investor relations department looks after retail and institutional investors and frequently connects with them through periodic earning calls as well as impromptu calls as and when needed.

The Company also engages with different banks to promote and offer affordable housing banking schemes to stakeholders coming from economically weaker sections of society. In doing so it strives for easier processing of loans which addresses the primary concern of customers from LMI segments who are generally not that familiar and confident with formal banking mechanisms.

- 1 Has the company mapped its internal and external stakeholders?

Yes, the Company has identified and mapped its internal and external stakeholders.

2 Out of the above has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?

The Company has identified the people from low income sections of society as those stakeholders who are in most need of intervention and support. On these lines the Company has designed its efforts along the focus areas of:

- Women empowerment and skilling
- Early childhood care & education
- Village development through awareness and resource efficient practices

3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

For the development of villages in rural areas, the Company has taken on the challenge of increasing the water level through water conservation activities which have resulted in saving 30 crore liters in 6 months, since its intervention.

The Company has recognized that a majority of the villagers rely on wood as their primary source of fuel for domestic purposes. This not only results in fumes that are harmful to the environment, but could also result in medical complications for the villagers. To discourage the use of wood as fuel, the Company has introduced smokeless chulhas in the villages and given instructions as well as training to the members on how to use these chulhas which would benefit them greatly.

The Company also leveraged its relationship with the banking fraternity to facilitate micro-financing for customers from economically weak sections of society i.e. priority sector lending

**Principle 5 (P5): Businesses should respect and promote human rights**

Protecting human rights is closely linked to advancing the long-term, sustainable development of the organization. This is instrumental to achieving the Company's goals of employee satisfaction, increased productivity, and economic growth. As a responsible organization DHFL is committed to protecting the rights of the employees as well as business associates. The Company strives to incorporate human rights considerations in all relevant business decisions and take appropriate steps to ensure no discrimination takes place either during the recruitment process or in the due course of employment at DHFL. It is committed to provide equal opportunities to all employees and all qualified applicants for employment,

without consideration to their race, caste, religion, color, ancestry, marital status, sex, age, nationality, disability and veteran status. The Company ensures that its employees are treated with dignity to maintain a work environment free of harassment, whether physical, verbal or psychological.

DHFL is also committed to providing easy access to grievance reporting mechanisms for the stakeholders in the event of any adverse impacts that occur during the business operations.

1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

DHFL's human rights policy is based on valuing and protecting human rights. The Company adheres to all statutes which embodies the principles of human rights such as prevention of child labour, woman empowerment etc. It also promotes awareness of the importance of human rights within the value chain and discourages instances of any abuse among the business partners.

2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company takes its stakeholders' concerns very seriously and makes every effort to resolve all the complaints it receives. It was ensured that all of the stakeholder complaints received in the reporting year were resolved satisfactorily.

**Principle 6 (P6): Businesses should respect, protect, and make efforts to restore the environment**

Businesses today are under constant scrutiny with regards to their impact on the environment, both positive and negative. Stakeholders today are aware of the harmful effects of climate-change and environmental degradation. A responsible business is one where the risks posed to the environment are identified at an early stage and mitigated by employing innovative and efficient technology, utilizing renewable sources of energy, and minimizing the generation of waste.

Looking after environmental health is crucial to ensuring that the current and future generations, can all live without concern for health and wellbeing arising due to the effects of climate-change.

1 Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

While working to serve the needs of its customers the Company is also aware of its responsibilities towards

protecting the environment. The Company's Sustainable Development policy provides guidance for its activities to ensure that the harm caused to the environment is minimized. It also outlines the expectations from the external business associates on similar lines.

**2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

Protecting the environment is important to DHFL. While the Company's direct impact on the environment may not be very significant due to the nature of the business, it still has a role to play in ensuring that the indirect results of its activities do not harm the environment. The Company is aware of the rising concerns of climate change, and global environmental issues. These issues are not only of concern to the community but also to the Company's long-term growth and sustainability.

DHFL places special focus for tackling environmental issues related to societal upliftment, and during the appraisal of its projects for lending, only such projects are considered which ensure total compliance towards environmental clearances.

DHFL constantly looks to associate with builders who are involved in constructing buildings following Green Building criteria. These buildings are designed to reduce the overall impact on the environment by efficiently using energy, water and other resources.

**3 Does the company identify and assess potential environmental risks?**

As part of the Company's risk evaluation criteria, DHFL takes into consideration the environmental risks and impacts of the projects in the evaluation phase. It does not sanction loans for projects that do not have the requisite Environmental Clearance certificates. The Company is also careful when it comes to providing loans for properties that pose an environmental risk or are not eco-friendly as per existing evaluation criteria.

In this manner, it fulfills its responsibilities to ensure that the Company is not associated with any projects that could have adverse effects on the environment.

**4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if Yes, whether environmental compliance report is filed?**

The Company, currently, does not have any projects related to Clean Development Mechanism.

- 5 Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**
- DHFL is currently in the process of moving its National office to a new building which is a Green Building certified by IGBC. Moving to this new building will help the Company minimize and eliminate negative impacts to the environment. It will also help in reducing the waste generated and curbing pollution.

In the business operations, the Company has moved to a paperless processes both within the business through e-meetings, as well as with the customers through app and web-based applications for loans. By minimizing the use of paper, the Company is able to reduce its dependency on this resource.

**6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

While the Company currently does not have mechanisms for measuring the waste generated, it is proactive in its efforts to minimize the amount of waste generated in the offices.

**7 Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The Company has not received any show cause notices from either CPCB or SPCB in the reporting year.

**Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

Organizations play a vital role in the development and implementation of public policy to promote a well-informed and empowered society. By effectively using memberships in associations and trade chambers, DHFL can be closer to the real problems of the people. Effective advocacy develops the Company's capacity to achieve the greatest good for the greatest number of people and communities it serves. The Company's active participation in important national level initiatives and associations are a testimony to the commitment towards responsible development.

**1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, DHFL holds active memberships in associations

where it can influence policies for development of public good. The Company is a member of the following associations where it actively participates in consultations and discussions for driving changes.

- ASSOCHAM (Associated Chambers of Commerce of India)
- IAMAI (Internet and Mobile Association of India)
- CII (Confederation of Indian Industry)
- NAREDCO (National Real Estate Development Council)
- Indian Merchants' Chambers.

- 2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) DHFL's memberships in the above associations have helped in exchanging ideas/views and understanding the other industry practices on regulatory platforms. Through collaborative discussions and consultations, the Company is able to engage in activities and decision making that is in the interest of customers and community in general.

#### **Principle 8 (P8): Businesses should support inclusive growth and equitable development.**

Rapid economic growth in the country often fails to tackle the overarching elements of poverty, unemployment and inequality. Therefore, there is a need to address the quality and inclusiveness of economic growth with the aim of creating shared value for organizations as well as the society.

As one of India's leading financial institutions, DHFL has been instrumental in enabling access to home ownership amongst the lower and middle income (LMI) segment for over three decades, with a belief that one's own home, is synonymous with hope and aspiration.

This underscores the Company's business ethos of 'Changing Rules. Changing Lives.' and also influences its CSR initiatives across education, skill development, rural development and financial literacy & inclusive growth.

- 1 Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

#### **'Sharmaji ke Sawal. Vinodji ke Jawab.'**

'Sharmaji ke Sawal. Vinodji ke Jawab', DHFL's flagship program is a comprehensive one, conceptualized and implemented under its CSR arm, to facilitate the journey from being 'financially illiterate' to 'financially sustainable', while also aiding transition of informal settlements to formal housing. This programme is aligned with the vision of the Pradhan Mantri Awas Yojana.

This programme is designed on three pillars:

- 1 Building community capacity through help centres and volunteers
- 2 Facilitating skill development and livelihood linkages
- 3 Enabling linkages to various government welfare schemes

This programme identifies and nurtures local field officers from each community, and equips them by handholding for twelve months, to lead/function as Independent Financial Advisors/ DSAs/ Channel Partners/ Referral Partners/ Real Estate Brokers. This creates a lasting and sustainable legacy within the community.

The programme also supports the Government's affordable housing mission, "Housing for All 2022", which aims to see every Indian family in a pukka house by 2022, thereby, setting low-income households on a path to financial sustainability.

- 2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

'Sharmaji ke Sawal. Vinodji ke Jawab' is implemented with the help of Saath Livelihoods, the social enterprise arm of SAATH charitable trust. However, DHFL has considerable expertise towards implementing successful programmes within financial literacy and affordable housing for poor, urban communities and vulnerable populations and understands the need of low-income communities. Various programs/projects are undertaken primarily by the in-house teams of the Company with the assistance of the implementing partners as and when required.

- 3 Have you done any impact assessment of your initiative?

The programme has been implemented in Jaipur and

Rajasthan, since September 2016 and initial engagement has been very strong with the community, especially amongst women. Quarterly reporting for tracking the programmes performance is being done against key indicators and an annual report in September 2017 will take a first look at both the qualitative and quantitative outcomes.

**4 What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken**

	Enlist the initiatives undertaken by DHFL for supporting inclusive development	Amount contributed directly in the initiative by the Company (₹ in Crore)
1	<b>Early Childhood Care and Education (ECCE)</b> - A transformation initiative through Anganwadis, covering education, nutrition & health (RMNCH+A), infrastructure & WASH. - Supports stakeholder empowerment with forward & backward linkages and safety net for Anganwadi Workers through SHG formations.	1.71
2	<b>Skill Development</b> - Development of Skills in BFSI sector and Construction sector through NSDC accredited Skill Development Programme	1.76
3	<b>Village Transformation through drought mitigation</b> A holistic programme for water conservation and prevention of soil erosion, sustainable agricultural practices	1.11
4	<b>Financial Literacy and Inclusive Growth</b> A comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing, promoting Pradhan Mantri Awas Yojana.	0.4
5	<b>The Akshay Patra Foundation</b> - Provides mid-day meals to children in schools, to ensure nutrition and attendance in school for education	1.5
6	<b>AIM for SEVA</b> - AIM for SEVA & Free Student Homes provide tribal children with shelter, nutrition, health facilities, value education, life skills, IT skills & extra-curricular activities.	0.31
7	<b>Connect ED</b> Support transformation of schools through Connect ED technologies basis need gap assessment	0.59
8	<b>Yusuf Meherally Centre</b> Facilities tribal children including three schools & girls hostel	0.13
9	<b>World Centre For Creative Learning Foundation (WCCLF)</b> Transformation and facilitation of Human Development through 'art based therapy'	0.13
10	<b>Rebecca School run by Samaritan Help Mission with Edelgive Foundation</b> The project primarily targets the most vulnerable children and youth groups while establishing the proposed Rebecca Religious English Institution for their formal education.	0.1
11	<b>Supporting Arts &amp; Culture</b> The Company encourages children and nurtures interest in them in performing arts while recognizing excellence & achievements in art and related areas with two organisations.	0.13
12	<b>Prayas Research &amp; Health Care</b> Dengue treatment cover for students of public schools in Gurgaon	0.09
13	<b>Aryt Farms</b> Medical support to the patients of Regiment of Artillery	0.03
14	<b>Dr. Mane Medical Foundation &amp; Research Centre</b> Financing of multi utility mini bus as a facility to carry out free cancer detection camps in rural areas	0.04
15	<b>Bharat Vikas Parishad</b> Renovation of one school block for tribal and poor children	0.16
16	<b>Environmental Support Initiatives</b> Tree plantation and awareness campaigns	0.18

- 5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

DHFL is keen on ensuring the adaptability of projects in the communities and thus it plans the exit timelines before beginning the project. In doing so, it is able to set a measurable timeline to fully execute the activities while being confident of the project being able to sustain even after it leaves the community. The Company has ensured that a group of trained, local individuals (field officers) from the community itself would be able to provide continued support to the program even after the end of its direct intervention.

**Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

At DHFL, customer engagement involves actively building, nurturing, and managing the relationships with its customers. Everything the Company does is centered on providing the best of services and products to the customers coming from all sections of society. The Company's efforts towards responsible business include providing affordable housing solutions to customers and promoting environmentally friendly projects. The Company considers the feedback and opinion of the customers as critical keys to its growth and every effort is taken to address all concerns and findings from these interactions.

- 1 What percentage of customer complaints/consumer cases are pending as on the end of financial year?

As on end of the financial year, the Company received 720 complaints from the customers (borrowers) and has satisfactorily resolved 99% of these complaints. It aims to achieve a 100% resolution rate to show its commitment to each and every stakeholder and assure them of excellent service.

- 2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

As DHFL is in the business of providing housing & other loans, it does not have any product labels as such. The advertising is made as transparent as possible and carries

all relevant information and instructions for customers to make an informed decision.

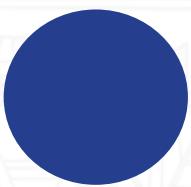
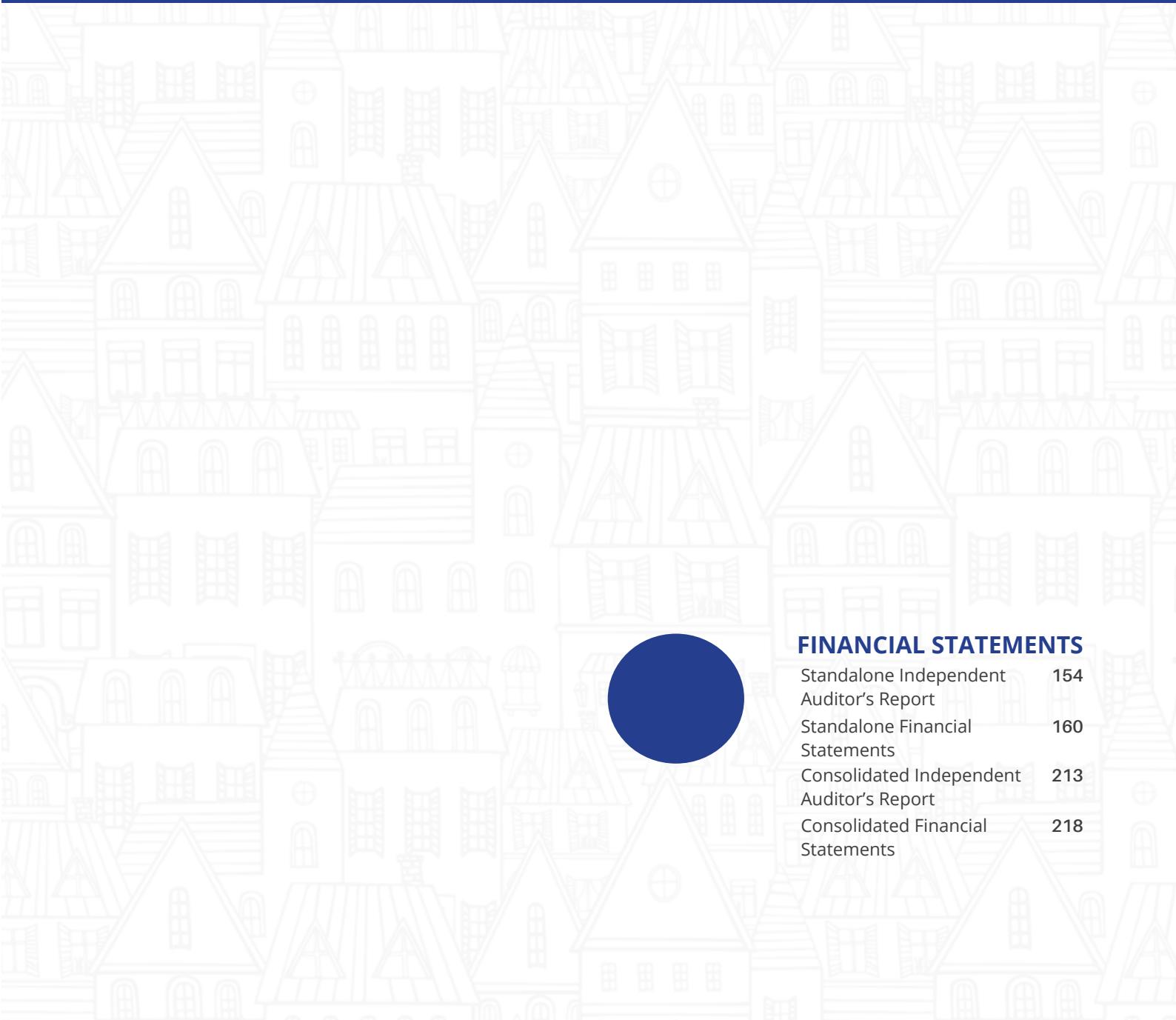
- 3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There are no complaints filed against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last 5 years.

- 4 Did your company carry out any consumer survey/consumer satisfaction trends?

The activity of carrying out the customer satisfaction survey is approved by the CEO, legal and compliance heads. For the same, the Company employs a Third Party Agency (TPA) and the process is as follows:

The consumer satisfaction survey is carried out to understand the feedback of our customers (HL and FD) regarding their experience in dealing with DHFL. This exercise is carried out on a periodic basis (monthly). An appropriate monthly sample size is decided in advance and customers are selected randomly to achieve those numbers. A topline report is generated every month which gives scores on multiple service related parameters. In this manner the Company is able to gauge the satisfaction levels of its customers and work towards improving their experience.



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# Independent Auditors' Report

**To the Members of  
Dewan Housing Finance Corporation Limited**

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Dewan Housing Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches/offices at 241 locations.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of the appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and fair presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government

of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
  - c) The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
  - d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;
  - e) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - f) On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rules 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements as referred to in Note 30 to the standalone financial statements;
  - ii) The Company has no material foreseeable losses on long-term contracts including derivative contracts, as required under the applicable law or accounting standards.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except that the amount of ₹705/- payable for the month of March 2017, has been transferred to IEPF in the month of April, 2017.
  - iv) The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management as referred to in Note 40 to the standalone financial statements.

For **Chaturvedi & Shah**  
Chartered Accountants  
(ICAI Firm Registration No. **101720W**)

Mumbai  
Date: May 3, 2017

**Jignesh Mehta**  
Partner  
ICAI Membership No.: 102749

# Annexure A to the Independent Auditors' Report

(Referred to in Paragraph 1 under the heading of "Report on other legal and regulatory requirements" of our report of even date)

- 1) In respect of its fixed assets :
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, some of the fixed assets were physically verified during the year by the Management as per programme of verification. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds provided to us, we report that, the title deeds, comprising all the immovable properties in respect of buildings, are held in the name of the Company as at the balance sheet date. In respect of immovable properties i.e. buildings taken on lease and disclosed as fixed asset in the standalone financial statements, the lease agreements for the said buildings thereof are in the name of the Company.
- 2) As the Company had no Inventories during the year, clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- 3) The Company has granted interest free unsecured loans to wholly owned subsidiaries amounting to ₹153 Lakh and the closing balance as at March 31, 2017 was ₹238 Lakh. In our opinion and according to information and explanations given to us, in respect of these loans:
  - a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
  - b) There is no schedule of repayment of principal and are repayable on demand. Also, there is no stipulation as to date of payment of interest.
- c) Since the principal and interest on these loans are repayable on demand, question of overdue amount does not arise.
- 4) Company has not directly or indirectly advanced loan to the person or given guarantees or securities in connection with the loan taken by persons covered under Section 185 of the Act. Company being a housing finance company, nothing contained in Section 186, except sub-section (1) of that section.
- 5) The Company has accepted deposits from the public. In our opinion and according to the information and explanation given to us, the Company has, during the year, complied with the directives issued by the National Housing Bank under the Housing Finance Companies (NHB) Directions, 2010, as amended, with regard to deposits accepted from the public and the Rules framed there under and provision of Sections 73 to 76 and other relevant provisions of the Act. According to the information and explanation given to us, no order has been passed by the National Company Law Tribunal or the National Housing Bank or the Reserve Bank of India or any Court or any other Tribunal.
- 6) To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act in respect of the activities undertaken by the Company.
- 7) In respect of Statutory dues :
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing its undisputed statutory dues such as Provident Fund, Employees State Insurance, Income Tax, Service Tax and any other material statutory dues, whichever is applicable to the Company with the appropriate authorities during the year. According to the information and explanation given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2017 for a

- period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, no statutory dues are outstanding on account of dispute.
  - 8) According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in repayment of loans to any financial institutions, bank and dues to debenture holders. Company has not taken any loan from government.
  - 9) The Company has generally applied the amount raised by way of term loans and public issue of debt instruments for the purpose for which they were obtained, other than temporary deployment pending application of those funds.
  - 10) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year
  - 11) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approval mandated by the provision of Section 197 read with Schedule V to the Act.
  - 12) In our opinion company is not a nidhi company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.
  - 13) In our opinion and according to the information and explanations given to us, Company is in compliance with Sections 177 and 188 of the Act, wherever applicable, for all the transactions with related parties and their details have been disclosed in the standalone financial statements etc., as required by the applicable accounting standards.
  - 14) The Company has issued equity shares against the warrants allotted on preferential basis in previous year. Company has complied with the requirement of Section 42 of the Act and amount raised has been used for purpose for which it was raised.
  - 15) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transaction with the directors or persons connected with him and covered under Section 192 of the Act. Hence, clause (xv) of the paragraph 3 of the Order is not applicable to the Company.
  - 16) To the best of our knowledge and as explained, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Chaturvedi & Shah**  
Chartered Accountants  
(ICAI Firm Registration No. **101720W**)

**Jignesh Mehta**  
Mumbai  
Partner  
Date: May 3, 2017

ICAI Membership No.: 102749

# Annexure B to the Independent Auditors' Report

**"Annexure B" to Independent Auditors' Report referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date.**

## **Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the Internal Financial Control over financial reporting of **Dewan Housing Finance Corporation Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year then ended.

## **MANAGEMENT RESPONSIBILITY FOR THE INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Chaturvedi & Shah**  
Chartered Accountants  
(ICAI Firm Registration No. **101720W**)

Jignesh Mehta  
Mumbai  
Date: May 3, 2017

Partner  
ICAI Membership No.: 102749

# Balance Sheet

as at March 31, 2017

	NOTES	As at March 31, 2017	(₹ in lakh) As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	31,315	29,180
Reserves and Surplus	4	7,68,265	4,60,020
Money Received Against Share Warrants	5	-	12,500
<b>Total Shareholders' Funds</b>		<b>7,99,580</b>	<b>5,01,700</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	6	66,75,391	45,11,947
Deferred Tax Liabilities (Net)	7	30,944	9,149
Long-Term Provisions	8	71,419	58,302
<b>Total Non-Current Liabilities</b>		<b>67,77,754</b>	<b>45,79,398</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	9	4,26,866	6,43,660
Trade Payables:	10	-	-
Micro enterprises and Small enterprises		445	399
Others		-	-
Other Current Liabilities	11	12,25,086	10,53,025
Short-Term Provisions	8	67	7,131
<b>Total Current Liabilities</b>		<b>16,52,464</b>	<b>17,04,215</b>
<b>TOTAL ASSETS</b>		<b>92,29,798</b>	<b>67,85,313</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets		20,436	19,802
Intangible Assets		454	369
Capital Work-in-Progress		54,615	54,615
Intangible Assets under Development		8,762	3,266
	12	<b>84,267</b>	<b>78,052</b>
Non-Current Investments	13	94,757	71,974
Long-Term Housing and Property Loans	14	67,60,170	58,42,629
Other Long-Term Loans and Advances	15	1,03,611	26,652
Other Non-Current Assets	20	19,042	21,377
<b>Total Non-Current Assets</b>		<b>70,61,847</b>	<b>60,40,684</b>
<b>Current Assets</b>			
Current Investments	16	12,58,733	17,346
Trade Receivables	17	37,910	20,092
Cash and Bank Balances	18	3,42,999	3,40,834
Short-Term portion of Housing and Property Loans	14	4,49,448	3,34,873
Other Short-Term Loans and Advances	19	70,749	25,352
Other Current Assets	20	8,112	6,132
<b>Total Current Assets</b>		<b>21,67,951</b>	<b>7,44,629</b>
<b>TOTAL</b>		<b>92,29,798</b>	<b>67,85,313</b>
<b>Significant Accounting Policies and notes forming part of the Financial Statements</b>			
		1-41	

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants  
ICAI FRN : 101720W

**Jignesh Mehta**  
Partner  
ICAI MN: 102749

Place: Mumbai  
Date: May 3, 2017

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN - 00028528)

**Santosh R. Sharma**  
Chief Financial Officer  
(FCA - 112258)

**Niti Arya**  
Company Secretary  
(FCS - 5586)

For and on behalf of the Board

**Dheeraj Wadhawan**  
(DIN - 00096026)

**V. K. Chopra**  
(DIN - 02103940)

**Directors**

**G. P. Kohli**  
(DIN - 00230388)

**M. Venugopalan**  
(DIN - 00255575)

**Vijaya Sampath**  
(DIN - 00641110 )  
**Directors**

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

	Notes	Year Ended March 31, 2017	Year Ended March 31, 2016	(₹ in lakh)
<b>INCOME</b>				
Revenue from Operations	21	8,85,176	7,29,510	
Other Income	22	547	489	
<b>Total Revenue</b>		<b>8,85,723</b>	<b>7,29,999</b>	
<b>EXPENSES</b>				
Finance Cost	23	6,65,361	5,49,003	
Employee Benefits Expenses	24	26,249	23,003	
Other Expenses	25	29,744	27,846	
Depreciation and Amortisation	12	2,330	2,430	
Provision for Contingencies	8	21,800	17,500	
<b>Total Expenses</b>		<b>7,45,484</b>	<b>6,19,782</b>	
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEM</b>		<b>1,40,239</b>	<b>1,10,217</b>	
Exceptional Items (Refer note 32)		1,96,943	-	
<b>PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEM</b>		<b>3,37,182</b>	<b>1,10,217</b>	
Less: Tax Expense				
- Current Tax		80,136	39,142	
- MAT Credit Entitlement		(46,072)	-	
- Deferred Tax		13,473	(1,590)	
- Related to earlier years		-	(255)	
<b>PROFIT FOR THE YEAR</b>		<b>2,89,645</b>	<b>72,920</b>	
Earnings per Equity share (Face Value ₹ 10/-)	26			
Basic (₹)		95.76	25.00	
Diluted (₹)		95.44	23.10	
<b>Significant Accounting Policies and notes forming part of the Financial Statements</b>	1-41			

As per our report of even date

**For Chaturvedi & Shah**  
Chartered Accountants  
ICAI FRN : 101720W

**Jignesh Mehta**  
Partner  
ICAI MN: 102749

Place: Mumbai  
Date: May 3, 2017

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**Vijaya Sampath**  
(DIN - 00641110 )  
**Directors**

# Cash Flow Statement

for the year ended March 31, 2017

Particulars		
	(₹ in lakh)	(₹ in lakh)
	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	<b>3,37,182</b>	<b>1,10,217</b>
<b>Adjustments for:</b>		
Depreciation and Amortisation	2,330	2,430
Employees Stock Option Expenses	(778)	(202)
Loss on sale of Fixed Assets (Net)	23	93
Provision for Contingencies	13,117	15,288
Share Premium Utilised towards premium on redemption of debentures	(11,465)	(10,594)
Exceptional Items (Refer note 32)	(1,96,943)	-
Operational Treasury Income	(47,088)	(2,40,804)
<b>Operating Profit before Working Capital changes</b>	<b>96,378</b>	<b>1,00,344</b>
<b>Adjustments for:</b>		
Current & Non-Current Assets	(89,846)	(11,951)
Current & Non-Current Liabilities	94,988	45,913
Working Capital Changes	5,142	33,962
<b>Cash Generated from Operations During the Year</b>	<b>1,01,520</b>	<b>1,34,306</b>
Tax Paid	(85,282)	(35,197)
<b>Net Cash from Operations</b>		
Housing and Other Property Loans Disbursed (Net)	(15,91,000)	(14,13,052)
<b>Net Cash Flow (used in) Operating Activities</b>	<b>(A)</b>	<b>(15,74,762)</b>
		<b>(13,13,943)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Income from Treasury Investments	47,088	16,888
Net Addition to Other Investments	(12,54,536)	8,765
Investment in Subsidiary	(10,005)	(7,501)
Sale / (purchase) of Investment in Joint Venture	2,00,050	(3,775)
Class 'B' PTC movement	(2,736)	13,865
Movement In Bank Fixed Deposits	(14,824)	4,329
Capital Expenditure on Fixed Assets	(9,269)	-
Proceeds from Sale of Fixed Assets	24	17,885
<b>Net Cash (used in)/generated from Investing Activities</b>	<b>(B)</b>	<b>(10,44,208)</b>
		<b>50,456</b>

# Cash Flow Statement

for the year ended March 31, 2017

Particulars	(₹ in lakh)	
	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Equity Shares at Premium*	37,678	13,007
Proceeds from Loan Securitised	5,53,773	3,34,756
Issue of Perpetual Debt	47,500	-
Other Short-Term Borrowings	6,496	-
Cash Credits ( Net)	(63,446)	1,66,809
Proceeds form Long-Term Borrowings	29,31,419	14,97,783
Repayment of Long-Term Borrowings	(9,05,409)	(6,91,137)
(Repayment) / Proceeds from issue of Commercial Paper	(1,65,400)	1,13,400
Fixed Deposits received (Net)	1,72,598	26,15,209
Dividend & Dividend Distribution Tax Paid		(10,820)
<b>Net Cash from Financing Activities</b>	<b>(C)</b>	<b>26,04,389</b>
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents ( A +B+ C )</b>		<b>(14,581)</b>
Cash & cash equivalents at the beginning of the year		2,93,150
<b>Cash &amp; Cash Equivalents at the Close of the Year</b>		<b>2,78,569</b>
<b>2,78,569</b>		<b>2,93,150</b>

\* Equity Shares have been issued against money received against Share Warrants in the previous year.

As per our report of even date

**For Chaturvedi & Shah**  
Chartered Accountants  
ICAI FRN : 101720W

**Jignesh Mehta**  
Partner  
ICAI MN: 102749

Place: Mumbai  
Date: May 3, 2017

**Kapil Wadhawan**  
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**Dheeraj Wadhawan**  
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**Vijaya Sampath**  
(DIN - 00641110 )  
**Directors**

# Notes

## forming part of the financial statements for the year ended March 31, 2017

### 1 CORPORATE INFORMATION

Dewan Housing Finance Corporation Limited ('DHFL'), 'the Company' was incorporated in India on April 11, 1984 and has been carrying on, as its main business of providing loans to Retail customers for construction or purchase of residential property, loans against property, loans to real estate developers and loans to SMEs. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987.

### 2 SIGNIFICANT ACCOUNTING POLICIES:

#### 2.1 Basis of preparation of financial statements :

- a) These financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under historical cost convention on accrual basis of accounting and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 and the guidelines issued by the National Housing Bank.
- b) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statement are prudent and reasonable. The future results could differ due to these estimates and the differences between the actual results and estimates are recognised in the periods in which the results are known / materialise.
- c) Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

- d) Amounts in the financial statements are presented in ₹ Lakh, except for per share data and as otherwise stated.

#### 2.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criterias must also be met before revenue is recognised:

- a) **Interest on housing loans and other assets:**  
Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising principal and interest. Interest is calculated each period on the outstanding balance at the beginning of the Company's financial year or on monthly reducing balance in terms of financing scheme opted by the borrower. EMI generally commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable.  
  
Interest on performing assets comprising of fixed deposits, Certificate of Deposits, Debentures etc. are recognised on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank.
- b) Dividend income on investments is recognised when the right to receive the same is established. In term of Housing Finance Companies (NHB) Direction 2010 Dividend Income on units of Mutual Funds held by the Company are rengognised on Cash Basis.
- c) Processing fees and other loan related charges are recognised when it is resaonable to expect ultimite collection which is generally at the time of Login/disbursement of the loan.

# Notes

forming part of the financial statements for the year ended March 31, 2017

- d) Additional / Overdue /penal interest / charges on delayed EMI/PEMI are recognised only when it is reasonably certain that the ultimate collection will be made.
- e) Income from services including trade mark license fees is recognised after the service is rendered and to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

## 2.3 Interest & Ancillary Financial Cost :

Interest and other related financial charges are recognised as an expense in the period for which they relate as specified in Accounting Standard (AS 16) on "Borrowing Costs". Ancillary costs in connection with the borrowings and deposit are amortised to Statement of Profit and Loss over the tenure of loan/deposit. Brokerage on deposits taken is amortised over the period of deposit.

Share / debenture issues expenses and premium / discount on issue of debentures (net of tax) are adjusted against the Securities premium account as permissible under the Companies Act, 2013 over the tenure of securities.

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.

## 2.4 Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

Monetary Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing on the date of the financial statement. The net gain or loss on account of exchange differences either on settlement or on translation are recognised in the Statement of Profit and Loss.

In respect of Forward Exchange Contracts, the premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts on reporting dates are recognised in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as an expense in that year.

### Derivative Transactions:

As a part of its risk management strategy, the Company has entered into derivatives like Interest Rate Swap, Cross Currency Swaps and Forward Contracts having the same notional amount and maturity as the underlying borrowings which are designated as fair value/cash flow hedge as applicable, as per Guidance Note on Derivatives (2015) issued by Institute of Chartered Accountants of India. All outstanding derivative contracts are marked-to-market as at the year end. The changes in fair value of hedges are recorded in income statement together with change in the fair value of underlying liability. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses.

## 2.5 Provision for Contingencies :

The Company makes provision towards Non Performing Assets and Standard Assets as per the Prudential Norms prescribed by the National Housing Bank. The Company also makes assessment of its portfolio and creates additional provision to meet unforeseen contingencies.

A loan is recognised as sub-standard Assets or Doubtful or Loss Assets based on the period for which the repayment installment or interest has remained in arrears as prescribed under NHB Guidelines.

## 2.6 Investments :

Investments are accounted at cost inclusive of brokerage, fees and stamp charges and are classified into two categories, viz. Current or Long-Term based on management's intention at the time of purchase.

# Notes

## forming part of the financial statements for the year ended March 31, 2017

Current investments are carried category wise, at the lower of cost and fair value, whereas Long-Term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Unquoted current investment in units of Mutual Funds are valued as per NAV of the Plan.

Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) and is recognised through the Provision for Contingencies Account.

### 2.7 Property, Plant & Equipment :

Tangible Fixed Assets are stated at cost less accumulated depreciation and impaired losses, if any. All directly attributable costs including borrowing cost, net of cenvat credit, till the asset is put to use is shown as capital work-in-progress and is capitalised thereafter.

Depreciation on fixed assets is provided on straight-line method by considering useful lives of assets which are same as specified in part 'C' of schedule II to the Companies Act, 2013.

### 2.8 Intangible Assets and Amortisation :

Intangible assets comprising of system software are stated at cost less accumulated amortisation.

Intangible assets are amortised over their estimated useful life of 3 to 6 years on straight-line method.

### 2.9 Impairment of Assets :

Impairment losses (if any) on Assets are recognised in accordance with the Accounting Standard 28 "Impairment of Assets". The Company assesses at each Balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value

### 2.10 Leases:

#### Operating Leases

Lease rentals in respect of assets taken on "Operating Leases" are charged to the Statement of Profit and Loss on straight-line basis over the lease term.

#### Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease and are accordingly disclosed. The capital element of the leasing commitments is shown as Secured liabilities. Lease payments are apportioned between the finance charges and reduction of the corresponding liability based on the implicit rate of return.

### 2.11 Statutory / Special Reserve :

The Company creates Statutory / Special Reserve every year out of its profits in terms of Section 36(1) (viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987.

### 2.12 Prepaid Expenses :

Financial & Other Expenses incurred during the year which relates to future accounting years and brokerage paid on long-term fixed deposits 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 pro-rata time basis of respective instrument in the future accounting years.

### 2.13 Employee Benefits :

- a) Company's contribution in respect of Employees' Provident Fund made to Government is considered as defined contribution plan and is charged to the Statement of Profit & Loss.
- b) Gratuity Fund Scheme is considered as defined benefit plan. The Company's liability is determined on the basis of an actuarial valuation using the Projected Unit Credit Method as at Balance Sheet date. Actuarial gains and losses

# Notes

## forming part of the financial statements for the year ended March 31, 2017

comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Statement of Profit and Loss as Income or Expenses, as applicable in the period in which they occur.

- c) Compensated Absences are accounted for on the basis of actuarial valuation at the year end using the projected Unit Credit Method. Actuarial gains/losses are recognised in the Statement of Profit & Loss in the period in which they occur.

### d) Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in respect of services rendered by employees are recognised during the year when the employees render the service.

- e) Company has introduced the Employee Stock Option Scheme ('the Scheme') which provides the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

The Company has also approved the grant of Employee Stock Appreciation Rights (SARs) to the eligible employees of the Company. The said SARs shall carry the right to apply for number

of equity shares of the Company, equivalent to Appreciation in those rights, over the grant price.

The Company follows the intrinsic value method to account for its Employee Stock Appreciation Rights (SARs). Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

### 2.14 Earnings per share :

The Basic earning per share and diluted earning per share have been computed in accordance with Accounting Standard (AS-20) on "Earnings Per Share" and is also shown in the Statement of Profit and Loss.

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares which are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Company also discloses EPS- both basic and diluted- for the accounting period, had the Fair value method being used for compensation cost for ESOS/ESARs.

### 2.15 Taxes on Income :

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

# Notes

## forming part of the financial statements for the year ended March 31, 2017

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which during the specified period gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised using the tax rates and tax laws that have been enacted or substantially enacted as at the reporting date. Deferred tax assets are recognised for timing differences, only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. In the event of existence of carry forward of losses and unabsorbed depreciation, deferred tax assets are recognised to the extent there are virtual certainties supported by convincing evidence that they would be realised in future.

Deferred Tax liability on deduction claimed in earlier years u/s 36 (1)(viii) of the Income Tax Act, 1961 has been provided in terms of National Housing Bank (NHB) policy circular.

### 2.16 Provisions, Contingent Liability and Contingent Assets :

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

### 2.17 Housing and Other Loans :

Housing Loans include outstanding amount of Housing Loans disbursed directly or indirectly to individual, project loans for residential buildings and other borrowers. Other loans include mortgage loan, non-residential property loan, plot loan for self construction where construction has not begun in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB). Other loans also include loans granted to Small & Medium Enterprise (SME) and certain part thereof are unsecured in terms of the particular scheme. EMI and PEMI installments due from borrowers against the housing loans receivable for less than equal to three months, are treated as trade receivables and are shown as current assets.

### 2.18 Securitised Assets :

Securitised and Assigned Assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets.

### 2.19 Cash Flow Statement :

Cash flows are reported using the indirect method set out in Accounting Standard (AS 3) on Cash Flow Statement. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### 2.20 Assets acquired under SARFAESI Act :

Assets acquired under SARFAESI Act are part of NPA Portfolio of loans for which necessary provisions are being made and such assets are to be disposed off at the earliest, subject to legal formalities. Losses/gains, if any, are being booked at the time of sales realisation of such assets.

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 3 SHARE CAPITAL

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Authorised</b>		
578,000,000 (748,000,000) equity shares of ₹10/- each	57,800	74,800
Nil (75,00,000) Redeemable, non-convertible preference shares of ₹10/- each	-	7,500
Nil (500,000) Redeemable, non-convertible preference shares of ₹100/- each	-	500
2,500,000 (Nil) Redeemable, non-convertible preference shares of ₹1,000/- each	25,000	-
	<b>82,800</b>	<b>82,800</b>
<b>Issued, Subscribed and Paid up</b>		
313,152,205 (291,797,988) equity shares of ₹10/- each fully paid	31,315	29,180
	<b>31,315</b>	<b>29,180</b>

- 3.1 The Company has only one class of shares i.e. equity. The shareholders have voting rights in the proportion of their shareholdings. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all liabilities, in the proportion of their shareholdings.
- 3.2 During the year, pursuant to the approval of the Members of the Company through postal ballot on 20th February 2017, the Authorised Share Capital of ₹ 82,800 Lakh was re-classified from (i) 74,80,00,000 (Seventy Four Crore Eighty Lakh) equity shares of ₹ 10/- each aggregating ₹ 74,800 Lakh (ii) 7,50,00,000 (Seven Crore Fifty Lakh) preference shares of ₹ 10/- each aggregating ₹ 7,500 Lakh; and 5,00,000 (Five Lakh) redeemable preference shares of ₹ 100/- each aggregating ₹ 500 Lakh to 57,80,00,000 (Fifty Seven Crore Eighty Lakh) equity shares of ₹ 10 (Rupees Ten) each aggregating ₹ 57,800 Lakh; and (ii) 25,00,000 (Twenty Five Lakh) non-convertible redeemable cumulative preference shares of ₹ 1,000 (Rupees One Thousand) each aggregating ₹ 25,000 Lakh

### 3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the year :

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of shares	Amount (Lakh)	No. of shares	Amount (Lakh)
Equity shares at the beginning	29,17,97,988	29,180	14,56,76,742	14,568
Add: Shares issued during the year	2,12,30,070	2,123	-	-
Add: Bonus Shares issued (Refer Note 3.5)	-	-	14,58,56,530	14,586
Add: Shares issued during the year under ESOS /ESAR	1,24,147	12	264,716	26
Equity shares at the end	31,31,52,205	31,315	29,17,97,988	29,180

### 3.4 Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of shares	% holding	No. of shares	% holding
M/s. Wadhawan Global Capital Private Limited	11,70,49,714	37.38	9,58,19,644	32.84

# Notes

## forming part of the financial statements for the year ended March 31, 2017

- 3.5 During the previous year, pursuant to the Shareholders' approvals under Section 63 and other applicable provisions of the Companies Act, 2013, the Company had issued Bonus Shares in the ratio of 1:1 (i.e. one bonus equity share of ₹ 10/- each for every one fully paid up Equity Share of ₹ 10/- each), to the shareholders on record date of 10th September, 2015, by capitalising existing reserve by a sum of ₹ 14,586 Lakh.
- 3.6 Company had allotted 14,58,56,530 no. of Equity Shares as fully paid up for consideration other than cash towards Bonus issue during the financial year 2015-16 (refer note no. 3.5). During the financial year 2012-13, as per the Scheme of Amalgamation, the Company had allotted 1,08,86,375 no. of Equity Shares as fully paid up for consideration other than cash.
- 3.7 The Allotment Committee of the Board of Directors of the Company at its meeting held on September 30, 2016, allotted 2,12,30,070 fully paid up equity shares of ₹ 10/- each to M/s. Wadhawan Global Capital Private Limited (WGCPL), promoter entity on receipt of balance payment of ₹ 37,500 Lakh i.e. 75% of the total consideration amount of ₹ 50,000 Lakh (including share premium of ₹ 47,877 Lakh) against the equivalent number of convertible warrants issued in the past as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and applicable provisions of the Companies Act, 2013 (including the rules made thereunder). (also refer note 5.1).
- 3.8 Employee Stock Option Plans:**
- a. Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity stock options were granted under 'ESOS-2008' in 2008-09 to the employees as approved by the remuneration and compensation committee of directors of the Company at ₹ 53.65 per share, the reconsidered price approved in the EOGM dated March 31, 2009.
- Consequent to issue of Bonus Shares by the Company the adjusted exercise price is ₹ 26.83 per Equity Share and the total number of options also increased in the same ratio.
- b. Employee Stock Option Scheme 2009 (ESOS-2009) was implemented by the Company. 12,75,000 equity share options were granted under 'ESOS-2009, Plan II' in 2009-10 and additional 12,34,670 equity share options were approved to be granted under 'ESOS-2009, Plan III' in 2010-11 to the employees by the remuneration and compensation committee of directors of the Company at ₹ 141/- per share, the price approved in the remuneration and compensation committee meeting held on November 25, 2009.
- Consequent to issue of Bonus Shares by the Company the adjusted exercise price is ₹ 70.50 per Equity Share and the total number of options also increased in the same ratio.
- c. The Company has approved the grant of 15,50,100 (Fifteen Lakh, Fifty Thousand And One Hundred ) Employee Stock Appreciation Rights (ESARs - Grant - I) to the eligible employees of the Company, in terms of Dewan Housing Finance Corporation Limited-Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR 2015"). The said ESAR shall vest over a period of five years and to be exercised within three years from the date of vesting of ESAR and carry the right to apply for number of equity shares of the Company of face value of ₹ 10/- each, equivalent to Appreciation in those rights, over the grant price i.e. ESAR price of ₹ 380/- per ESAR (₹ 190/- per ESAR Post Bonus issue), the price approved in the Nomination and Remuneration Committee meeting held on March 21, 2015.
- Consequent to the Bonus shares issued by the Company to its shareholders in the ratio 1:1 during the financial year 2015-16, the total number of ESARs also increased in the same ratio.

# Notes

## forming part of the financial statements for the year ended March 31, 2017

During the year, the Company has allotted, from time to time, 124,147 number of equity shares of ₹ 10/- each on exercise of 3,47,200 number of ESAR to various eligible employees under 'ESAR Scheme 2015 (Grant - I)' at the price of ₹ 10/- per equity share.

- d. The Company has approved the grant of 20,81,545 (Twenty Lakh Eighty One Thousand Five Hundred Forty Five) Employee Stock Appreciation Rights (ESARs - Grant - II) to the eligible employees of the Company, in terms of Dewan Housing Finance Corporation Limited-Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR 2015"). The said ESARs shall vest over a period of four years and to be exercised within three years from the date of vesting of ESARs and carry the right to apply for number of equity shares of the Company of face value of ₹ 10/- each, equivalent to Appreciation in those rights, over the grant price i.e. ESAR price of ₹ 230.80 per SAR , the price approved in the Nomination and Remuneration Committee meeting held on November 17, 2016.

e. Movement in options under (ESOS-2008), (ESOS-2009) and (ESAR 2015).

Particulars	ESOS-2008	ESOS-2009	ESAR 2015	ESAR 2015
	Plan III	Grant I	Grant II	
Number of options / ESAR outstanding at the beginning of the year	35,560	2,00,000	28,22,000	-
Number of options / ESAR granted during the year	-	-	-	20,81,545
Number of options / ESAR forfeited / lapsed during the year	3,180	-	5,16,840	69,953
Number of options / ESAR Exercised during the year	-	-	3,47,200	-
Number of shares arising as a result of exercise of options	-	-	1,24,147	-
Money realised by exercise of options (in ₹)	-	-	12,41,470	-
Number of options / ESAR outstanding at the end of the year	32,380	2,00,000	19,57,960	20,11,592
Number of options / ESAR exercisable at the end of the year	32,380	-	6,05,800	-

Weighted Average exercise price & Option price (in ₹):

Pre Bonus	53.65	141.00	380.00	-
Post Bonus	26.83	70.50	190.00	230.80

- f The fair value has been calculated using the Black Scholes Option Pricing model, the Assumptions used in the model on a weighted average basis are as follows:

1. Risk Free Interest Rate	6.36%
2. Expected Life	4.50
3. Expected Volatility	44.84%
4. Dividend Yield	3.48%
5. Price of the underlying share in market at the time of the option grant (₹)	229.80

g Other Details:

- 1) Weighted Average Market Price on the date of Exercise is ₹ 299.33
- 2) Remaining Contractual life for ESAR granted and outstanding as on March 31, 2017

Particulars	ESAR Scheme 2015	
	(Grant - I)	(Grant - II)
Remaining Contractual life for unvested SARs outstanding at the end of the year	4.28	5.64
Remaining Contractual life for SARs exercisable at the end of the year	2.72	-

# Notes

## forming part of the financial statements for the year ended March 31, 2017

### h Fair Value Methodology:

The Company has followed intrinsic value based method of accounting for Stock options granted based on Guidance Note issued by the Institute of Chartered Accountant of India. Had the compensation cost for the stock options granted under ESOS-2008, ESOS-2009 III and ESAR -2015 (Grant I & II) been determined based on the fair value calculated using the Black Scholes Option Pricing model, the Company's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	(₹ in Lakh)	
	2016 - 17	2015 - 16
Net Profit after Tax	2,89,645	72,920
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 1,335 Lakh (₹ 20 Lakh)] (pro-forma)	873	(13)
Net Profit considered for computing EPS (pro-forma)	2,88,772	72,933

Particulars	(Amount in ₹ )	
	2016 - 17	2015 - 16
Basic Earnings per Share (as reported)	95.76	25.00
Basic Earnings per Share (Pro-forma)	95.47	25.00
Diluted Earnings per Share (as reported)	95.44	23.10
Diluted Earnings per Share (Pro-forma)	95.15	23.10

### 4 RESERVES & SURPLUS

Particulars	As at 31.03.2017		As at 31.03.2016	
<b>CAPITAL RESERVE</b>				
Balance as per last Balance Sheet	7,561		12,320	
Less: utilised during the year (Refer Note 28)	5,110	2,451	4,759	7,561
<b>CAPITAL REDEMPTION RESERVE</b>				
Balance as per last Balance Sheet	-		775	
Less : Utilised during the year towards Bonus issue (Refer Note 3.5)	-	-	775	-
<b>SECURITIES PREMIUM</b>				
Balance as per last Balance Sheet	1,83,331		2,07,235	
Add : Addition during the year	48,043		501	
	2,31,374		2,07,736	
Less : Utilised during the year towards Bonus issue (Refer Note 3.5)	-		13,811	
Less : Utilised during the year [net of tax of ₹ 6,068 Lakh (₹ 5,606 Lakh)] (Refer Note 4.2)	11,465	2,19,909	10,594	1,83,331
<b>EMPLOYEES SHARE OPTIONS OUTSTANDING</b>				
Balance as per last Balance Sheet	1,516		1,718	
Add : Addition during the year	-		20	
Less : Transferred to Statement of Profit & Loss	612		-	
Less : Transferred to Securities Premium Account	166	738	222	1,516

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	As at 31.03.2017		As at 31.03.2016	
	(₹ in Lakh)			
<b>GENERAL RESERVE</b>				
Balance as per last Balance Sheet	1,04,845		89,007	
Add : Transferred from Statement of Profit & Loss	20,000		20,000	
Less : Utilisation on Deferred Tax Liability on Special Reserve (Refer Note 4.4)	8,323	1,16,522	4,162	1,04,845
<b>STATUTORY RESERVE (SPECIAL RESERVE)</b>				
[In terms of Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987] (Refer note 4.3)				
Balance as per last Balance Sheet	98,399		80,399	
Add : Transferred from Statement of Profit & Loss	58,000	1,56,399	18,000	98,399
<b>DEBENTURE REDEMPTION RESERVE</b>				
Transferred from Statement of Profit & Loss (Refer Note 6.8)		1,17,000		-
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS:</b>				
As per last Balance Sheet	64,368		57,556	
Add : Profit for the year	2,89,645		72,920	
	3,54,013		1,30,476	
Less : Appropriations :				
General Reserve	20,000		20,000	
Statutory Reserve	58,000		18,000	
Debenture Redemption Reserve	1,17,000		-	
Interim Equity Dividend	3,130		17,507	
Proposed Equity Dividend	-		5,836	
Dividend for earlier year	-		2	
Dividend Distribution Tax	637		4,763	
	1,98,767		66,108	
Surplus closing balance		1,55,246		64,368
<b>TOTAL RESERVES &amp; SURPLUS</b>	<b>7,68,265</b>			<b>4,60,020</b>

- 4.1 During the year, the Company has paid interim dividend on Equity Shares @ ₹ 1/- (₹ 6/-) per share.

The Board of Directors, have recommended final dividend of ₹ 3/- per equity share to the equity shareholders. The dividend will be paid after the approval of shareholders at the ensuing Annual General Meeting. During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – ‘Contingencies and Events Occurring after the Balance sheet date’ (AS 4). However, as per the requirements of revised AS 4 which is applicable w.e.f April 1, 2016 the Company is not required to provide for dividend proposed after the Balance Sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the year ended March 31, 2017. Had the Company continued with creation of provision for proposed dividend, as at the Balance Sheet date, its Surplus in Statement of Profit and Loss would have been lower by ₹ 11,307 Lakh and Short-Term Provision would have been higher by ₹ 11,307 Lakh (including dividend distribution tax of ₹ 1,913 Lakh).

# Notes

## forming part of the financial statements for the year ended March 31, 2017

- 4.2 In accordance with Section 52 of the Companies Act, 2013, during the year the Company has utilised Securities Premium Account towards premium on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures and Securities issue expenses amounting to ₹ 11,465 Lakh (₹ 10,594 Lakh) net of tax of ₹ 6,068 Lakh (₹ 5,606 Lakh).
- 4.3 Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017:

Particulars	₹ in Lakh)	
	2016 - 17	2015 - 16
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	17,924	17,424
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	80,475	62,975
<b>c) Total</b>	<b>98,399</b>	<b>80,399</b>
<b>ADDITION DURING THE YEAR</b>		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	47,000	500
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	11,000	17,500
<b>c) Total</b>	<b>58,000</b>	<b>18,000</b>
<b>BALANCE AT THE END OF THE YEAR</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	64,924	17,924
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987	91,475	80,475
<b>c) Total</b>	<b>156,399</b>	<b>98,399</b>

- 4.4 National Housing Bank vide circular No.NHB(ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014 has clarified that deferred tax liability (contingent upon Company's withdrawal of Section 36(1)(Viii) Reserves leading to tax liability) in respect of opening balance under special reserve as at April 1, 2014 may be adjusted from free opening reserves of the Company over a period of 3 years in the ratio of 25:25:50 respectively. Accordingly, the Company has proportionately adjusted its opening reserves with an amount of ₹ 8,323 Lakh (₹ 4,162 Lakh) as contingent deferred tax liability during the year and unamortised amount against the same is Nil. Deferred Tax Liability on current year Special Reserve has been charged to Statement of Profit & Loss amounting to ₹ 3,946 Lakh (₹ 6,297 Lakh).

## 5 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	As at 31.03.2017	As at 31.03.2016
Money Received Against Share Warrants	-	12,500
<b>Total Money Received Against Share Warrants</b>	<b>-</b>	<b>12,500</b>

- 5.1 During the financial year 2015-16, the Company had issued 21,230,070 convertible warrants being issued at a Issue Price of ₹ 235.52 per warrant, with a right exercisable by the warrant holder to convert each warrant with one equity share of the Company of face value ₹ 10/- each at a premium of ₹ 225.52 , any time before the expiry of 18 months from the date of allotment of the said convertible warrants , in one or more tranches. During the current financial year the Company has allotted 21,230,070 equity shares of face value of ₹ 10/- each to the warrant holders on exercise of the conversion right and receipt of balance payment.

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 6 LONG-TERM BORROWINGS

(₹ in Lakh)

Particulars	Non-Current Portion		Current Portion	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
<b>Secured</b>				
Non-Convertible Debentures	27,31,873	11,99,795	1,51,078	2,14,701
Term Loan from Banks	27,79,247	25,68,075	5,15,096	4,71,460
Loan from Others				
National Housing Bank	2,95,575	1,19,324	33,275	28,765
Foreign Financial Institutions	2,96,481	2,15,961	20,874	7,605
<b>Total Secured long-term borrowings</b>	<b>61,03,176</b>	<b>41,03,155</b>	<b>7,20,323</b>	<b>7,22,531</b>
<b>Unsecured</b>				
Non-Convertible Debentures (perpetual)	66,070	18,570	-	-
Non-Convertible Debentures (Subordinated issue)	1,33,180	1,19,150	17,500	-
Deposit				
Fixed Deposit (including Cummulative)	3,71,600	2,69,968	2,85,289	2,22,817
Other Deposits	1,365	1,104	1,081	668
Term Loan from Banks	-	-	-	3,333
<b>Total Unsecured long-term borrowings</b>	<b>5,72,215</b>	<b>4,08,792</b>	<b>303,870</b>	<b>2,26,818</b>
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>66,75,391</b>	<b>45,11,947</b>	<b>10,24,193</b>	<b>9,49,349</b>
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 11)	-	-	(10,24,193)	(9,49,349)
<b>Net Amount</b>	<b>66,75,391</b>	<b>45,11,947</b>	<b>-</b>	<b>-</b>

6.1 Non-Convertible Debentures (NCD) (current and non-current portion) amounting to ₹ 2,882,951 Lakh (₹ 1,414,496 Lakh) are secured by way of first charge read with Note 6.2 herein below and are redeemable at par, in one or more installments, on various periods, as below.

Secured NCDs also include amount outstanding for Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating ₹ 290,565 Lakh (₹ 335,884 Lakh), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till March 31, 2017 amounting to ₹ 73,275 Lakh (₹ 57,754 Lakh) is included above and a part of which has been provided out of the Securities Premium Account (refer Note 4.2).

### Terms of repayment of Term Loans and redemption of bonds & debentures

(₹ in Lakh)

Particulars	>5 Years	3-5 Years	1-3 Years	Grand Total
<b>Secured</b>				
Bank				
Linked with Base Rate of respective banks	7,20,078	9,40,756	11,18,413	27,79,247
	(8,48,719)	(7,93,013)	(9,26,343)	(25,68,075)
Loan from Foreign Financial Institutions				
8.61 - 9.32	5,189	2,32,117	59,175	2,96,481
	(31,608)	(1,32,625)	(51,728)	(2,15,961)
Loan from National Housing Bank				
6.12 - 9.00	1,65,668	48,111	70,158	2,83,937
	(32,794)	(22,874)	(47,958)	(1,03,625)
9.01 - 11.00	2,968	3,274	5,396	11,638
	(4,496)	(5,574)	(5,628)	(15,699)
<b>N H B Total</b>	<b>1,68,636</b>	<b>51,385</b>	<b>75,554</b>	<b>2,95,575</b>
	(37,290)	(28,447)	(53,586)	(1,19,324)

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## forming part of the financial statements for the year ended March 31, 2017

Particulars	>5 Years	3-5 Years	1-3 Years	(₹ in Lakh)
	Grand Total			
Non-Convertible Debenture				
5.00 - 7.00	32,909	-	-	32,909
	(25,000)	-	-	(25,000)
8.00 - 11.50	12,43,349	5,30,554	9,25,061	26,98,964
	(3,59,040)	(4,53,227)	(3,62,529)	(11,74,796)
<b>NCD Total</b>	<b>12,76,258</b>	<b>5,30,554</b>	<b>9,25,061</b>	<b>27,31,873</b>
	<b>(3,84,040)</b>	<b>(4,53,227)</b>	<b>(3,62,529)</b>	<b>(11,99,796)</b>
<b>Unsecured</b>				
Perpetual Debt				
10.75 -12.75	66,070	-	-	66,070
	(18,570)	-	-	(18,570)
Sub-Debt				
9.40 - 11.35	69,800	45,000	18,380	1,33,180
	(37,300)	(44,600)	(37,250)	(1,19,150)

6.2 All Secured loans (Current and Non-Current portion), from the National Housing Bank, Other Banks, Foreign Financial Institution, Financial Institutions and Secured Non-Convertible Debentures / ZCD are secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note 9.1), inter-se, on the Company's whole of the present and future book debts, housing loan Installments/ receivables, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets, read with Note 6.4 hereinafter and term loans from banks, debentures and certain ECBs are further secured on pari passu basis by constructive delivery of title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

Pursuant to the refinancing arrangement, the Company has provided to NHB certain standard documents such as a non-disposal undertaking from the Promoters and Promoter Group with respect to their shareholdings and corporate guarantee from Wadhawan Global Capital Private Limited ( promoter entity )

6.3 During the year Company has availed ECB of total USD 150 million under two ECB facilities –

- (a) USD 130 MM ECB Facility from following parties for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 87,415 Lakh in compliance of statutory requirement.

Name of the Party	USD (in millions)	Loan Amount (₹ in Lakh)
State Bank of India, Singapore Branch	75	50,433
Barclays Bank Plc	25	16,810
The Korea Development Bank	10	6,724
The Korea Development Bank, Singapore Branch	10	6,724
Chang Hwa Commercial Bank Ltd., Singapore Branch	5	3,362
Taiwan Cooperative Bank, Offshore Banking Branch	5	3,362
<b>Total</b>	<b>130</b>	<b>87,415</b>

- (b) USD 20 MM ECB from DEG Germany for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 13,344 Lakh in compliance

# Notes

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of statutory requirement.

In the previous year, Company had availed ECB of USD 110 million under Syndicated Loan facility for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability, in compliance of statutory requirement.

As a part of Assets Liability management on account of the Companies adjustable rate home loan products as well as to reduce the overall cost of borrowing, during the year, the Company has entered into Interest Rate swaps wherein it has converted its variable rate rupee liability of notional amount of USD 240 million into fixed rate rupee liability.

As on March 31, 2017 the Company has an outstanding foreign currency borrowing of USD 493 million (USD 355 million) equivalent to ₹ 3,17,355 Lakh (₹ 2,23,566 Lakh).

- 6.4 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favor of depositors through the mechanism of a trust deed. The Company has accordingly appointed a SEBI approved trustee Company as trustee for the above by executing the trust deed.

Accordingly, the public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.

- 6.5 Unsecured Redeemable Non-Convertible Subordinated Debentures aggregating ₹ 150,680 Lakh (₹ 119,150 Lakh), outstanding as at March 31, 2017, are subordinated to present and future senior indebtedness of the Company. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity on various periods read with note No. 6.1

- 6.6 Fixed Deposits and Other Deposits, including short-term fixed deposits and short term other deposits, are repayable as per individual contracted maturities ranging from 12 to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

- 6.7 During the year ended March 31, 2017, the Company has issued and allotted the following securities by way of public issue :

- 4,00,00,000 Secured Redeemable Non-Convertible Debentures ("NCDs") having face value of ₹1,000 each aggregating to ₹4,00,000 Lakh in terms of the Shelf Prospectus and Tranche 1 Prospectus dated July 26, 2016 ("Prospectus"). The said NCDs were allotted on August 16, 2016.
- 10,00,00,000 Secured Redeemable Non-Convertible Debentures ("NCDs") having face value of ₹1,000 each aggregating to ₹10,00,000 Lakh in terms of the Shelf Prospectus and Tranche 1 Prospectus dated August 25, 2016 ("Prospectus"). The said NCDs were allotted on September 9, 2016.

As at the end of the year, funds raised by public issue of above securities has been utilised for the purposes for which it has been raised.

- 6.8 Department of Company Affairs with reference to the General Circular No. 4/2003 vide G.S.R. 413 (E) dated 18.06.2014, had

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## forming part of the financial statements for the year ended March 31, 2017

clarified that, Housing Finance Companies registered with National Housing Bank are exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. However, the Company needs to create DRR in case of public issue of Debentures and accordingly, the Company has created DRR to the tune of ₹ 1,17,000 Lakh against its public issue of Secured Redeemable Non-Convertible Debentures.

### 6.9 Rating assigned by Credit Rating Agencies and migration of rating:

Rating Agency	Type	FY 2016 - 17	FY 2015 - 16
CARE	NCD	CARE AAA; Stable	CARE AAA
	NCD (Public Issue)	CARE AAA; Stable	-
	Public (Fixed) Deposits	CARE AAA (FD); Stable	CARE AAA (FD)
	Long Term Bank Loans	CARE AAA; Stable	CARE AAA
	Structured Obligations	CARE AAA (SO)	CARE AAA (SO)
	Subordinated Debt	CARE AA+; Stable	CARE AA+
	Preference Shares	CARE AA+ (RPS);	-
	IPDI	CARE AA; Stable	CARE AA
Brickwork	NCD	BWR AAA; Stable	BWR AAA; Stable
	NCD (Public Issue)	BWR AAA; Stable	-
	Public (Fixed) Deposits	BWR FAAA; Stable	BWR FAAA; Stable
	Subordinated Debt	BWR AAA; Stable	BWR AAA; Stable
	IPDI	BWR AA+; Stable	BWR AA+; Stable
CRISIL	Short Term Debt	CRISIL A1+	CRISIL A1+
	Short Term Deposits	CRISIL A1+	-
	Structured Obligations	CRISIL AAA (SO)	CRISIL AAA (SO)
ICRA	Short Term Debt	ICRA A1+	ICRA A1+
	Structured Obligations	ICRA AAA(SO)	ICRA AAA(SO)

6.10 Percentage of Deposits of top twenty largest depositors to total deposits of the Company was 4.67% (2.89%) aggregating ₹ 31,639 Lakh (₹ 14,569 Lakh).

## 7 DEFERRED TAX LIABILITY / (ASSET)

(₹ in Lakh)

Particulars	As at 31.03.2017	As at 31.03.2016
<b>A. Net Deferred Tax Liability</b>		
<b>Deferred Tax Asset</b>		
On account of provision for contingency & employee benefits	(24,448)	(20,383)
<b>Deferred Tax Liability</b>		
On difference between book balance and tax balance of other assets	23,777	10,186
	(A) (671)	(10,197)
<b>B. Deferred Tax Liability on Special IT Reserve</b>	31,615	19,346
	(B) 31,615	19,346
<b>Net Deferred Tax Liability</b>	(A + B) 30,944	9,149

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 8. PROVISIONS

Particulars	(₹ Lakh)			
	Long-Term Provision As at 31.03.2017	As at 31.03.2016	Short-Term Provision As at 31.03.2017	As at 31.03.2016
<b>Provision for Contingencies</b>				
<b>Against Standard Assets:</b>				
As per last Balance sheet	34,730	27,822		
Add : Provision during the year	8,095	6,908		
<b>Provision on standard loan portfolio</b>	(A) <b>42,825</b>	<b>34,730</b>	-	-
<b>Against NPA:</b>				
As per last Balance sheet	21,205	13,910		
Add : Provision during the year	13,446	9,441		
Less : Utilised During the year	8,749	2,146		
<b>Provision on NPA loan portfolio</b>	(B) <b>25,902</b>	<b>21,205</b>	-	-
<b>Against Investment:</b>				
As per last Balance sheet	66	-		
Add : (withdrawal) Provision during the year	(66)	66		
Less : Utilised During the year	-	-		
Less : Transfer to Provision for diminution in the value of investment	-	(66)		
<b>Provision on Investment</b>	(C) -	-	-	-
<b>Against ICDs:</b>				
As per last Balance sheet	1,447	964		
Provision during the year	12	483		
<b>Provision on ICDs</b>	(D) <b>1,459</b>	<b>1,447</b>	-	-
<b>Against Other Assets:</b>				
As per last Balance sheet	920	319		
Provision during the year	313	601		
<b>Provision on Other Assets</b>	(E) <b>1,233</b>	<b>920</b>	-	-
<b>Total Provision for Contingencies</b>	(A+B+C+D+E)	<b>71,419</b>	<b>58,302</b>	-
Provision for employee benefits	-	-	67	107
Provision for Proposed Dividend	-	-	-	5,836
Provision for Dividend Distribution Tax	-	-	-	1,188
<b>Total Provisions</b>		<b>71,419</b>	<b>58,302</b>	<b>67</b>
				<b>7,131</b>

- 8.1 The Company has written off ₹ 8,749 Lakh (₹ 2,146 Lakh) as bad debts to recover some of its old NPA and Loss Accounts by way of one time settlement or sale to Asset Reconstruction Company. The Company has withdrawn ₹ 8,749 Lakh (₹ 2,146 Lakh) from contingency provisions created out of profits of earlier years. During the year, the Company has sold 201 accounts aggregating ₹ 2,219 Lakh net of provision (Nil) to Asset Reconstruction Company for a total consideration of ₹ 1,661 Lakh (Nil) with aggregate loss over net book value ₹ 558 Lakh (Nil).

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 8.2 Details of Housing and Property Loans and Contingency Provisions

Housing and property loans and provision in respect thereof on account of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank are as follows:

Particulars	As at 31.03.2017		As at 31.03.2016	
	Portfolio	Provisions	Portfolio	Provisions
<b>Standard Assets</b>				
Housing Loans	56,34,177	26,889	48,75,732	21,549
Other Property Loans	15,07,596	15,093	12,44,463	12,464
(A)	<b>71,41,773</b>	<b>41,982</b>	<b>61,20,195</b>	<b>34,013</b>
<b>Sub-Standard Assets</b>				
Housing Loans	5,624	844	8,665	1,300
Other Property Loans	2,644	397	4,230	634
(B)	<b>8,268</b>	<b>1,241</b>	<b>12,895</b>	<b>1,934</b>
<b>Doubtful Assets</b>				
Housing Loans	27,150	12,398	27,454	13,126
Other Property Loans	32,427	12,263	16,958	6,145
(C)	<b>59,577</b>	<b>24,661</b>	<b>44,412</b>	<b>19,271</b>
Additional provision on Standard Assets		843		717
Provisions on ICDs		1,459		1,447
Provisions on Other Assets		1,233		920
<b>Total</b>	<b>(A+B+C)</b>	<b>72,09,618</b>	<b>71,419</b>	<b>61,77,502</b>
<b>SUMMARY:</b>				
Housing Loans	56,66,951	40,131	4,911,851	35,975
Other Property Loans	15,42,667	27,753	1,265,651	19,243
Additional provision on Standard Assets		843		717
Provisions on ICDs		1,459		1,447
Provisions on Other Assets		1,233		920
<b>Total</b>		<b>72,09,618</b>	<b>71,419</b>	<b>61,77,502</b>

## 8.3 Provision for Contingencies

The Company has made full provisions for Contingencies for diminution in value of investment and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. The Company has also maintained an additional provision amounting to ₹ 843 Lakh (₹ 717 Lakh) as at year end.

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 8.4 Break-up of Doubtful Assets

Particulars	(₹ in Lakh)			
	Housing Loan As at 31.03.2017	Housing Loan As at 31.03.2016	Non-Housing Loan As at 31.03.2017	Non-Housing Loan As at 31.03.2016
<b>Doubtful Assets- Category -I</b>				
a) Total Outstanding Amount	12,622	10,400	6,932	6,836
b) Provisions made	3,155	2,600	1,733	1,709
<b>Doubtful Assets- Category -II</b>				
a) Total Outstanding Amount	8,809	10,882	24,941	9,476
b) Provisions made	3,524	4,354	9,976	3,790
<b>Doubtful Assets- Category -III</b>				
a) Total Outstanding Amount	5,719	6,172	554	646
b) Provisions made	5,719	6,172	554	646

## 8.5 Concentration of NPAs:

Total exposure of top ten NPA accounts were ₹ 24,689 Lakh (₹ 16,609 Lakh).

## 8.6 Sector wise NPAs:

Sector	Percentage to total Advances
<b>A. Housing Loans:</b>	
1. Individuals	0.42%
2. Builders/Project Loans	1.14%
3. Corporates	0.00%
4. Others Loans	0.00%
<b>B. Non-Housing Loans:</b>	
1. Individuals	0.00%
2. Builders/Project Loans	12.27%
3. Corporates	0.00%
4. Others Loans	1.70%

## 8.7 Movement of NPAs:

Particulars	2016 - 17	2015 - 16
I) Net NPAs to Net Advances (%)	0.58%	0.58%
II) Movement of NPAs (Gross)		
a) Opening balance	57,306	48,505
b) Additions during the year	32,174	18,861
c) Reduction during the year	21,636	10,060
d) Closing balance	67,844	57,306
III) Movement of NPAs (Net)		
a) Opening balance	36,101	34,595
b) Additions during the year	18,728	9,420
c) Reduction during the year	12,887	7,914
d) Closing balance	41,942	36,101

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	2016 - 17	2015 - 16
IV) Movement of Provisions for NPAs (Excluding provisions on Standard assets)		
a) Opening balance	21,205	13,910
b) Additions during the year	13,446	9,441
c) Reduction during the year	8,749	2,146
d) Closing balance	25,902	21,205

## 9 SHORT-TERM BORROWINGS

Particulars	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
<b>SECURED</b>		
Loans repayable on demand		
From Banks	1,11,014	1,74,460
<b>Secured short-term borrowings</b>	<b>(A)</b>	<b>1,11,014</b>
<b>UNSECURED</b>		
Deposits		
Fixed Deposits (Refer Note 6.6)	8,988	3,691
Other Deposits (Refer Note 6.6)	868	609
Other short-term loans and advances		
Commercial Papers	2,99,500	4,64,900
Others	6,496	-
<b>Unsecured short-term borrowings</b>	<b>(B)</b>	<b>3,15,852</b>
<b>TOTAL SHORT TERM BORROWINGS</b>	<b>(A+B)</b>	<b>4,26,866</b>
		<b>6,43,660</b>

- 9.1 Loans repayable on demand comprising of Cash credit facilities from banks and are secured by a first charge by way of hypothecation of book debts of specific loan assets of the Company and are further secured by negative lien on the underlying specific properties and/or secured by demand promissory notes. Certain Cash credit facilities are also secured by way of a first pari passu charge along with other secured loans read with Note 6.2. All cash credit facilities are repayable as per the contracted/ roll over term.

## 10 TRADE PAYABLES:

There is no amount due and payable to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. No interest has been paid/ is payable by the Company during/ for the year to these 'Suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 11 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017	As at 31.03.2016
Current maturities of long-term borrowing (Refer Note 6)	10,24,193	9,49,349
Interest accrued but not due on borrowings	1,36,734	52,929
Unclaimed Dividends	142	171
Unclaimed matured deposits and interest accrued thereon	7,674	5,410
<b>OTHER PAYABLES</b>		
Advance from customers	8,228	15,762
Amount payable under securitisation/ joint syndication transaction	35,644	21,605
Statutory Dues	2,651	2,105
Other current liabilities	9,820	5,694
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>12,25,086</b>	<b>10,53,025</b>

- 11.1 As required under Section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividend of the year 2008-09 ₹ 6 Lakh (₹ 3 Lakh) and towards unclaimed Deposits and interest accrued thereon ₹ 12 Lakh (₹ 39 Lakh) to Investor Education & Protection Fund (IEPF) during the year. The amounts payable for March, 2017 has been transferred to IEPF in the month of April, 2017.

## 12 FIXED ASSETS

Fixed Assets as of March 31, 2017

ASSETS	GROSS BLOCK			DEPRECIATION/ AMORTISATION			(₹ in Lakh)		
	As at 01.04.2016	Addition	Deduction/ Sale	As at 31.03.2017	As at 01.04.2016	for the year	Deduction/ Sale	Upto 31.03.2017	As at 31.03.2017
<b>Tangible (Property, Plant &amp; Equipment):</b>									
Building	5,643	537	-	6,180	585	88	-	673	5,507
Leasehold Premises	9,999	-	-	9,999	510	163	-	673	9,326
Furniture & Fixture	5,711	439	168	5,982	2,896	912	151	3,657	2,325
Office Equipments	2,381	1,313	97	3,597	1,059	374	69	1,364	2,233
Vehicles	114	20	9	125	70	16	5	81	44
Computer (Hardware)	2,984	432	121	3,295	1,910	507	123	2,294	1,001
<b>Sub-Total</b>	<b>26,832</b>	<b>2,741</b>	<b>395</b>	<b>29,178</b>	<b>7,030</b>	<b>2,060</b>	<b>348</b>	<b>8,742</b>	<b>20,436</b>
<b>Intangible:</b>									
Computer (Software)	1,635	355	-	1,990	1,266	270	-	1,536	454
<b>FIXED ASSETS</b>	<b>28,467</b>	<b>3,096</b>	<b>395</b>	<b>31,168</b>	<b>8,296</b>	<b>2,330</b>	<b>348</b>	<b>10,278</b>	<b>20,890</b>
Capital Work-in-Process									54,615
Intangible Assets under Development									8,762
<b>TOTAL</b>	<b>28,467</b>	<b>3,096</b>	<b>395</b>	<b>31,168</b>	<b>8,296</b>	<b>2,330</b>	<b>348</b>	<b>10,278</b>	<b>84,267</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

Fixed Assets as of March 31, 2016

(₹ in Lakh)

<b>ASSETS</b>	GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK	
	As at 01.04.2015	Addition	Deduction/ Sale	As at 31.03.2016	As at 01.04.2015	for the year	Deduction/ Sale	Upto 31.03.2016
<b>Tangible (Property, Plant &amp; Equipment):</b>								
Building	3,059	2,584	-	5,643	520	65	-	585
Leasehold Premises	9,999	-	-	9,999	347	163	-	510
Furniture & Fixture	5,609	434	332	5,711	2,141	1,014	259	2,896
Office Equipments	2,334	240	193	2,381	858	348	147	1,059
Vehicles	121	-	7	114	55	18	3	70
Computer (Hardware)	3,031	453	500	2,984	1,844	553	487	1,910
<b>Sub-Total</b>	<b>24,153</b>	<b>3,711</b>	<b>1,032</b>	<b>26,832</b>	<b>5,765</b>	<b>2,161</b>	<b>896</b>	<b>7,030</b>
<b>Intangible:</b>								
Computer (Software)	1,454	181	-	1,635	997	269	-	1,266
<b>FIXED ASSETS</b>	<b>25,607</b>	<b>3,892</b>	<b>1,032</b>	<b>28,467</b>	<b>6,762</b>	<b>2,430</b>	<b>896</b>	<b>8,296</b>
Capital Work-in-Process								54,615
Intangible Assets under Development								3,266
<b>TOTAL</b>	<b>25,607</b>	<b>3,892</b>	<b>1,032</b>	<b>28,467</b>	<b>6,762</b>	<b>2,430</b>	<b>896</b>	<b>8,296</b>
								<b>78,052</b>

## 13 NON-CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
(Long-Term Investments) (Valued at cost less diminution in value, if any, other than temporary)				
<b>TRADE INVESTMENTS</b>				
<b>Investment in unquoted equity instruments</b>				
(Face value of ₹ 10 each)				
<b>Investment in Subsidiary Companies</b>				
DHFL Advisory & Investments Pvt. Ltd.	7,50,10,000	7,501	7,50,10,000	7,501
DHFL Investments Ltd.	10,00,50,000	10,005	-	-
<b>Investment in Associates:</b>				
Aadhar Housing Finance Ltd.	1,49,00,000	1,490	1,49,00,000	1,490
DHFL Vysya Housing Finance Ltd.	10,48,989	315	10,48,989	315
DHFL Venture Trustee Company Private Limited	-	-	22,500	2
Avanse Financial Services Ltd.	1,21,97,522	4,988	1,21,97,522	4,988
<b>Investment in Joint Venture:</b>				
DHFL Pramerica Life Insurance Co. Ltd. (Refer note 32)	-	-	18,70,30,931	3,107
DHFL Pramerica Asset Managers Pvt. Ltd (Refer note 13.2)	1,85,68,825	3,770	15,61,36,360	3,770
DHFL Pramerica Trustees Pvt. Ltd.	50,000	5	50,000	5

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
<b>Investment in others:</b>				
The Kalyan Janta Sahakari Bank Limited	10,000	1	10,000	1
(A)		<b>28,075</b>		<b>21,179</b>
<b>Investment in unquoted optionally convertible preference share</b> (Face value of ₹ 10 each)				
Sunborne Energy Services India Private Limited	31,775	1,271	31,775	1,271
(B)		<b>1,271</b>		<b>1,271</b>
<b>Investment in Government securities (SLR) - quoted</b>				
0.00% Punjab Infra. Develop. Board 2022 Bonds	10	25	10	25
8.56% Kerala SDL 2020	2,00,000	203	2,00,000	203
8.52% Tamilnadu SDL 2020	2,00,000	206	2,00,000	206
8.42% Andhra Pradesh SDL 2020	4,25,000	430	4,25,000	430
8.40% Gujarat SDL 2020	2,50,000	252	2,50,000	252
8.08% GS 2022	1,00,000	98	1,00,000	98
8.28% GS 2032	1,00,000	98	1,00,000	98
9.23% Gujarat SDL 2021	2,50,000	257	2,50,000	257
9.51% Rajasthan Rajya Vidyut P. N. Ltd. 2024	10	500	10	500
9.30% RRVPNL BONDS 2025	150	1,491	150	1,491
8.97% Bihar SDL 2022	5,70,000	584	5,70,000	584
5.87% GOI 2022	3,000	3	3,000	3
6.05% GOI 2019	14,000	14	14,000	14
6.13% GOI 2028	5,000	5	5,000	5
5.69% GOI 2018	41,800	39	41,800	39
7.99% GOI 2017	30,000	30	30,000	30
7.16% GOI 20/05/2023	-	-	11,00,000	993
8.33% GOI 09/07/2026	-	-	20,00,000	2,108
8.97% GOI 05/12/2030	-	-	20,00,000	2,227
8.71% WSPF Bonds 09/05/2023	1,900	1,920	1,900	1,920
9.85% TIIC Bonds (TIIC Bonds_2014-I) 07/03/2024	83	828	83	828
9.00% RRVUNL Bonds 24/12/2026	210	2,127	210	2,127
9.20% Tangedco 2024 18/12/2014	200	2,025	200	2,025
8.75% Krishna Bhagya Jala Nigam Limited Sr-C Loa 31Dec24	110	1,095	110	1,095
8.25% Maharashtra Sdl (13/05/2025)	-	-	150	1,514
8.74% RRVUNL 2027	150	1,497	150	1,497
9.95% FCI 2022	100	1,084	100	1,084
9.20% GOI 2030	-	-	20,00,000	2,192
8.83% GOI 2023	-	-	20,00,000	2,101
8.72% Chhattisgarh State Power Distribution Company Limited Bd 27Mr 2035	210	2,100	210	2,100
7.95% GOI 2032	-	-	16,00,000	1,606
7.88% GS 2030	55,00,000	5,665	-	-
8.60% GOI 2028	25,00,000	2,763	-	-
8.40% GS 2024	50,00,000	5,387	-	-
8.80% TN 2022	25,00,000	2,686	-	-
8.90% AP 2022	10,00,000	1,077	-	-
8.86% PN 2022	10,00,000	1,077	-	-

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	(₹ in Lakh)			
	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
8.81% HR 2042	13,00,000	1,397	-	-
8.60% GOI 2028	25,00,000	2,793	-	-
8.24% GOI 2033	25,00,000	2,774	-	-
	(C)	<b>42,530</b>		<b>29,652</b>
<b>Investment in Government securities (Non-SLR) - quoted</b>				
7.22% REC Bonds 19/12/2022	10,000	100	10,000	100
7.19% NHB TAX Free Bonds 14/12/2022	10	100	10	100
6.82% NHB TAX Free Bonds 28/05/2023	5,000	500	5,000	500
8.01% NHB Tax Free Bonds	50	500	50	500
8.26% NHB TAX FREE BONDS	3,610	181	3,610	181
8.41% NTPC Tax free Bonds - Series 1A	15,832	158	15,832	158
8.51% HUDCO SECURED NON-CONVERTIBLE TAX FREE BONDS. TRANCHE II, SERIES 1A	50,000	500	50,000	500
8.23% Indian Railway Finance Corporation 18/02/2024 (Tax Free)	50,000	500	50,000	500
8.41% IIFCL Bonds 22/01/2014	1,00,000	1,000	1,00,000	1,000
7.72% GOI 2025	-	-	10,00,000	1,010
7.88% GS 2030	-	-	30,00,000	3,011
7.49% IREDAL Tax Free Bonds 21.01.2031	1,02,181	1,022	1,02,181	1,022
7.39% HUDCO Tax Free Bonds 08.02.2031	28,028	280	28,028	280
7.39% NHAI Tax Free Bonds 09/03/2031	61,674	617	61,674	617
7.39% HUDCO Tax Free Bonds 15.03.2031	75,291	754	75,291	753
7.75% RJ SPL SDL 2018	5,00,000	500	-	-
7.86% RJ SPL SDL 2019	5,00,000	500	-	-
8.01% RJ SPL SDL 2020	5,00,000	500	-	-
8.15% RJ SPL SDL 2021	5,00,000	500	-	-
8.27% RJ SPL SDL 2022	5,00,000	500	-	-
8.27% RJ SPL SDL 2023	5,00,000	500	-	-
8.29% RJ SPL SDL 2024	5,00,000	500	-	-
8.33% RJ SPL SDL 2025	5,00,000	500	-	-
8.19% RJ SPL SDL 2026	5,00,000	500	-	-
	(D)	<b>10,712</b>		<b>10,232</b>
<b>OTHER INVESTMENTS</b>				
<b>Investment in Venture Capital Fund - unquoted</b>				
DHFL Venture Capital Fund	1	-	1	-
(100% Trust Corpus - Settlement Money) (₹ 10,000/- only)				
Arthveda Star Fund	1,92,532	1,948	1,97,753	2,000
	(E)	<b>1,948</b>		<b>2,000</b>
<b>Investment in Pass Through Certificates</b>				
Pass Through certificates -Class B		10,221		7,640
	(F)	<b>10,221</b>		<b>7,640</b>
<b>Total Non-Current Investments</b>	(A+B+C+D+E+F)	<b>94,757</b>		<b>71,974</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	(₹ in Lakh)			
	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
Aggregate amount of quoted investments		53,242		39,884
Market value of Quoted investments		54,224		41,025
Aggregate amount of Unquoted investments		41,515		32,090

- 13.1 Investment in Government and other SLR Securities aggregating ₹ 42,532 Lakh (₹ 29,652 Lakh) carry a floating charge created in favour of depositors in the Fixed Deposit schemes of the Company (read with Note 6.4 above).
- 13.2 Pursuant to approval from the Honorable High Court of Bombay, the Joint Venture entity -DHFL Pramerica Asset Managers Private Limited Ltd. reduced and consolidated its issued and paid up equity share capital. Consequent to which the number of equity shares held by the Company stood reduced to 1,85,68,825 equity shares of ₹ 10 each from 15,61,36,360 equity shares of ₹ 10 each.
- 13.3 All non current investments are in India with gross value of ₹ 94,757 Lakh (₹ 71,974 Lakh) and there is no provision on diminution in value of Investment.

## 14 HOUSING AND PROPERTY LOANS

Particulars	(₹ in Lakh)			
	Non-Current Portion	Current Portion	As at	As at
	As at	As at	31.03.2017	31.03.2016
<b>Secured, considered good unless stated otherwise</b>				
<b>Housing Loans</b>				
Standard loans	62,52,066	53,05,934	3,76,365	2,87,708
Sub-Standard loans	6,768	8,934	-	-
Doubtful loans	27,890	27,653	-	-
	<b>62,86,724</b>	<b>53,42,521</b>	<b>3,76,365</b>	<b>2,87,708</b>
Less : Securitised Housing Loans & Funded by Syndicate	9,40,836	6,79,569	55,302	38,808
<b>A Total Housing Loans</b>	<b>53,45,888</b>	<b>46,62,952</b>	<b>3,21,063</b>	<b>2,48,900</b>
<b>Other Property Loans</b>				
Standard loans	15,20,766	12,11,854	1,36,482	88,984
Sub-Standard loans	2,854	4,363	-	-
Doubtful loans	32,801	16,958	-	-
	<b>15,56,421</b>	<b>12,33,175</b>	<b>1,36,482</b>	<b>88,984</b>
Less : Other Property Securitised Loans	1,42,139	53,498	8,097	3,011
<b>B Total Other Property Loans</b>	<b>14,14,282</b>	<b>11,79,677</b>	<b>1,28,385</b>	<b>85,973</b>
<b>Total Loan Book (A+B)</b>	<b>67,60,170</b>	<b>58,42,629</b>	<b>4,49,448</b>	<b>3,34,873</b>
<b>Summary:</b>				
Housing Loans	62,86,724	53,42,521	3,76,365	2,87,708
Other Property Loans	15,56,421	12,33,175	1,36,482	88,984
Total Housing & Property Loans under Company's management	<b>78,43,145</b>	<b>65,75,696</b>	<b>5,12,847</b>	<b>3,76,692</b>
Less : Securitised and Syndicated portion	10,82,975	7,33,067	63,399	41,819
<b>TOTAL HOUSING AND PROPERTY LOANS</b>	<b>67,60,170</b>	<b>58,42,629</b>	<b>4,49,448</b>	<b>3,34,873</b>

# Notes

## forming part of the financial statements for the year ended March 31, 2017

- 14.1 Other property loans include mortgage loan, non-residential property loan, plot loan for self construction where construction has not began in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB). These also include loans granted to Small & Medium Enterprise (SME) and certain part are unsecured in terms of the particular scheme of an aggregate amount of ₹ 9,265 Lakh (₹ 6,327 Lakh).
- 14.2 The Company has not exceeded the prudential exposure limits during the year with reference to Single Borrower Limit (SGL) / Group Borrower Limit (GBL) and also does not finance any projects (including infrastructure projects) where the collateral being an intangible security i.e. rights, licenses, authorisations, etc.
- 14.3 As certified by the management, loans given by the 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/or hypothecation of assets and are considered appropriate and good.
- 14.4 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before March 31, 2014, in which construction has not started till March 31, 2017, as per information available with the Company, is excluded from Housing Loans and regrouped under Other Loans (Non Housing) in above outstanding as on March 31, 2017 aggregating to ₹ 19,111 Lakh (₹ 18,106 Lakh).
- 14.5 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loan. The insurance portion amounting to ₹ 136,668 Lakh (₹ 109,612) Lakh to meet the cost of the insurance premium to secure the borrower's life and thereby further secure the loan portfolio by way of risk mitigation method and to secure the Company's Housing loan portfolio against any eventuality.
- 14.6 The Company has entered into Loan Syndication arrangements with certain public and private sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files and gets it processed under common credit norms. The said banks have agreed to participate upto 50% of the disbursed loan portfolio under loan syndication arrangement. Entire/partial processing fees and other charges/ income on these loans, depending upon the syndication arrangements, accrues to DHFL. The Company has derecognised the said loan portion syndicated to others in its books.
- 14.7 The Company has entered into Loan Syndication arrangements with DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited in the earlier year to provide Housing and Property Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. During the year Company has disbursed ₹ Nil (₹ 700 Lakh) under joint syndication out of which ₹ Nil (₹ 105 Lakh) has been shared by syndicate partners, which has been derecognised.
- 14.8 The Company has acquired certain assets under SARFAESI Act which are retained for the purpose of sale under the rules and regulations of SARFAESI Act involving ₹ 7,890 Lakh (₹ 4,756 Lakh), which are part of NPA portfolio for which necessary provisions have already been made. These assets are accounted as and when they are realised as per related accounting policy.
- 14.9 The Company has securitised / assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates ₹ 1,146,373 Lakh (₹ 774,886 Lakh). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said securitisation/assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms.

# Notes

forming part of the financial statements for the year ended March 31, 2017

The Company has purchased home loan pools in two tranches aggregating to ₹ 30,863 Lakh in compliance with RBIs norms on securitisation, specific to Direct Assignment transactions, in terms of Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR).

14.10 Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and total amount of exposures retained by the Company as on 31st March, 2017 towards the Minimum Retention Requirements (MRR):

Particulars	No. / Amount (₹ in Lakh)
1. No of SPVs sponsored / with Transaction on securitisation	1
2. Total amount of securitised assets as per books of the SPVs sponsored	205,442
3. Total amount of exposures retained towards the MRR as on the date of balance sheet	22,450
(I) Off-balance sheet exposures towards Credit Concentration	11,641
- Cash Collateral	
(II) On-balance sheet exposures towards Credit Concentration	10,809
- Investment in class 'B' PTCs	
4. Amount of exposures to securitisation transactions other than MRR	Nil
(I) Off-balance sheet exposures towards Credit Concentration	Nil
(II) On-balance sheet exposures towards Credit Concentration	14,677
- Exposure to own securitizations -Cash Collateral	

14.11 Detail of Assignment transactions undertaken:

Particulars	2016 - 17 (₹ in Lakh)	2015 - 16
(I) No of accounts / Pools	25	26
(ii) Aggregate value (Net of Provisions) of accounts assigned	499,798	360,119
(iii) Aggregate consideration	499,798	360,119
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(V) Aggregate gain over net book value for the year-	-	-

14.12 Housing and other property loans (current and non-current) includes ₹ 315 Lakh (₹ 242 Lakh) given to the key managerial persons of the Company under the normal course of business.

## 15 OTHER LONG-TERM LOANS AND ADVANCES

Particulars	Non Current Portion (₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
<b>Secured and considered good</b>		
Loans and advances to employees (Refer Note 15.1)	4	14
Other loans and advances	13	13
	<b>17</b>	<b>27</b>
<b>Unsecured, considered good unless stated otherwise</b>		
Capital advances	1,158	481
Security deposits	1,461	1,378
Loans and advances to employees	20	23
Advances recoverable in cash or in kind	46,422	21,428
MAT Credit Entitlement	46,072	-
Advance Income Tax (Net of Provisions)	8,461	3,315
	<b>1,03,594</b>	<b>26,625</b>
<b>TOTAL OTHER LONG TERM LOANS AND ADVANCES</b>	<b>1,03,611</b>	<b>26,652</b>

# Notes

## forming part of the financial statements for the year ended March 31, 2017

15.1 Loans to employees are secured by the hypothecation of respective assets against which these loans have been granted.

### 16 CURRENT INVESTMENTS

(at lower of cost and fair value unless stated otherwise)

Particulars	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
<b>Investment in equity instruments- quoted</b>				
ACC Ltd (F.V. per Share ₹ 10/-)	-	-	349	5
Ambuja Cements Ltd (F.V. per Share ₹ 2/-)	-	-	6,893	15
Asian Paints Ltd (F.V. per Share ₹ 1/-)	-	-	741	5
Axis Bank Ltd (F.V. per Share ₹ 2/-)	-	-	12,706	48
Bajaj Auto Ltd (F.V. per Share ₹ 10/-)	-	-	2,070	48
Bank Of Baroda (F.V. per Share ₹ 2/-)	-	-	23,845	41
Bharat Petroleum Corp Ltd (F.V. per Share ₹ 10/-)	-	-	2,886	20
Bharti Airtel Ltd (F.V. per Share ₹ 5/-)	-	-	1,229	5
BHEL (F.V. per Share ₹ 2/-)	-	-	6,669	15
Cairn India Ltd (F.V. per Share ₹ 10/-)	-	-	16,781	48
Cipla Ltd (F.V. per Share ₹ 2/-)	-	-	829	5
Coal India Ltd (F.V. per Share ₹ 10/-)	-	-	14,301	48
DLF Ltd (F.V. per Share ₹ 2/-)	-	-	3,218	5
Dr Reddy'S Laboratories (F.V. per Share ₹ 5/-)	-	-	487	14
Gail (India) Ltd (F.V. per Share ₹ 10/-)	-	-	3,316	14
Grasim Industries Ltd (F.V. per Share ₹ 10/-)	-	-	423	14
HCL Technologies Ltd (F.V. per Share ₹ 2/-)	-	-	5,624	48
HDFC Bank Ltd (F.V. per Share ₹ 2/-)	-	-	1,678	15
HDFC Ltd (F.V. per Share ₹ 2/-)	-	-	480	5
Hero Motocorp Ltd (F.V. per Share ₹ 2/-)	-	-	684	20
Hindalco Industries Ltd (F.V. per Share ₹ 1/-)	-	-	3,191	5
Hindustan Unilever Ltd (F.V. per Share ₹ 1/-)	-	-	2,008	15
ICICI Bank Ltd (F.V. per Share ₹ 2/-)	3,400	3	10,030	20
IDFC Ltd (F.V. per Share ₹ 10/-)	-	-	10,522	7
IDFC Bank (F.V. per Share ₹ 10/-)	-	-	10,522	8
Indusind Bank Ltd (F.V. per Share ₹ 10/-)	-	-	2,342	15
Infosys Ltd (F.V. per Share ₹ 5/-)	-	-	5,068	48
ITC Ltd (F.V. per Share ₹ 1/-)	-	-	4,081	15
Jindal Steel & Power Ltd (F.V. per Share ₹ 1/-)	-	-	3,007	5
Kotak Mahindra Bank Ltd (F.V. per Share ₹ 5/-)	-	-	964	5
Larsen & Toubro Ltd (F.V. per Share ₹ 2/-)	1,650	-	784	5
Lupin Ltd (F.V. per Share ₹ 2/-)	-	-	1,098	15
Mahindra & Mahindra Ltd (F.V. per Share ₹ 5/-)	-	-	2,045	27
Maruti Suzuki India Ltd (F.V. per Share ₹ 5/-)	-	-	410	12
Nagarjuna Fertilizer (F.V. per Share ₹ 1/-)	440	-	-	-
NMDC Ltd (F.V. per Share ₹ 1/-)	-	-	31,172	48
NTPC Ltd (F.V. per Share ₹ 10/-)	-	-	3,451	5
Oil And Natural Gas Corp (F.V. per Share ₹ 5/-)	-	-	4,796	20
Power Grid Corp Ltd (F.V. per Share ₹ 10/-)	-	-	3,558	5
Punjab National Bank (F.V. per Share ₹ 2/-)	-	-	10,845	20
Reliance Industries Ltd (F.V. per Share ₹ 10/-)	-	-	768	7
Sesa Sterlite Ltd (F.V. per Share ₹ 1/-)	-	-	7,650	20
State Bank Of India (F.V. per Share ₹ 1/-)	-	-	7,930	20
Sun Pharmaceuticals Ind (F.V. per Share ₹ 1/-)	-	-	1,792	15

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
Tata Consultancy Services Ltd (F.V. per Share ₹ 1/-)	-	-	719	19
Tata Motors Ltd (F.V. per Share ₹ 2/-)	-	-	10,253	51
Tata Power Co Ltd (F.V. per Share ₹ 1/-)	-	-	5,869	5
Tata Steel Ltd (F.V. per Share ₹ 10/-)	-	-	3,222	15
Tech Mahindra Ltd (F.V. per Share ₹ 5/-)	-	-	3,296	20
Ultratech Cement Ltd (F.V. per Share ₹ 10/-)	160	-	194	5
Wipro Ltd (F.V. per Share ₹ 2/-)	-	-	8,316	48
Zee Entertainment Ent Ltd (F.V. per Share ₹ 1/-)	-	-	4,606	15
Gujarat Ambuja Exports Ltd (F.V. per Share ₹ 1/-)	21,750	-	21,750	-
Dhampur Sugar Mills Ltd. (F.V. per Share ₹ 1/-)	2	-	2	-
J K Tyre & Industries Ltd (F.V. per Share ₹ 1/-)	270	-	270	-
Less: Provision for diminution in value of investments	-	-	(66)	
		3		912

## Debentures- Quoted

8.49% NTPC Limited SR-54 NCD 25MR25 - (Bonus)	-	-	3,451	-
9.50% Yes Bank Ltd Perpetual Bond	4,000	40,000	-	-
8.70% Reliance Home Finance Ltd Sr-I	7,50,000	7,500	-	-
9.20% ICICI Bank Perpetual Bonds	2,250	22,500	-	-
9.50% Indusind Bank Ltd Perpetual Bonds	950	9,476	-	-
9.75% Ajmer Vidyut Vitran Nigam Ltd NCD	13,640	13,340	-	-
9.80% Jaipur Vidyut Vitran Nigam Ltd NCD	20,220	19,816	-	-
9.70% Jodhpur Vidyut Vitran Nigam Ltd Ncd	14,807	14,407	-	-
9.70% U.P. Power Corporation Ltd.26 Sep 31	12,113	11,773	-	-
9.70% U.P. Power Corporation Ltd. 04 July 31	16,452	15,957	-	-
8.95% Punjab National Bank Sr-VIII Perpetual Bonds	1,000	9,997	-	-
8.97% UPPCL (Series III-D) NCD 15/02/2024	500	5,175	-	-
8.97% UPPCL (Series III-C) NCD 15/02/2023	500	5,175	-	-
8.97% UPPCL (Series III-B) NCD 15/02/2022	500	5,175	-	-
8.97% UPPCL (Series III-G) NCD 15/02/2022	500	5,175	-	-
8.97% UPPCL (Series III-A) NCD 15/02/2021	500	5,175	-	-
8.97% UPPCL (Series III-F) NCD 15/02/2026	500	5,175	-	-
8.97% UPPCL (Series III-E) NCD 15/02/2025	500	5,175	-	-
		2,00,991		-

## In Certificate of Deposits - Unquoted

IDFC Bank Ltd CD 05Apr17	43,000	42,854	-	-
IDFC Bank Ltd CD 13Apr17	25,000	24,885	-	-
The South Indian Bank Ltd CD 28Apr17	5,000	4,966	-	-
IDFC Bank Ltd CD 27Apr17	10,000	9,937	-	-
Andhra Bank CD 03May17	15,000	14,893	-	-
HDFC Bank Ltd CD 20Jun17	1,00,000	98,501	-	-
Indusind Bank Ltd CD 20Apr17	75,000	74,691	-	-
Punjab And Sind Bank CD 03Apr17	10,000	9,991	-	-
IDBI Bank Ltd CD 05Apr17	77,500	77,306	-	-
ICICI Bank Ltd CD 25Sep17	5,000	4,847	-	-
The Federal Bank Ltd CD 09Jun17	25,000	24,702	-	-
The Federal Bank Ltd CD 23May17	15,000	14,864	-	-
IDFC Bank Ltd CD 04Dec17	2,500	2,393	-	-
Indusind Bank Ltd CD 20Feb18	2,500	2,357	-	-
RBL Bank Ltd CD 17Apr17	10,000	9,970	-	-
Axis Bank Ltd CD 31May17	17,500	17,318	-	-

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
Axis Bank Ltd CD 01Jun17	10,000	9,894	-	-
IDBI Bank Ltd CD 23May17	20,000	19,821	-	-
Andhra Bank CD 02May17	13,500	13,425	-	-
Indusind Bank Ltd CD 19May17	7,500	7,437	-	-
Abu Dhabi Commercial Bank Ltd CD 05Jun17	10,000	9,875	-	-
DCB Bank Ltd CD 22May17	5,000	4,955	-	-
IDFC Bank Ltd CD 29May17	5,000	4,950	-	-
DCB Bank Ltd CD 31May17	10,000	9,893	-	-
DCB Bank Ltd CD 29May17	10,000	9,896	-	-
HDFC Bank Ltd CD 17May17	5,000	4,960	-	-
Oriental Bank Of Commerce CD 01Jun17	30,000	29,682	-	-
Yes Bank Ltd CD 08May17	7,000	6,951	-	-
RBL Bank Ltd CD 28Apr17	10,000	9,950	-	-
IDFC Bank Ltd CD 26Apr17	15,000	14,926	-	-
Abu Dhabi Commercial Bank Ltd CD 21Apr17	7,500	7,469	-	-
Abu Dhabi Commercial Bank Ltd CD 27Apr17	2,500	2,487	-	-
IDFC Bank Ltd CD 16May17	9,500	9,418	-	-
Yes Bank Ltd CD 29May17	10,000	9,896	-	-
Axis Bank Ltd CD 29Dec17	10,000	9,537	-	-
Axis Bank Ltd CD 11Jul17	5,000	4,913	-	-
Oriental Bank Of Commerce CD 05Jun17	35,000	34,611	-	-
Oriental Bank Of Commerce CD 29May17	25,000	24,756	-	-
Axis Bank CD 15May2017	50,000	49,498	-	-
Axis Bank CD 01Jun2017	20,000	19,750	-	-
Andhra Bank CD 28Apr17	25,000	24,843	-	-
		<b>7,88,268</b>		-
(A)		<b>9,89,262</b>		<b>912</b>

**Other Investments**

Investment in Mutual Funds/Venture Capital Fund - unquoted  
(at Net Asset Value)

UTI Short-Term Income Fund - Dir - Growth	-	-	1,11,10,494	2,000
UTI - Equity Fund - Existing Plan	-	-	2,400	-
UTI - Top 100 Fund - Existing Plan	-	-	20,000	2
L&T Triple Ace Bond Fund - Bonus	3,99,38,233	6,264	8,03,92,314	10,000
Birla Sun Life Short-Term Fund - Dir - Growth	2,07,77,200	12,995	35,96,469	2,000
SBI Short-Term Debt Fund - Dir - Growth	12,09,35,937	23,257	1,17,13,305	2,000
DHFL Pramerica Banking and PSU Debt Fund - Dir - Growth	21,58,32,232	31,072	-	-
DHFL Pramerica Arbitrage Fund - Dir - Ann Dividend	8,69,26,287	9,613	-	-
DHFL Pramerica Premier Bond Fund - Dir - Growth	9,42,06,872	25,553	-	-
DHFL Pramerica Medium Term Income Fund - Dir - Growth	7,16,37,856	10,135	-	-
ICICI Prudential Banking & PSU Debt Fund - Dir - Growth	8,20,13,951	15,525	-	-
ICICI Prudential Equity - Arbitrage Fund - Dir - Dividend	7,04,60,732	10,278	-	-
Invesco India Arbitrage Fund - Dir - Dividend	3,86,23,025	5,132	-	-
Invesco India Short-Term Fund - Dir - Growth	9,34,575	20,937	-	-
Kotak Banking and PSU Debt Fund - Dir - Growth	2,77,01,289	10,304	-	-
Reliance Short-Term Fund - Dir - Growth	11,48,19,667	36,284	-	-
Reliance Arbitrage Advantage Fund - Dir - Mthly Dividend	9,51,78,648	10,273	-	-
SBI Arbitrage Opportunities Fund - Dir - Dividend	3,63,38,519	5,127	-	-
Sundaram Select Debt - S T A P - Dir - Growth	5,36,42,937	15,614	-	-
UTI Spread Fund - Dir - Dividend	3,10,50,056	5,130	-	-

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	As at 31.03.2017		As at 31.03.2016	
	Nos.	Amount	Nos.	Amount
Kotak Equity Arbitrage Fund - Dir - Fortnightly Dividend	6,47,58,407	15,390	-	-
(B)		<b>2,68,883</b>		<b>16,002</b>
<b>Investment in Pass Through Certificates</b>				
Pass Through certificates -Class B		588		432
(C)		<b>588</b>		<b>432</b>
<b>TOTAL CURRENT INVESTMENTS</b>	<b>(A+B+C)</b>	<b>12,58,733</b>		<b>17,346</b>
Aggregate amount of quoted investments (Cost)		200,994		978
Market value of Quoted investments		201,069		912
Aggregate amount of Unquoted investments		10,57,739		16,434

16.1 All current investments are in India. The provision for diminution in value of current Investment is Nil (₹ 66 Lakh).

## 17 TRADE RECEIVABLES

(Secured, considered good, less than six months)

Particulars	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
EMI/PEMI, other receivable from customers	37,910	20,092
<b>TOTAL TRADE RECEIVABLES</b>	<b>37,910</b>	<b>20,092</b>

## 18 CASH AND BANK BALANCES

Particulars	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
<b>CASH AND CASH EQUIVALENTS</b>		
Balances with Banks		
in Current Accounts	90,595	66,688
in Deposits accounts with original maturity of less than 3 months	1,87,500	-
Remittance in Transit *	-	2,25,857
Cash on hand	474	605
<b>Total Cash and Cash Equivalents</b>	<b>A</b>	<b>2,78,569</b>
* Remittance in Transit of ₹ Nil (₹ 225,857 Lakh) credited by bank on April 4, 2016 due to banking holidays.		
<b>Other Bank Balances</b>		
Other Deposits accounts having balance maturity of less than 12 months	64,288	47,513
Deposits having balance maturity of more than 12 months (Refer Note 20)	18,300	20,222
Balances in unpaid dividend bank accounts	142	171
<b>Total Other Bank Balances</b>	<b>B</b>	<b>82,730</b>
<b>Total Cash and Bank Balances</b>	<b>C = (A + B)</b>	<b>3,61,299</b>
Less : Amounts disclosed under non-current assets (Refer Note 20)	<b>D</b>	<b>18,300</b>
<b>Total Net Cash and Bank Balances</b>	<b>E = (C - D)</b>	<b>3,42,999</b>
<b>SUMMARY:</b>		
Total Cash and Cash Equivalents	2,78,569	2,93,150
Other Bank Balances	82,730	67,906
Amounts disclosed under non-current assets	(18,300)	(20,222)
<b>Total Net Cash and Bank Balances</b>	<b>3,42,999</b>	<b>3,40,834</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

18.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating ₹ 24,784 Lakh (₹ 21,495 Lakh) being earmarked for SLR requirements of NHB. ₹ 1,220 Lakh (₹ 644 Lakh) being margin money for bank guarantees, ₹ 34,162 Lakh (₹ 19,156 Lakh) being securitisation comforts provided to various Trustees/ buyer, ₹ 1,350 Lakh (₹ 1,225 Lakh) towards sinking fund requirement of debenture provided to Trustee of debentures and ₹ 1,850 Lakh (₹ 4,145 Lakh) under lien against Interest rate swaps.

## 19 SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31.03.2017	As at 31.03.2016
<b>SECURED AND CONSIDERED GOOD</b>		
Loans against Fixed Deposits	1,002	698
<b>UNSECURED, CONSIDERED GOOD, OTHERWISE STATED</b>		
Current maturities of Security deposits	600	4
Loans and advances/Recoverable - related parties (Refer Note 36)	2,565	2,030
Inter Corporate Deposits [Considered doubtful ₹ 1,447 Lakh (₹ 1,447 Lakh)] (Refer note 8 for Provision)	2,647	1,447
Advances recoverable in cash or in kind [Considered doubtful ₹ 458 Lakh (₹ 458 Lakh)] (Refer note 8 for Provision)	63,935	21,173
<b>TOTAL SHORT-TERM LOANS AND ADVANCES</b>	<b>70,749</b>	<b>25,352</b>

### 19.1 Loan and Advances in the nature of loans given to subsidiaries :

Name of Company	As at March 31, 2017	Maximum Balance during the year	As at March 31, 2016	Maximum Balance during the year
a. DHFL Advisory & Investments Private Limited	128	128	87	137
b. DHFL Investments Limited	110	112	-	-
	<b>238</b>	<b>240</b>	<b>87</b>	<b>137</b>

The Company has extended short-term financial assistance to its Wholly Owned Subsidiaries [WOS] for the purpose of meeting its preliminary, incorporation expenses and working capital requirements.

## 20 OTHER NON-CURRENT & CURRENT ASSETS

Particulars	Non Current Portion		Current Portion	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Non-current portion of balances with banks in deposit accounts (Refer Note 18 & 20.1)	18,300	20,222	-	-
Interest accrued but not due	742	1,155	8,112	6,132
	<b>19,042</b>	<b>21,377</b>	<b>8,112</b>	<b>6,132</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

- 20.1 Non-Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating ₹ Nil (₹ 8,082 Lakh) being securitisation comforts provided to various Trustees/ buyer, ₹ 18,300 Lakh (₹ 10,790 Lakh) being earmarked for SLR requirements of NHB and ₹ Nil (₹ 1,350 Lakh) towards sinking fund requirement of debenture provided to Trustee of debentures.

## 21 REVENUE FROM OPERATIONS

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Interest on Housing and Property Loans	7,92,247	6,88,392
Interest on Bank Deposits	7,764	5,926
Interest on Long Term Investments	4,126	2,622
Other Interest*	11,887	119
Revenue from other services (Refer Note 21.1)	20,912	14,879
Operational treasury income (Refer Note 21.2)	47,088	16,888
Insurance Commission (Refer Note 21.3)	1,152	684
<b>Total Revenue from operations</b>	<b>8,85,176</b>	<b>7,29,510</b>

\* Includes Interest on short term CDs, ICDs and CPs

### 21.1 Revenue from other services includes

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Loan related Services	16,922	10,743
Advisory Services	3,990	4,136
<b>Total Revenue from other services</b>	<b>20,912</b>	<b>14,879</b>

Revenue from other services is net of the amount paid / payable towards Business Sourcing and related expenses ₹ 14,762 Lakh (₹ 15,041 Lakh)

### 21.2 Operational treasury income includes

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Net Income from mutual fund	42,855	16,669
Profit on sale of investments	1,926	53
Dividend Income	2,307	166
<b>Total Operational treasury income</b>	<b>47,088</b>	<b>16,888</b>

### 21.3 Insurance commission income includes amount received from

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
DHFL Pramerica Life Insurance Co. Ltd.	710	684
Cholamandalam MS General Insurance Company Ltd.	442	-
<b>Total Insurance commission income</b>	<b>1,152</b>	<b>684</b>

Insurance Commission has been received in capacity of Corporate Insurance Agent

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 22 OTHER INCOME

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Rent Income	405	364
Miscellaneous Income	142	125
<b>Total Other Income</b>	<b>547</b>	<b>489</b>

## 23 FINANCE COST

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Interest expenses	6,35,967	5,16,321
Security issue Expenses / Premium on redemption of Debentures	35,266	39,051
Less: Securities premium utilised (Refer Note 4.2)	(17,533)	(16,200)
Other Borrowing Costs	11,661	9,831
<b>Total Finance cost</b>	<b>6,65,361</b>	<b>5,49,003</b>

## 24 EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Salaries and Bonus	23,967	21,214
Contribution to Provident Fund & Other Funds	1,567	1,197
Staff Welfare Expenses	715	592
<b>Total Employees Benefits Expenses</b>	<b>26,249</b>	<b>23,003</b>

## 25 OTHER EXPENSES

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Rent, Rates & Taxes	4,028	2,962
Training & Conference Expenses	725	710
Travelling & Conveyance	3,693	2,701
Printing & Stationery	523	488
Advertisement and Business Promotion expenses	9,104	9,836
Insurance	495	423
Legal & Professional Charges	3,156	3,998
Communication Expenses	1,445	1,420
General Repairs & Maintenance	1,846	1,905
Electricity	747	731
Directors Sitting Fees and Commission	107	97
Loss on sale of Fixed Assets (net)	23	93
CSR Expenses (Refer Note 25.1)	883	703
Office Maintenance	883	827
Recovery Expenses	934	308
Auditors' Remuneration (Refer Note 33)	289	238
Bad Debts	8,749	2,146
Less : Provision for Non-Performing Assets utilised	8,749	-
Miscellaneous Expenses	863	406
<b>Total Other expenses</b>	<b>29,744</b>	<b>27,846</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 25.1 Corporate Social Responsibility (CSR)

Company is required to spend money on Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act 2013. During the year Company has spent ₹ 883 Lakh (₹ 703 Lakh) out of required sum of ₹ 1,854 Lakh (₹ 1,519 Lakh). The CSR committee is in the process of evaluating various scheme to meet the requirement as per section 135 of the Companies Act, 2013 read with Schedule VII.

Details of amount spent towards CSR given below:

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Art & Culture	13	4
Early Childhood Care and Education	171	327
Education	279	31
Environment	18	12
Financial Literacy	40	41
Health & Medicine	29	18
Rural Development	111	128
Skill Development	176	107
Others	46	35
<b>Grand Total</b>	<b>883</b>	<b>703</b>

- 25.2 Remuneration of Non Executive Directions consist of ₹ 43 Lakh towards sitting fee and ₹ 64 Lakh as commission including Service Tax.

## 26 EARNING PER SHARE

EARNING PER SHARE	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Net Profit attributable to equity shareholders for basic and diluted EPS	2,89,645	72,920
Nominal value of Equity Shares (₹ )	10	10
Earning Per Share (₹ ) :		
Basic	95.76	25.00
Diluted	95.44	23.10

### 26.1 The reconciliation between the Basic and the Diluted Earning per Share is as follows:

For Amount	(in ₹ )	
Particulars	March 31, 2017	March 31, 2016
Basic Earning per share	95.76	25.00
Effect of outstanding Stock options / Share Warrants	(0.32)	(1.90)
Diluted Earning per share	95.44	23.10

### For number of share

Particulars	March 31, 2017	March 31, 2016
Weighted average number of equity shares for Basic Earning per share	30,24,83,110	29,17,12,744
Dilutive effect of outstanding Stock options / Share Warrants	1,006,913	2,39,99,348
Weighted average number of equity shares for Diluted Earning per share	30,34,90,023	31,57,12,092

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 27 LEASES

### Operating Lease

The Company has taken certain premises for office and residential use for its employees under cancellable and non cancellable operating lease agreements. Terms of the lease include terms for renewal, increase in rents in future periods and terms of cancellation. The total lease rent recognised as an expense during the year under the lease agreements amounts to ₹ 3,893 Lakh (₹ 2,691 Lakh).

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

Particulars	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
Within one year	394	503
Later than one year but not later than five years	401	492
Later than five years	49	111
	<b>844</b>	<b>1,106</b>

- 28 Two subsidiaries of the Company were amalgamated into the Company pursuant to the Scheme of amalgamation (Scheme) under Section 391 to 394 of the Companies Act, 1956 approved by the Board of directors of all the three companies and sanctioned by the Hon'ble High Court of judicature at Bombay vide its Order dated 27 July, 2012 and by the Hon'ble High Court of judicature at Delhi vide its Order dated 4 January, 2013 which were filed with the Registrar of Companies on 31 January, 2013 being the effective date for the Scheme. In terms of the Scheme, the Assets and Liabilities of the subsidiary companies were amalgamated with the Company at their respective fair value in the earlier years. Proportionate Fair value appreciation surplus amounting to ₹ 5,110 Lakh (₹ 4,759 Lakh) is being amortised out of the capital reserve in terms of the Scheme.
- 29 The Company operates under the principal business segment viz. "Providing loans for construction or purchase of residential property and loans against property". Further, the Company is operating in a single geographical segment. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard on Segment Reporting (AS-17) notified u/s 133 of the Companies Act, 2013 are not applicable to the Company.

## 30 CONTINGENT LIABILITY :

Particulars	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
Guarantees provided by bank on behalf of Company for Securitisation, Public NCD issue and Representative Office	24,130	10,003
Claims against the Company not acknowledged as debts	919	706

- 30.1 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) is ₹ 8,380 Lakh (₹ 8,422 Lakh).
- 30.2 Income Tax assessment of the Company has been completed upto Assessment Year 2014-15. Company has made rectification applications to Income Tax Authorities to rectify certain errors in assessment orders which are appeared from the records. Subject to such rectifications, there are no demands for which company is contingently liable

# Notes

forming part of the financial statements for the year ended March 31, 2017

- 31 Contingent Liability in respect of undertaking provided by the Company for meeting the shortfall in collection, if any, at the time of securitisation of receivables outstanding as at March 31, 2017 amounting to ₹ 34,067 Lakh (₹ 27,238 Lakh). The outflows would arise in the event of short collection, in the Cash inflows of the pool of securitised receivable.
- 32 Company had acquired 50% stake in DHFL Pramerica Life Insurance Company Limited ("DPLI") in December, 2013. In order to unlock the value of Company's investment in DPLI and create more head room for future fund raising in the Company, the Board of Directors at its meeting held on 14 February, 2017 and Shareholders of the Company on 17 March, 2017 approved the sale of investments in DPLI to its Wholly Owned Subsidiary i.e. DHFL Investments Limited ("DIL") at the fair market value determined by an internationally reputed actuarial consultants. Post receipt of the applicable approvals from Insurance Regulatory and Development Authority of India, Competition Commission of India and Reserve Bank of India, the equity shares in DPLI were sold to DIL at fair market value of ₹ 200,050 Lakh determined by internationally reputed actuarial consultants. Gain of ₹ 196,943 Lakh arising on sale of investments has been considered as exceptional item.

## 33 AUDITORS REMUNERATION :

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
Audit Fees	115	127
Tax Audit Fees	10	10
Audit Fees of Branch Auditors	53	53
Certification and Other Matters *	161	26
Reimbursement of expenses	10	9
Service Tax	12	13
	<b>361</b>	<b>238</b>

\* Certification and other matters includes ₹ 72 Lakh (₹ Nil) paid towards public issue of Secured Non-Convertible Debentures (NCD) and utilised out of Securities Premium account over a period of NCD.

## 34 FOREIGN CURRENCY TRANSACTIONS

Particulars	(₹ in Lakh)	
	March 31, 2017	March 31, 2016
a) VALUE OF IMPORTS :		
Capital Goods	2	-
b) EXPENDITURE IN FOREIGN CURRENCY:		
Foreign Travelling	810	62
Membership and subscription	303	317
Foreign Liaison Office Expenses	471	481
Interest Payment	11,503	6,723
Others	445	214

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 35 REMITTANCE IN FOREIGN CURRENCIES ON ACCOUNT OF DIVIDEND

The Company has paid dividend in respect of shares held by Non-Residents on repatriation basis. This inter alia includes portfolio investment and direct investment, where the amount is also credited to Non-Resident External Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below:

Particulars	2016 - 17	2015 - 16
<b>Interim Dividend</b>		
No. of Non-Resident Shareholders / FIIs	1,639	1,205
No. of equity Shares held	9,24,04,703	105,320,037
Amount of Dividend Paid (₹ Lakh)	924	3,160
Year to which dividend relates	F.Y 2016-17 1st Interim Dividend	FY 2015-16 2nd Interim Dividend
<b>Final Dividend</b>		
No. of Non-Resident Shareholders / FIIs	1,652	1,023
No. of equity Shares held	9,49,71,978	4,98,58,864
Amount of Dividend Paid (₹ Lakh)	1,899	997
Year to which dividend relates	F.Y 2015-16 Final Dividend	FY 2014-15 Final Dividend

## 36 RELATED PARTY TRANSACTIONS

(A) As per Accounting Standard (AS 18) on "Related Party Disclosures" details of transactions with related parties as defined therein are given below:

### I) List of related parties where control exists:

- (i) Subsidiaries
  - a. DHFL Advisory & Investments Private Limited
  - b. DHFL Investments Limited (w.e.f. February 13, 2017)

### II) List of related parties with whom transactions have taken place during the year and relationship:

- (ii) Joint Ventures
  - a. DHFL Pramerica Life Insurance Company Limited
  - b. DHFL Pramerica Asset Managers Private Limited
  - c. DHFL Pramerica Trustees Private Limited
- (iii) Associate Companies
  - a. Avanse Financial Services Limited
  - b. DHFL Venture Trustee Company Private Limited
  - c. DHFL Vysya Housing Finance Limited
  - d. Aadhar Housing Finance Limited

# Notes

forming part of the financial statements for the year ended March 31, 2017

(iv) Enterprises over which KMP are able to exercise significant influence

- a. Arthveda Fund Management Private Limited
- b. Wadhawan Holdings Private Limited
- c. Dish Hospitality Private Limited
- d. WGC Management Services Private Limited
- e. Wadhawan Sports Private Limited
- f. Essential Hospitality Private Limited

(v) Key Management Personnel

- |                       |                              |
|-----------------------|------------------------------|
| a. Mr. Kapil Wadhawan | Chairman & Managing Director |
| b. Mr. Harshil Mehta  | Chief Executive Officer      |
| c. Mr. Santosh Sharma | Chief Financial Officer      |

(vi) Relatives of Key Managerial Personnel

- a. Mr. Dheeraj Wadhawan
- b. Mrs. Aruna Wadhawan

**B) DETAILS OF TRANSACTIONS :**

**Nature of Transactions**

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies / Others#		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>1) Investments</b>								
Investment Made	10,005	7,501	-	3,775	-	-	-	-
Investment Sold	-	-	3,107	-	2	-	-	-
<b>2) Loans and Advances, Deposits</b>								
Given	153	137	1	30,001	1,215	-	95	55
Returned	2	50	1	30,002	-	-	22	15
<b>3) Borrowing / Security Deposits</b>								
Received	-	-	-	-	0.29	6	-	-
Repayment	-	-	250	-	-	-	-	-
<b>4) Income</b>								
Commission	-	-	711	684	-	-	-	-
Trademark Licence Fees	-	-	1,750	3,500	-	-	-	-
Dividend	-	-	-	-	10	115	-	-
Interest	-	-	-	288	-	-	23	18
Rent	-	-	4	1	390	352	-	-
Other income	-	-	-	0.1	131	118	0.25	-
<b>5) Expenditure</b>								
Remuneration	-	-	-	-	-	-	785	604
Rent Expenses	-	-	-	-	904	46	-	-
Brokerage and Marketing Fees	-	-	-	-	20	11	-	-
Interest Expenses	-	-	28	28	-	-	-	-

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	(₹ in Lakh)							
	Subsidiaries		Joint Ventures		Associate Companies / Others#		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Insurance Charges	-	-	58	58	-	-	-	-
Sponsorship	-	-	-	-	100	135	-	-
Canteen Expenses	-	-	-	-	108	86	-	-
<b>6) Sale of Investments</b>	<b>2,00,052</b>	-	-	-	-	-	-	-
<b>7) Loan Syndication</b>	-	-	-	-	-	185	-	-
<b>8) Purchase of Loans (Securitisation)</b>	-	-	-	-	30,863	-	-	-
<b>9) Closing Balances</b>								
a) Loans and Advances, Deposits	238	87	160	1,921	2,167	22	314	241
b) Borrowing / Security Deposits	-	-	-	250	88	66	-	-
c) Investments	17,506	7,501	3,775	6,882	6,793	6,795	-	-
<b>10) Guarantees</b>					Note (v) & (vi)		Note (v)	

## C. DETAILS OF TRANSACTIONS

Particulars	(₹ in Lakh)							
	Subsidiaries		Joint Ventures		Associate Companies / Others#		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>INCOME received from</b>								
<b>1) Commission</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	710	684	-	-	-	-
DHFL Pramerica Asset Managers Pvt Ltd	-	-	1	-	-	-	-	-
<b>2) Trademark Licence Fees</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	1,750	3,500	-	-	-	-
<b>3) Dividend</b>								
DHFL Vysya Housing Finance Limited	-	-	-	-	10	115	-	-
<b>4) Interest</b>								
DHFL Pramerica Asset Managers Pvt Ltd	-	-	-	288	-	-	-	-
Mr Harshil Mehta	-	-	-	-	-	-	2	0.44
Mr Santosh Sharma	-	-	-	-	-	-	21	18
<b>5) Rent</b>								
DHFL Pramerica Asset Managers Pvt Ltd	-	-	4	1	-	-	-	-
Arthveda Fund Management Private Limited	-	-	-	-	71	71	-	-
Aadhar Housing Finance Limited	-	-	-	-	105	79	-	-

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	(₹ in Lakh)							
	Subsidiaries		Joint Ventures		Associate Companies / Others#		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Avanse Financial Services Ltd	-	-	-	-	6	3	-	-
WGC Management Services Private Limited	-	-	-	-	208	198	-	-
<b>6) Other Income</b>								
Aadhar Housing Finance Limited	-	-	-	-	79	74	-	-
DHFL Vysya Housing Finance Limited	-	-	-	-	27	29	-	-
Avanse Financial Services Pvt Ltd	-	-	-	-	25	15	-	-
DHFL Pramerica Asset Managers Pvt Ltd	-	-	-	0.1	-	-	-	-
Mr Santosh Sharma	-	-	-	-	-	-	0.25	-
<b>7) Sale of Investments to</b>								
DHFL Investments Ltd	2,00,052	-	-	-	-	-	-	-
<b>EXPENDITURE:</b>								
<b>1) Rent, Rates &amp; Taxes</b>								
Wadhawan Holdings Private Limited	-	-	-	-	229	46	-	-
Essential Hospitality Private Limited	-	-	-	-	675	-	-	-
<b>2) Remuneration</b>								
Mr.Kapil Wadhawan	-	-	-	-	-	-	325	239
Mr. Harshil Mehta	-	-	-	-	-	-	358	278
Mr. Santosh Sharma	-	-	-	-	-	-	102	87
<b>3) Brokerage and Marketing Fees</b>								
Avanse Financial Services Ltd	-	-	-	-	20	11	-	-
<b>4) Insurance Charges</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	58	58	-	-	-	-
<b>5) Canteen Expenses</b>								
Dish Hospitality Private Limited	-	-	-	-	108	86	-	-
<b>6) Sponsorship</b>								
Wadhawan Sports Private Limited	-	-	-	-	100	135	-	-
<b>7) Interest Paid</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	28	28	-	-	-	-
<b>ASSETS \ LIABILITIES</b>								

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	(₹ in Lakh)							
	Subsidiaries		Joint Ventures		Associate Companies / Others#		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>1) Investments made</b>								
DHFL Pramerica Asset Managers Pvt Ltd	-	-	-	3,770	-	-	-	-
DHFL Pramerica Trustees Pvt Ltd	-	-	-	5	-	-	-	-
DHFL Advisory & Investments P Ltd	-	7,501	-	-	-	-	-	-
DHFL Investments Limited	10,005	-	-	-	-	-	-	-
<b>2) Investments sold</b>								
DHFL Venture Trustee Co Pvt Ltd	-	-	-	-	2	-	-	-
DHFL Pramerica Life Insurance Co Ltd	-	-	3,107	-	-	-	-	-
<b>3) Loans and Advances and deposits given</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	1	1	-	-	-	-
DHFL Pramerica Asset Managers Pvt Ltd	-	-	-	30,000	-	-	-	-
DHFL Advisory & Investments P Ltd	41	137	-	-	-	-	-	-
DHFL Investments Ltd (for incorporation expenses)	112	-	-	-	-	-	-	-
Essential Hospitality Private Limited (Security Deposit)	-	-	-	-	1,215	-	-	-
Mr Harshil Mehta	-	-	-	-	-	-	41	25
Mr Santosh Sharma	-	-	-	-	-	-	54	30
<b>4) Loans and Advances, Deposits Received back</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	1	2	-	-	-	-
DHFL Pramerica Asset Managers Pvt Ltd	-	-	-	30,000	-	-	-	-
DHFL Advisory & Investments P Ltd	-	50	-	-	-	-	-	-
DHFL Investments Ltd (Financial Assistance for incorporation)	2	-	-	-	-	-	-	-
Mr Santosh Sharma	-	-	-	-	-	-	22	15
<b>5) Security Deposit Received</b>								
Aadhar Housing Finance Limited	-	-	-	-	-	6	-	-
Avanse Financial Services Ltd	-	-	-	-	0.29	-	-	-
<b>6) Repayment of Borrowings</b>								
DHFL Pramerica Life Insurance Co Ltd	-	-	250	-	-	-	-	-
<b>7) Purchase of Loans (Securitisation)</b>								
Aadhar Housing Finance Limited	-	-	-	-	30,863	-	-	-
<b>CLOSING BALANCES</b>								

# Notes

forming part of the financial statements for the year ended March 31, 2017

Particulars	(₹ in Lakh)							
	Subsidiaries		Joint Ventures		Associate Companies / Others#		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>1) Receivables from</b>								
DHFL Advisory & Investments P Ltd	128	87	-	-	-	-	-	-
DHFL Investments Ltd	110	-	-	-	-	-	-	-
Aadhar Housing Finance Limited	-	-	-	-	-	0.36	-	-
DHFL Sales and Services Limited	-	-	-	-	-	-	-	-
DHFL Pramerica Life Insurance Co Ltd	-	-	160	1,920	-	-	-	-
DHFL Pramerica Asset Managers Pvt Ltd	-	-	0.39	1	-	-	-	-
Arthveda Fund Management Private Limited	-	-	-	-	30	22	-	-
Essential Hospitality Private Limited	-	-	-	-	1,215	-	-	-
Aadhar Housing Finance Limited (Securitisation)	-	-	-	-	922	-	-	-
Mr Harshil Mehta	-	-	-	-	-	-	67	25
Mr Santosh Sharma	-	-	-	-	-	-	248	216
<b>2) Amount Payable to</b>								
Aadhar Housing Finance Limited	-	-	-	-	17	16	-	-
Dish Hospitality Private Limited	-	-	-	-	10	8	-	-
Wadhawan Holding Private Limited	-	-	-	-	40	10	-	-
Avanse Financial Services Ltd	-	-	-	-	0.29	-	-	-
Aadhar Housing Finance Limited (Securitisation)	-	-	-	-	21	32	-	-
DHFL Pramerica Life Insurance Co Ltd	-	-	-	250	-	-	-	-
<b>3) Investments</b>								
DHFL Advisory & Investments P Ltd	7,501	7,501	-	-	-	-	-	-
DHFL Investments Ltd	10,005	-	-	-	-	-	-	-
DHFL Pramerica Life Insurance Co Ltd	-	-	-	3,107	-	-	-	-
DHFL Pramerica Asset Managers Pvt Ltd	-	-	3,770	3,770	-	-	-	-
DHFL Pramerica Trustees Pvt Ltd	-	-	5	5	-	-	-	-
Aadhar Housing Finance Limited	-	-	-	-	1,490	1,490	-	-
DHFL Vysya Housing Finance Limited	-	-	-	-	315	315	-	-
DHFL Venture Trustee Co. Pvt. Ltd.	-	-	-	-	-	2	-	-
Avanse Financial Services Ltd	-	-	-	-	4,988	4,988	-	-
<b>LOAN SYNDICATION</b>								
Aadhar Housing Finance Limited	-	-	-	-	-	-	185	-

## Notes

- i) # Others includes Enterprises over which KMP are able to exercise significant influence
- ii) The figures of income and expenses are net of service tax.
- iii) The transactions with the related parties are disclosed only till the relationship exists.
- iv) Term loans from banks and loans from NHB are further guaranteed by personal guarantees of Mr Kapil Wadhawan and Mr Dheeraj Wadhawan

# Notes

## forming part of the financial statements for the year ended March 31, 2017

- v) Loans from NHB are further guaranteed by personal guarantee of Mrs Aruna Wadhawan and Corporate Guarantee of Wadhawan Global Capital Private Limited
- vi) The remuneration to KMP is inclusive of salary & perquisites

### 37 EMPLOYEE BENEFIT PLANS

The Company makes contributions towards provident fund for qualifying employees to Regional Provident Fund Commissioner. Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	2016 - 17	2015 - 16
Employer's Contribution to Provident Fund	698	583
Employer's Contribution to Pension Fund	335	306

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment, an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company has employee's gratuity fund managed by the Life Insurance Corporation of India and Canara HSBC.

	(₹ in Lakh)	
	Gratuity (Funded)	2015-16
	2016-17	2015-16
<b>A. Reconciliation of change in the Defined Benefit Obligations:</b>		
Liability at the beginning of the year	988	815
Current Service Cost	208	173
Interest Cost	79	65
Benefits Paid	(191)	(99)
Benefit Paid directly by the Employer	(98)	(38)
Actuarial Loss	235	72
<b>Liability at the end of the year</b>	<b>1,221</b>	<b>988</b>
<b>B. Reconciliation of changes in Fair Value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	1,415	1,128
Expected Return on Plan Assets	113	90
Contributions	130	287
Benefits Paid	(191)	(99)
Actuarial (Loss)/Gain	(24)	10
<b>Fair Value of Plan Assets at the end of the year</b>	<b>1,443</b>	<b>1,415</b>
<b>C. Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	113	90
Actuarial (Loss)/Gain	(24)	10
<b>Actual Return on Plan Assets at the end of the year</b>	<b>89</b>	<b>100</b>
<b>D. Amount Recognised in the Balance Sheet:</b>		
Liability at the end of the year	1,221	988
Fair Value of Plan Assets at the end of the year	1,443	1,415
<b>Net Asset recognized in the Balance Sheet</b>	<b>222</b>	<b>427</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

	(₹ in Lakh)	
	Gratuity (Funded)	
	2016-17	2015-16
<b>E. Expense Recognised in the Profit and Loss Account:</b>		
Current Service Cost	208	173
Interest Cost	79	65
Expected Return on Plan Assets	(113)	(90)
Net Actuarial Loss	259	62
<b>Expense recognised in the Statement of Profit &amp; Loss</b>	<b>433</b>	<b>211</b>
<b>F. Reconciliation of the Net Assets at the end of the year</b>		
Opening Net Liability	(427)	(313)
Expense Recognised	433	211
Contributions	(130)	(287)
Benefit Paid directly by the Employer	(98)	(38)
<b>Liability at the end of the year</b>	<b>(222)</b>	<b>(427)</b>
<b>G. Actuarial Assumptions</b>		
Mortality Table (LIC)	IALM	IALM
Discount Rate (P. A.)	2006-08	2006-08
Rate of Escalation in Salary (P.A.)	7.57%	8.01%
	5.00%	5.00%

	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:	222	427	313	(2)	(103)
Liability at the end of the year	1,221	988	815	926	645
Fair Value of Plan Assets at the end of the year	1,443	1,415	1,128	928	749
Amount recognised in the Balance Sheet under Short-term Provision for Employee Benefits	222	427	313	(2)	(103)
Experience Adjustment :					
On Plan Liabilities	175	78	(345)	487	-
On Plan Assets	(24)	10	70	263	-
Estimated Contribution for next financial year	26	-	-	38	41

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 38 IN RESPECT OF JOINTLY CONTROLLED ENTITY, THE COMPANY'S SHARE OF ASSETS, LIABILITIES, INCOME & EXPENSES ARE AS FOLLOWS:

Name of the Entity	DHFL Pramerica Life Insurance Co Ltd *		DHFL Pramerica Asset Managers Pvt Ltd		DHFL Pramerica Trustees Pvt Ltd		(₹ in Lakh)
	50%		50%		50%		
Interest in the Entity	As at 31st March 2017 (Audited)	As at 31st March 2016 (Audited)	As at 31st March 2017 (Audited)	As at 31st March 2016 (Audited)	As at 31st March 2017 (Audited)	As at 31st March 2016 (Audited)	
Particulars	As at 31st March 2017 (Audited)	As at 31st March 2016 (Audited)	As at 31st March 2017 (Audited)	As at 31st March 2016 (Audited)	As at 31st March 2017 (Audited)	As at 31st March 2016 (Audited)	
I) Assets	-	1,13,884	7,715	33,779	10		15
II) Liabilities	-	74,300	1,195	623	7		11
III) Income	70,328	52,816	5,484	1,163	25		14
IV) Expenses	66,807	49,898	5,101	2,125	26		10

\* Disposed on 31 March, 2017

- 39 As required by the notification dated February 9, 2017 by NHB, read with additional requirement/guidelines with reference to the interpretation of various terms/classifications, In computing the above information, certain estimates, assumptions and adjustment have been made by the Management which have been relied upon by the Auditors, the following additional disclosures are given as under:

### 39.1 Capital to Risk Assets Ratio (CRAR):

Items	2016 - 17	2015 - 16
i) CRAR (%)	19.12%	16.74%
ii) CRAR – Tier I Capital (%)	14.75%	12.97%
iii) CRAR – Tier II Capital (%)	4.37%	3.77%
iv) Amount of Subordinated debit raised as Tier II Capital (₹ Lakh)	1,06,396	82,572
v) Amount raised by issue of perpetual Debt Instruments (₹ Lakh)	66,070	18,570

### 39.2 Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)

Particulars	Upto 30/31 days (one month)	Over 1 month & up to 2 month	Over 2 month & up to 3 month	Over 3 month & up to 6 month	Over 6 month & up to 12 month	Over 1 Year & up to 3 Years	Over 3 Year & up to 5 Years	Over 5 Year & up to 7 Years	Over 7 Year & up to 10 Years	Over 10 Years	Total
<b>Liabilities</b>											
Deposits	40,348	24,387	23,514	73,368	148,779	301,434	58,163	2,956	10,390	22	683,361
Borrowings from Bank	1,33,927	24,137	60,603	1,34,190	3,06,528	11,93,968	9,92,141	5,76,756	2,53,074	58,883	37,34,207
Market Borrowing	1,36,619	1,78,986	62,881	43,034	46,558	943,442	5,88,074	6,90,621	7,04,486	4,500	33,99,201
Foreign Currency Liabilities	-	-	-	6,080	14,794	59,175	2,32,117	5,189	-	-	3,17,355
<b>Assets</b>											
Advance	42,078	35,528	35,821	1,09,198	2,26,823	9,90,383	11,06,856	10,98,816	11,67,172	23,96,943	72,09,618
Investments	12,79,668	-	-	-	3,219	-	-	-	42,528	28,075	13,53,490
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 39.3 Exposure

### 39.3.1 Exposure to Real Estate Sector:

Category	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
<b>A) DIRECT EXPOSURE</b>		
<b>(i) Residential Mortgages -</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	66,17,734	57,66,630
Individual Housing loans upto ₹ 15 Lakh ( Included In above )	23,37,433	22,64,658.10
<b>(ii) Commercial Real Estate -</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	5,47,526	4,10,870
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a) Residential	10,809	8,073
b) Commercial Real Estate	-	-
<b>B) INDIRECT EXPOSURE</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

### 39.3.2 Exposure to Capital Market

Particulars	(₹ in Lakh)	
	As at 31.03.2017	As at 31.03.2016
(i) Direct Investment in equity shares, Convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate Debt	57,088	2,250
(ii) Advance against shares/bonds/debentures or other securities or on clean basis to individual for the investment in shares (including IPOs/ESOPs), Convertible bonds, convertible debentures and units of equity-oriented mutual funds.	-	-
(iii) Advance for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) Advance for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares /Convertible bonds/convertible debentures/Unit of equity oriented Mutual funds ' does not fully cover the advances.	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and Market makers	-	-
(vi) Loans Sanctioned to corporates against the security of shares /bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows/issues		
(viii) All exposures to venture Capital funds (Both registered and unregistered)	1,948	2,000
<b>Total Exposure to Capital Market</b>	<b>59,036</b>	<b>4,250</b>

# Notes

forming part of the financial statements for the year ended March 31, 2017

## 39.4 DERIVATIVES

### 39.4.1 Forward Rate agreement (FRA)/ Interest Rate Swap (IRS)

Particulars	(₹ in Lakh)
	2016 - 17
(i) The notional principal of swap agreements	6,24,287
(ii) Losses which would be incurred if counter-parties failed to fulfill their obligations under the agreements	-
(iii) Collateral required upon entering into swaps	1,850
(iv) Concentration of credit risk arising from the swaps	NA**
(v) The fair value of the swap book	(4,866)

\*\*As the company has contracts with multiple banks hence Concentration of credit risk is not applicable

### 39.4.2 Exchange Traded Interest Rate (IR) Derivative

Not Applicable

### 39.4.3 Disclosures on Risk Exposure in Derivatives

#### A) Qualitative Disclosure

The Company raises funds overseas through foreign currency borrowings through instruments such as ECBs, Foreign Currency Term Loans or other instruments as permitted under the regulations of Govt. of India and the Regulators from time to time. The Company may also imports goods and services resulting into related foreign currency exposures at different times. In such scenario, the Company is exposed to Exchange Risk, which is required to be managed effectively.

The Company is also exposed to interest rate risk, which arises from the maturity mismatching of foreign currency positions.

Foreign Exchange Exposures can be classified into three broad categories depending upon the nature of exposure:

- Transaction Exposure
- Translation Exposure
- Operating Exposure

For mitigation of risks owing to foreign exchange exposure, the Company uses techniques from among the following tools, often substitutes, available for hedging of foreign exchange risk:

- Forwards
- Options
- Futures
- Swaps
- Money Market Hedge
- Rollover Contracts

# Notes

forming part of the financial statements for the year ended March 31, 2017

## B) Quantitative Disclosure

Particulars	Currency Derivatives	Interest Rate Derivative	(₹ in Lakh)
(i) Derivatives (Notional Principal Amount)	3,17,385	3,06,902	
(ii) Market to Market Positions	(7,905)	3,039	
(a) Assets (+)	3,210	3,425	
(b) Liability (-)	(11,115)	(386)	
(iii) Credit Exposure	-	-	
(iv) Unhedged Exposures	-	-	12,968

## 39.5 Miscellaneous

### 39.5.1 Registration obtained from other financial sector regulators

- a. The Company has obtained a Corporate Agent (Composite) license bearing registration no. CA0052 from Insurance Regulatory and Development Authority of India (IRDAI).
- b. Other Registration with;
  - i) Financial Intelligence Unit, India (FIU) vide registration no. FIHFC00010.
  - ii) Association of Mutual Funds in India (AMFI) vide registration no. ARN-101515, as AMFI Registered Mutual Fund Advisor.

### 39.5.2 Disclosure of Penalties imposed by NHB and other regulators

No penalty has been levied on the company by NHB and other regulators.

## 39.6 Overseas Assets

The Company does not have any overseas assets

## 39.7 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any sponsored SPVs which needs to be consolidated as per Accounting norms.

## 39.8 Details of Customers Complaints

Particulars	2016 - 17	2015 - 16
a) No of Complaints Pending at the beginning of the year	2	4
b) No of Complaints received during the year	755	745
c) No of complaints redressed during the year	751	747
d) No of complaints pending at the end of the year	6	2

# Notes

forming part of the financial statements for the year ended March 31, 2017

**40 DISCLOSURE AS PER NOTIFICATION DATED MARCH, 30, 2017 ISSUED BY MINISTRY OF CORPORATE AFFAIRS IN RESPECT OF SPECIFIED BANK NOTES (SBN):**

Particulars	SBN	Other denomination notes	(₹ in Lakh) Total
1. Closing Cash in Hand as at 08.11.2016	212	13	225
2. (+) Permitted Receipts	-	2,245	2,245
3. (-) Permitted Payments	-	4	4
4. (+) Other receipts *	101	-	101
5. (-) Cash Deposited in Banks	313	2,122	2,435
<b>Closing Cash in Hand as at 30.12.2016</b>	<b>-</b>	<b>132</b>	<b>132</b>

\* Other receipts represents deposits directly made into the Company's bank accounts by customers or their representatives, which has been disclosed to the extent information is available with the Company.

**41** Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Figures in brackets represent previous year's figures.

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants  
ICAI FRN : 101720W

**Jignesh Mehta**

Partner  
ICAI MN: 102749

Place: Mumbai

Date: May 3, 2017

**Kapil Wadhawan**

Chairman & Managing Director  
(DIN - 00028528)

**Santosh R. Sharma**

Chief Financial Officer  
(FCA - 112258)

**Niti Arya**

Company Secretary  
(FCS - 5586)

For and on behalf of the Board

**Dheeraj Wadhawan**

(DIN - 00096026)

**G. P. Kohli**

(DIN - 00230388)

**V. K. Chopra**

(DIN - 02103940)

**M. Venugopalan**

(DIN - 00255575)

**Vijaya Sampath**

(DIN - 00641110 )

**Directors**

**Directors**

# Independent Auditors' Report

**To the Members of  
Dewan Housing Finance Corporation Limited**

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Dewan Housing Finance Corporation Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities , comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches/offices at 241 locations (hereinafter referred to as "the consolidated financial statements").

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## OTHER MATTERS

1. We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 30,007 Lakh as at March 31, 2017, total revenues of ₹ 5 Lakh and net cash outflows of ₹ 7,500 Lakh for the year then ended on that date, three joint ventures whose financial statements include Holding's company proportionate share of assets of ₹ 7,725 Lakh, share of revenue of ₹ 75,837 Lakh and net cash outflows of ₹ 16 Lakh for the year ended on that date, as considered in the consolidated financial statements ,whose financial statements have not been audited by us. The consolidated financial statements also include the Group's share of net profit of ₹ 907 Lakh for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors.

These financial statements and other financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, insofar as it relates to the

aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

2. In respect of a joint venture company (JV Company), the Actuarial valuation of liabilities for life policies in force is the responsibility of the Company's Appointed Actuary ('the Appointed Actuary'). The Actuarial valuation of these liabilities as at March, 31, 2017 has been certified by the appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDA) and the Institute of Actuaries of India in concurrence with the IRDAI. The auditor of the above JV Company have relied upon the Appointed Actuary's certificate in the regard for forming of their opinion on the Financial Statements of the JV Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, proper returns adequate for the purpose of our audit have been received from branches not visited by us and the reports of the other auditors;

- c) The reports on the accounts of the branch offices of the Company audited under section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the returns received from branches not visited by us;
- e) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of these entities is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India;
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its subsidiary companies, associates and jointly controlled entities as referred to in Note 32 to the consolidated financial statements.
  - ii. The Group has no material foreseeable losses on long-term contracts including derivative contracts, as required under the applicable law or accounting standards.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate and jointly controlled companies incorporated in India except that the amount of ₹ 705/- payable by the Holding Company for the month of March 2017, has been transferred to IEPF in the month of April, 2017.
  - iv. The Holding Company and its subsidiary companies and jointly controlled companies incorporated in India have provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by these entities and as produced to us by the Management as referred to in Note 35 to the consolidated financial statements.

For **Chaturvedi & Shah**  
 Chartered Accountants  
 (ICAI Firm Registration No. **101720W**)

Mumbai  
 Date: May 3, 2017

**Jignesh Mehta**  
 Partner  
 ICAI Membership No.: 102749

# Annexure A to Independent Auditors' Report

## on the Consolidated Financial Statements of Dewan Housing Finance Corporation Limited

Referred to in paragraph 2(g) under the heading "Report on other legal and regulatory requirements" of our report of even date)

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Dewan Housing Finance Corporation Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROL

The respective Board of Directors of the of the Holding company, its subsidiary companies, associates and jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance

with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately

and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **OPINION**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiaries, associates, and jointly controlled entities which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal

financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **OTHER MATTERS**

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to a subsidiary company, two associate companies and three jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For **Chaturvedi & Shah**  
Chartered Accountants  
(ICAI Firm Registration No. **101720W**)

Mumbai  
Date: May 3, 2017

**Jignesh Mehta**  
Partner  
ICAI Membership No.: 102749

# Consolidated Balance Sheet

as at March 31, 2017

	NOTES	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	31,315	29,180
Reserves and Surplus	4	741,745	497,299
Money Received Against Share Warrants	5	-	12,500
<b>Total Shareholders' Funds</b>		<b>773,060</b>	<b>538,979</b>
<b>Non Current Liabilities</b>			
Long Term Borrowings	6	6,699,916	4,511,947
Long-term policy liabilities (Policyholders' Fund)			712
Deferred Tax Liabilities (Net)	7	30,944	6,074
Other Long Term Liabilities	8	30	61
Long Term Provisions	9	71,435	58,489
<b>Total Non-Current Liabilities</b>		<b>6,802,325</b>	<b>4,577,283</b>
<b>Current Liabilities</b>			
Short Term Borrowings	10	426,866	643,660
Short-term policy liabilities (Policyholders' Fund)			63,122
Trade Payables	11	-	-
Micro Enterprises and Small Enterprises			-
Others		784	3,302
Other Current Liabilities	12	1,225,883	1,090,788
Short Term Provisions	9	89	7,321
<b>Total Current Liabilities</b>		<b>1,653,622</b>	<b>1,808,193</b>
<b>TOTAL</b>		<b>9,229,007</b>	<b>6,924,455</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	13	-	-
Tangible Assets		20,596	20,591
Intangible Assets		472	30,198
Capital Work in Progress		54,615	55,770
Intangible Assets under Development		8,762	3,266
<b>Non-Current Investments</b>		<b>84,445</b>	<b>109,825</b>
Long term Housing and Property Loans	14	87,838	155,704
Other Long Term Loans and Advances	15	6,760,170	5,842,629
Other Non-Current Assets	21	104,298	27,168
<b>Total Non-Current Assets</b>		<b>7,055,793</b>	<b>6,159,017</b>
<b>Current Assets</b>			
Current Investments	17	1,263,111	25,366
Trade Receivables	18	38,816	21,820
Cash and Bank Balances	19	343,009	349,690
Short term portion of Housing and Property Loans	15	449,448	334,873
Other Short Term Loans and Advances	20	70,718	27,537
Other Current Assets	21	8,112	6,152
<b>Total Current Assets</b>		<b>2,173,214</b>	<b>765,438</b>
<b>TOTAL</b>		<b>9,229,007</b>	<b>6,924,455</b>
<b>Significant Accounting Policies and notes forming part of the Financial Statements</b>			
As per our report of even date		For and on behalf of the Board	
<b>For Chaturvedi &amp; Shah</b>		<b>Dheeraj Wadhawan</b>	
Chartered Accountants		Chairman & Managing Director	
ICAI FRN : 101720W		(DIN - 00096026)	
<b>Jignesh Mehta</b>		<b>G. P. Kohli</b>	
Partner		(DIN - 00230388)	
ICAI MN: 102749			
Place: Mumbai		<b>Santosh R. Sharma</b>	
Date: May 3, 2017		Chief Financial Officer	
		(FCA - 112258)	
		<b>V. K. Chopra</b>	
		(DIN - 02103940)	
		<b>M. Venugopalan</b>	
		(DIN - 00255575)	
		<b>Niti Arya</b>	
		Company Secretary	
		(FCS - 5586)	
		<b>Vijaya Sampath</b>	
		(DIN - 00641110)	
		<b>Directors</b>	

# Consolidated Statement of Profit and Loss

For the year ended March 31, 2017

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	Notes	Year ended March 31, 2017	Year ended March 31, 2016
<b>INCOME</b>			
Revenue from Operations	22	890,672	730,677
Premium from Insurance Business		57,105	46,010
Other Operating Income from Insurance Business		13,213	6,800
Other Income	23	574	505
<b>TOTAL REVENUE</b>		<b>961,564</b>	<b>783,992</b>
<b>EXPENSES</b>			
Finance Cost	24	667,437	549,195
Employee Benefits Expenses	25	39,168	32,594
Other Expenses	26	42,138	36,205
Cost of Insurance Business		14,589	11,811
Change in Policy Reserves		30,006	21,613
Depreciation & Amortisation	13	4,346	2,984
Provision for Contingencies	9	21,800	17,500
<b>TOTAL EXPENSES</b>		<b>819,484</b>	<b>671,902</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEM</b>			
Exceptional Items	29	142,080	112,090
<b>PROFIT BEFORE TAX AND AFTER EXCEPTIONAL ITEM</b>		<b>327,625</b>	<b>112,090</b>
Less: Tax Expense			
- Current Tax		80,136	39,145
- MAT Credit utilised		(46,072)	-
- Related to earlier years		-	(255)
- Deferred Tax Charge/ (Credit)		13,926	(1,215)
<b>PROFIT FOR THE YEAR</b>		<b>279,635</b>	<b>74,415</b>
Net share of profit from Associates		995	515
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO THE COMPANY</b>		<b>280,630</b>	<b>74,930</b>
Earnings per Equity share (Face Value ₹ 10/-)	26		
Basic (₹)		92.78	25.69
Diluted (₹)		92.47	23.73
<b>Significant Accounting Policies and notes forming part of the Financial Statements</b>		1-39	

As per our report of even date

**For Chaturvedi & Shah**Chartered Accountants  
ICAI FRN : 101720W**Jignesh Mehta**Partner  
ICAI MN: 102749Place: Mumbai  
Date: May 3, 2017**Kapil Wadhawan**Chairman & Managing Director  
(DIN - 00028528)**Santosh R. Sharma**  
Chief Financial Officer  
(FCA - 112258)**Niti Arya**  
Company Secretary  
(FCS - 5586)

For and on behalf of the Board

**Dheeraj Wadhawan**

(DIN - 00096026)

**G. P. Kohli**

(DIN - 00230388)

**V. K. Chopra**

(DIN - 02103940)

**Directors****M. Venugopalan**

(DIN - 00255575)

**Vijaya Sampath**

(DIN - 00641110)

**Directors**

# Consolidated Cash Flow Statement

for the year ended March 31, 2017

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	<b>327,625</b>	<b>112,090</b>
<b>Adjustments for:</b>		
Depreciation and Amortisation	4,346	2,984
Employees Stock Option Expenses	(778)	(202)
Loss on sale of Fixed Assets (net)	21	93
Change in Valuation of Liability in respect of life Policies	30,006	23,094
Change in Fair Value	-	44
Provision for Contingencies	13,117	15,475
Share Premium Utilised towards premium on redemption of debentures	(11,465)	(10,594)
Exceptional Items (refer note 29)	(185,545)	-
Operational Treasury Income	(47,266)	(17,287)
<b>Operating Profit before Working Capital changes</b>	<b>130,061</b>	<b>125,697</b>
<b>Adjustments for:</b>		
Current & Non Current Assets	(81,049)	(14,449)
Current & Non Current Liabilities	68,417	78,941
Working Capital Changes	(12,632)	64,492
<b>Cash Generated from Operations During the Year</b>	<b>117,429</b>	<b>190,189</b>
Tax Paid	(85,749)	(35,302)
<b>Net Cash from Operations</b>		
Housing and other property loan(Net)	(1,591,000)	(1,413,052)
<b>Net Cash Flow (used in) Operating Activities</b>	<b>(A)</b>	<b>(1,559,319)</b>
		<b>(12,58,165)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Income from Treasury Investments	47,266	17,739
Net Addition to Other Investments	(1,302,775)	(9,439)
Investment in Subsidiary	(10,005)	(7,501)
Sale/ (purchase) of Investment in Joint Venture	200,050	(3,775)
Class 'B' PTC movement	(2,737)	13,866
Movement In Bank Fixed Deposits	(14,824)	4,329
Capital Expenditure on Fixed Assets	(12,416)	(12,790)
Proceeds from Sale of Fixed Assets	2,419	-
<b>Net Cash (used in)/ generated from Investing Activities</b>	<b>(B)</b>	<b>(1,093,022)</b>
		<b>2,429</b>

# Consolidated Cash Flow Statement

for the year ended March 31, 2017

1  
CORPORATE OVERVIEW  
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(₹ in Lakh)

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Issue of Equity Shares at Premium *	37,678		13,007	
Proceeds from Loan Securitised	553,773		334,756	
Issue of Perpetual Debt	47,500		-	
Other Short Term Borrowings	6,496		-	
Cash Credits (Net)	(63,446)		166,809	
Proceeds form Long Term Borrowings	2,955,944		1,497,783	
Repayment of Long Term Borrowings	(905,409)		(691,137)	
(Repayment) / Proceeds from issue of CP	(165,400)		113,400	
Fixed Deposits received	172,598	2,639,734	131,435	1,566,053
Dividend & Dividend Distribution Tax Paid		(10,819)		(24,499)
<b>Net Cash from Financing Activities</b>	<b>(C)</b>	<b>2,628,915</b>	<b>1,541,554</b>	
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents (A +B+ C)</b>		<b>(23,426)</b>	<b>285,818</b>	
Cash & cash equivalents at the beginning of the year		302,005		16,187
<b>Cash &amp; Cash Equivalents at the Close of the Year</b>		<b>278,578</b>	<b>302,005</b>	

\* Equity Shares have been issued against money received against Share Warrants in the previous year.

As per our report of even date

**For Chaturvedi & Shah**

Chartered Accountants  
ICAI FRN : 101720W

**Jignesh Mehta**

Partner  
ICAI MN: 102749

Place: Mumbai

Date: May 3, 2017

**Kapil Wadhawan**

Chairman & Managing Director  
(DIN - 00028528)

**Santosh R. Sharma**

Chief Financial Officer  
(FCA - 112258)

**Niti Arya**

Company Secretary  
(FCS - 5586)

For and on behalf of the Board

**Dheeraj Wadhawan**

(DIN - 00096026)

**G. P. Kohli**

(DIN - 00230388)

**V. K. Chopra**

(DIN - 02103940)

**M. Venugopalan**

(DIN - 00255575)

**Directors**

**Vijaya Sampath**

(DIN - 00641110)

**Directors**

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 1 SIGNIFICANT ACCOUNTING POLICIES:

### 1.1 Basis of preparation of financial statements :

#### a) i. Other than Insurance Companies

These financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under historical cost convention on accrual basis of accounting and comply with the Accounting Standards as prescribed under section 133 of the Companies Act, 2013 and the guidelines issued by the National Housing Bank.

#### ii. Insurance Companies

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the accounting principles and framework prescribed by the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Accounting Standards specified under Section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and the requirements of the Insurance Act 1938 as amended by Insurance (Amendment) Act, 2015, Insurance Regulatory and Development Authority Act, 1999, and various circulars issued there under and the practices prevailing within the insurance industry in India. The accounting policies have been consistently applied by the Company.

b) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in preparation of the financial

statement are prudent and reasonable. The future results could differ due to these estimates and the differences between the actual results and estimates are recognised in the periods in which the results are known / materialise.

c) Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non current.

d) Amounts in the financial statements are presented in ₹ Lakh, except for per share data and as otherwise stated.

### 1.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criterias must also be met before revenue is recognised:

#### a) Interest on housing loans / other assets:

Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising principal and interest. Interest is calculated each period on the outstanding balance at the beginning of the Company's financial year or on monthly reducing balance in terms of financing scheme opted by the borrower. EMI generally commences once the entire loan is disbursed. Pending commencement of EMI, pre-EMI monthly interest is payable. Interest on performing assets comprising of fixed deposits, Certificate of Deposits, Debentures etc. are recognized on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank.

#### b) Premium Income from Life Insurance Business :

Premium is recognized as income when due. Premium on lapsed policies is recognized as income in the year in which they are reinstated. For linked business, premium income is recognized when the associated units are created.

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

Top-up premiums (i.e. premium paid in excess of annual target premium as per policy contract) are recognized as single premium income when associated units are created.

Premium ceded is accounted at the time of recognition of the premium income in accordance with the treaty or in-principle arrangement with the reinsurers.

- c) In case of linked policies of insurance business, charges recovered from the fund by deduction of units are recognized as income when associated units are cancelled. Fund Management charges recovered from NAV of ULIP Funds are accounted for on accrual basis.
- d) Dividend income on investments is recognised when the right to receive the same is established. In term of Housing Finance Companies (NHB) Direction 2010 Dividend Income on units of Mutual Funds held by the Company are recognised on Cash Basis.
- e) Processing fees and other loan related charges are recognized when it is reasonable to expect ultimate collection which is generally at the time of Login / disbursement of the loan.
- f) Additional / Overdue / penal interest / charges on delayed EMI/PEMI are recognised only when it is reasonably certain that the ultimate collection will be made.
- g) Income from services including trade mark license fees is recognized after the service is rendered and to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.
- h) Management and Trusteeship Fees - Mutual Fund
  - i. Management and Trusteeship Fees are accrued at agreed rates on the daily net assets of the Mutual Fund Schemes using proportionate completion method.

ii. Portfolio Management fees are recognised on an accrual basis in accordance with portfolio management agreement entered with respective client using proportionate completion method.

### i) Amortisation of Discount/Premium

Accretion of discount or amortization of premium to the face value in respect of debt securities, for funds other than linked funds, is recognized over the remaining period to maturity/holding period on straight line basis. In case of discounted instruments, the difference between the redemption value and book value is accreted over the life of the instrument, on straight line basis.

### 1.3 Interest & Ancillary Financial Cost :

Interest and other related financial charges are recognized as an expense in the period for which they relate as specified in Accounting Standard (AS 16) on "Borrowing Costs". Ancillary costs in connection with the borrowings and deposit are amortized to Statement of Profit and Loss over the tenure of loan / deposit. Brokerage on deposits taken is amortized over the period of deposit. Share / debenture issues expenses and premium / discount on issue of debentures (net of tax) are adjusted against the Securities premium account as permissible under the Companies Act, 2013 over the tenure of securities.

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.

### 1.4 Claims paid and other expenses pertaining to life insurance business :

Benefits paid consist of the policy benefit amount and specific claim settlement costs, wherever applicable. Death, Surrender and other claims are recognized as expense when intimated to the Company. Withdrawals and surrenders under linked policies are accounted in the respective schemes when the associated units are cancelled /redeemed. Maturity claims are recognized

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

when due for payment. An additional provision is made for the benefits which are incurred but not reported to the Company. Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims. Reinsurance recoverable, where applicable, is recognized in the same period as of the claim and netted off against claim expense incurred.

Acquisition costs are those costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts. The most essential test is the obligatory relationship between costs and the execution of insurance contracts (i.e. commencement of risk). Acquisition costs are expenses incurred to solicit and underwrite insurance contract including commission and are expensed in the year in which they are incurred. Claw back of first year commission paid will be accounted in the year in which it is recovered

### 1.5 Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary Assets and liabilities in foreign currencies are converted at the rates of exchange prevailing on the date of the financial statement. The net gain or loss on account of exchange differences either on settlement or on translation are recognized in the Statement of Profit and Loss.

In respect of Forward Exchange Contracts, the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts on reporting dates are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as an expense in that year.

#### Derivative Transactions:

As a part of its risk management strategy, the Company has entered into derivatives like Interest Rate Swap, Cross Currency Swaps and Forward Contracts having the same notional amount and maturity as the underlying borrowings which are designated as fair value / cash flow hedge as applicable, as per Guidance Note on

Derivatives (2015) issued by Institute of Chartered Accountants of India. All outstanding derivative contracts are marked-to-market as at the year end. The changes in fair value of hedges are recorded in income statement together with change in the fair value of underlying liability. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses.

### 1.6 Provision for Contingencies :

The Company makes provision towards Non Performing Assets and Standard Assets as per the Prudential Norms prescribed by the National Housing Bank. The Company also makes assessment of its portfolio and creates additional provision to meet unforeseen contingencies. A loan is recognized as Sub Standard Assets or Doubtful or Loss Assets based on the period for which the repayment installment or interest has remained in arrears as prescribed under NHB Guidelines.

### 1.7 Investments :

#### i. Other than Insurance Business

Investments are accounted at cost inclusive of brokerage, fees and stamp charges and are classified into two categories, viz. Current or Long-Term based on management's intention at the time of purchase. Current investments are carried category wise, at the lower of cost and fair value, whereas Long-Term investments are carried at cost less provision for diminution, other than temporary, in the value of such investments. Unquoted current investment in units of Mutual Funds are valued as per NAV of the Plan. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investments' (AS 13) and is recognised through the Provision for Contingencies Account.

#### ii. Insurance Business

Investments are made in accordance with the provisions of the Insurance Act, 1938, as amended by Insurance Amendment Act 2015 and the Insurance Regulatory and Development

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

Authority (Investment) Regulations, 2000 as amended from time to time and various other circulars/notifications issued by the IRDA in this context from time to time. Investments are recorded at cost on the date of purchase, which includes brokerage and statutory levies, however excludes interest paid (i.e. interest accrued since the previous coupon date), if any.

### 1.8 Property, Plant & Equipment :

Tangible Fixed Assets are stated at cost less accumulated depreciation and impaired losses, if any. All directly attributable costs including borrowing cost, net of cenvat credit, till the asset is put to use is shown as capital work in progress and is capitalised thereafter. Depreciation on fixed assets is provided on straight-line method by considering useful lives of assets which are same as specified in part 'C' of schedule II to the Companies Act, 2013.

### 1.9 Intangible Assets and Amortization:

Intangible assets comprising of system software are stated at cost less accumulated amortization. Intangible assets are amortised over their estimated useful life of 3 to 6 years on straight line method.

### 1.10 Impairment of Assets :

Impairment losses (if any) on Assets are recognized in accordance with the Accounting Standard 28 "Impairment of Assets". The Company assesses at each Balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value.

### 1.11 Leases:

#### Operating Leases

Lease rentals in respect of assets taken on "Operating Leases" are charged to the Statement of Profit and Loss on straight line basis over the lease term.

#### Finance Leases

Finance leases, which effectively transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at

the lower of the fair value and present value of the minimum lease payments at the inception of the lease and are accordingly disclosed. The capital element of the leasing commitments is shown as Secured liabilities. Lease payments are apportioned between the finance charges and reduction of the corresponding liability based on the implicit rate of return.

### 1.12 Statutory / Special Reserve :

The Company creates Statutory / 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.

### 1.13 Prepaid Expenses :

Financial & Other Expenses incurred during the year which relates to future accounting years and brokerage paid on long term fixed deposits 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 pro-rata time basis of respective instrument in the future accounting years.

### 1.14 Mutual Fund Expenses

- i) Annual recurring expenses related to the schemes of mutual fund which are in excess of internal expense limits are borne by the Company.
- ii) The Company also absorbs the expenses relating to the launch of the schemes of Pramerica Mutual Fund.
- iii) Upfront brokerage on close ended fixed tenure schemes is amortised over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortised over three years. The unamortized portion of the brokerage is carried forward as prepaid expense. Any other brokerage is charged to Statement of Profit and Loss in the year in which it is incurred.

### 1.15 Employee Benefits :

- a) Company's contribution in respect of Employees' Provident Fund made to Government is

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

considered as defined contribution plan and is charged to the Statement of Profit & Loss.

- b) Gratuity Fund Scheme is considered as defined benefit plan. The Company's liability is determined on the basis of an actuarial valuation using the Projected Unit Credit Method as at Balance Sheet date. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised in the Statement of Profit and Loss as Income or Expenses, as applicable in the period in which they occur.
- c) Compensated Absences are accounted for on the basis of actuarial valuation at the year end using the projected Unit Credit Method. Actuarial gains / losses are recognized in the Statement of Profit & Loss in the period in which they occur.
- d) **Short-term employee benefits:**  
The undiscounted amount of short-term employee benefits expected to be paid in respect of services rendered by employees are recognised during the year when the employees render the service.
- e) Company has introduced the Employee Stock Option Scheme ('the Scheme') which provides the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

The Company has also approved the grant of Employee Stock Appreciation Rights (SARs) to the eligible employees of the Company. The said SARs shall carry the right to apply for number of equity shares of the Company, equivalent to Appreciation in those rights, over the grant price.

The Company follows the intrinsic value method to account for its Employee Stock Appreciation Rights (SARs). Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

### 1.16 Earnings per share :

The Basic earning per share and diluted earning per share have been computed in accordance with Accounting Standard (AS-20) on "Earnings Per Share" and is also shown in the Statement of Profit and Loss. Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares which are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Company also discloses EPS- both basic and diluted- for the accounting period, had the Fair value method being used for compensation cost for ESOS/ SARs.

### 1.17 Taxes on Income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which during the specified period gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognized using the tax rates and tax laws that have been enacted or substantially enacted as at the reporting date. Deferred tax assets are recognised for timing differences, only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. In the event of existence of carry forward of losses and unabsorbed depreciation, deferred tax assets are recognized to the extent there are virtual certainties supported by convincing evidence that they would be realized in future. Deferred Tax liability on deduction claimed in earlier years u/s 36 (1)(viii) of the Income Tax Act 1961 has been provided in terms of National Housing Bank (NHB) policy circular.

### **1.18 Provisions, Contingent Liability and Contingent Assets:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements

### **1.19 Housing and Other Loans :**

Housing Loans include outstanding amount of Housing Loans disbursed directly or indirectly to individual,

project loans for residential buildings and other borrowers. Other loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not begun in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB). Other loans also include loans granted to Small & Medium Enterprise (SME) and certain part thereof are unsecured in terms of the particular scheme. EMI and PEMI installments due from borrowers against the housing loans receivable for less than equal to three months, are treated as trade receivables and are shown as current assets.

### **1.20 Securitised Assets :**

Securitised and Assigned Assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets.

### **1.21 Cash Flow Statement :**

Cash flows are reported using the indirect method set out in Accounting Standard (AS 3) on Cash Flow Statement. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **1.22 Assets acquired under SARFAESI Act :**

Assets acquired under SARFAESI Act are part of NPA Portfolio of loans for which necessary provisions are being made and such assets are to be disposed off at the earliest, subject to legal formalities. Losses/gains, if any, are being booked at the time of sales realisation of such assets.

- 2 The consolidated financial statements relate to Dewan Housing Finance Corporation Ltd ("DHFL Ltd." or "the Company"), its subsidiaries, jointly controlled entities and Company's share of profit/loss in its associates as on March 31, 2017 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

- (i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by consolidating the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions, resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' (AS 21).
- (ii) The Company's investments in equity shares of associates are accounted for under the equity method and its share of pre-acquisition profits/losses is reflected as goodwill/capital reserve in the carrying value of investments in accordance with the Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' (AS 23).
- (iii) Interest in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 on 'Financial reporting of interest in Joint Ventures' (AS 27)
- (iv) The financial statements of the subsidiaries, Joint Ventures and the associates used in the consolidation are drawn up to the same reporting date as that of the Company, i.e. March 31, 2017.
- (iv) The difference between the cost of the investment in the subsidiary and Joint Venture and Company share of net assets at the time of acquisition of shares in the subsidiary and Joint Venture is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.

The list of subsidiary company, joint venture and associates which are included in the consolidation and the companies holding therein as under.

Name of company	Proportion of Ownership interest percentage (%)	
	Current Year	Previous Year
<b>Subsidiary</b>		
DHFL Advisory & Investments Pvt Ltd	100.00%	100.00%
DHFL Investments Ltd (Refer note no 2.2)	100.00%	
<b>Joint Ventures</b>		
DHFL Pramerica Life Insurance Co Ltd (Refer note no 2.2)	50.00%	50.00%
DHFL Pramerica Asset Managers Pvt Ltd	50.00%	50.00%
DHFL Pramerica Trustees Pvt Ltd	50.00%	50.00%
<b>Associates</b>		
DHFL Vysya Housing Finance Ltd. (Refer note no 2.1)	9.47%	9.47%
DHFL Venture Trustee Company Private Ltd. (Refer note no 2.2)	45.00%	45.00%
Aadhar Housing Finance Ltd.(Refer note no 2.1)	12.37%	14.90%
Avanse Financial Services Ltd.	36.78%	36.78%

- 2.1 Associates of DHFL on the basis of significant influence in decision making
- 2.2 During the year, Company had incorporated wholly owned subsidiary DHFL Investments Limited ("DIL"). As at March 31, 2017, Company has invested ₹ 10,005 Lakh in equity shares of DIL representing 100% of the equity capital. DIL has also

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

issued Compulsorily Convertible Debentures to Wadhawan Global Capital Pvt. Ltd., a promoter entity of the Company. Company's intention is to liquidate investments in DIL, subject to favorable market condition and therefore, in accordance with paragraph 11(a) of Accounting Standard (AS 21) – Consolidated Financial Statements, Company has not consolidated the financial statements of DIL. Management believes, this presentation reflects the substance of transaction and gives the true and fair value of state of affairs in accordance with the accounting standards. DIL also holds 50% in Joint Venture DHFL Pramerica Life Insurance Co. Ltd. and 45% in DHFL Venture Trustee Company Private Ltd. As DIL is not consolidated for reason stated above, its joint venture & associate is also not consolidated.

### 3. SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>		
57,80,00,000 (74,80,00,000) equity shares of ₹10/- each	57,800	74,800
Nil (7,50,00,000) Redeemable, non convertible preference shares of ₹10/- each	-	7,500
Nil (5,00,000) Redeemable, non convertible preference shares of ₹100/- each	-	500
25,00,000 (Nil) Redeemable, non convertible preference shares of ₹1000/- each	25,000	-
	<b>82,800</b>	<b>82,800</b>
<b>Issued, Subscribed and Paid up</b>		
31,31,52,205 (29,17,97,988) equity shares of ₹10/- each fully paid	31,315	29,180
	<b>31,315</b>	<b>29,180</b>

- 3.1 The Company has only one class of shares i.e. equity. The shareholders have voting rights in the proportion of their shareholdings. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all liabilities, in the proportion of their shareholdings.
- 3.2 During the year, pursuant to the approval of the Members of the Company through postal ballot on February 20, 2017, the Authorised Share Capital of ₹ 82,800 Lakh was re-classified from (i) 74,80,00,000 (Seventy Four Crore Eighty Lakh) equity shares of ₹ 10 each aggregating ₹ 74,800 Lakh (ii) 7,50,00,000 (Seven Crore Fifty Lakh) preference shares of ₹ 10/- each aggregating ₹ 7,500 Lakh; and 5,00,000 (Five Lakh) redeemable preference shares of ₹ 100/- each aggregating ₹ 500 Lakh to 57,80,00,000 (Fifty Seven Crore Eighty Lakh) equity shares of ₹ 10 (Rupees Ten) each aggregating ₹ 57,800 Lakh; and (ii) 25,00,000 (Twenty Five Lakh) non-convertible redeemable cumulative preference shares of ₹ 1,000 (Rupees One Thousand) each aggregating ₹ 25,000 Lakh
- 3.3 The reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Amount (Lakh)	No. of shares	Amount (Lakh)
Equity shares at the beginning	291,797,988	29,180	145,676,742	14,568
Add: Shares issued during the year	21,230,070	2,123	-	-
Add: Bonus Shares issued (Refer note 3.5)	-	-	145,856,530	14,586
Add: Shares issued under ESOS / ESAR	124,147	12	264,716	26
<b>Equity shares at the end</b>	<b>313,152,205</b>	<b>31,315</b>	<b>291,797,988</b>	<b>29,180</b>

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

3.4 Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% holding	No. of shares	% holding
M/s. Wadhawan Global Capital Private Limited	117,049,714	37.38	95,819,644	32.84

3.5 During the previous year, pursuant to the Shareholders' approvals under Section 63 and other applicable provisions of the Companies Act, 2013, the Company had issued Bonus Shares in the ratio of 1:1 (i.e. one bonus equity share of ₹ 10/- each for every one fully paid up Equity Share of ₹ 10/- each), to the shareholders on record date of 10th September, 2015, by capitalizing existing reserve by a sum of ₹ 14,586 Lakh.

3.6 Company had allotted 14,58,56,530 no. of Equity Shares as fully paid up for consideration other than cash towards Bonus issue during the financial year 2015 - 16 (refer note no. 3.5). During the financial year 2012 - 13, as per the Scheme of Amalgamation, the Company had allotted 1,08,86,375 no. of Equity Shares as fully paid up for consideration other than cash.

3.7 The Allotment Committee of the Board of Directors of the Company at its meeting held on 30th September, 2016, allotted 2,12,30,070 fully paid up equity shares of ₹ 10/- each to M/s. Wadhawan Global Capital Private Limited (WGCPL), promoter entity on receipt of balance payment of ₹ 37,500 Lakh i.e. 75% of the total consideration amount of ₹ 50,000 Lakh (including share premium of ₹ 47,877 Lakh) against the equivalent number of convertible warrants issued in the past as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended and applicable provisions of the Companies Act, 2013 (including the rules made thereunder). (also refer note 5.1)

### 3.8 Employee Stock Option Plans:

- a. Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity stock options were granted under 'ESOS-2008' in 2008-09 to the employees as approved by the remuneration and compensation committee of directors of the Company at ₹ 53.65 per share, the reconsidered price approved in the EOGM dated March 31, 2009.

Consequent to issue of Bonus Shares in the earlier year by the Company, the adjusted exercise price is ₹ 26.83 per Equity Share and the total number of options also increased in the same ratio.

- b. Employee Stock Option Scheme 2009 (ESOS-2009) was implemented by the Company. 12,75,000 equity share options were granted under 'ESOS-2009, Plan II' in 2009-10 and additional 12,34,670 equity share options were approved to be granted under 'ESOS-2009, Plan III' in 2010-11 to the employees by the remuneration and compensation committee of directors of the Company at ₹ 141/- per share, the price approved in the remuneration and compensation committee meeting held on 25th November, 2009.

Consequent to issue of Bonus Shares in the earlier year by the Company, the adjusted exercise price is ₹ 70.50 per Equity Share and the total number of options also increased in the same ratio.

- c. The Company has approved the grant of 15,50,100 (Fifteen Lakh, Fifty Thousand And One Hundred) Employee Stock Appreciation Rights (ESARs - Grant - I) to the eligible employees of the Company, in terms of Dewan Housing Finance Corporation Limited-Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR 2015"). The said ESARs shall vest over a period of five years and to be exercised within three years from the date of vesting of ESARs and carry the right to apply for number of equity shares of the Company of face value of ₹ 10/- each, equivalent to Appreciation in those

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

rights, over the grant price i.e. ESAR price of ₹ 380/- per ESAR (₹ 190/- per ESAR Post Bonus issue), the price approved in the Nomination and Remuneration Committee meeting held on 21st March, 2015.

Consequent to the Bonus shares issued by the company to its shareholders in the ratio 1:1 during the financial year 2015-16, the total number of ESARs also increased in the same ratio.

During the year, the Company has allotted, from time to time, 124,147 number of equity shares of ₹ 10/- each on exercise of 3,47,200 number of ESAR to various eligible employees under 'ESAR Scheme 2015 (Grant - I)' at the price of ₹ 10/- per equity share.

d. The Company has approved the grant of 20,81,545 (Twenty Lakh Eighty One Thousand Five Hundred Forty Five) Employee Stock Appreciation Rights (ESARs - Grant - II) to the eligible employees of the Company, in terms of Dewan Housing Finance Corporation Limited-Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR 2015"). The said ESARs shall vest over a period of four years and to be exercised within three years from the date of vesting of ESARs and carry the right to apply for number of equity shares of the Company of face value of ₹ 10/- each, equivalent to Appreciation in those rights, over the grant price i.e. ESAR price of ₹ 230.80 per ESAR , the price approved in the Nomination and Remuneration Committee meeting held on 17th November, 2016.

e. Movement in options under (ESOS-2008), (ESOS-2009) and (ESAR 2015).

Particulars	ESOS-2008	ESOS-2009	ESAR 2015	ESAR 2015
	Plan III	Grant I	Grant II	
Number of options / ESAR's outstanding at the beginning of the year	35,560	200,000	2,822,000	-
Number of options / ESAR's granted during the year	-	-	-	2,081,545
Number of options / ESAR's forfeited / lapsed during the year	3,180	-	516,840	69,953
Number of options / ESAR's Exercised during the year	-	-	347,200	-
Number of shares arising as a result of exercise of options	-	-	124,147	-
Money realized by exercise of options (₹ in Lakh)	-	-	1,241,470	-
Number of options / ESAR's outstanding at the end of the year	32,380	200,000	1,957,960	2,011,592
Number of options / ESAR's exercisable at the end of the year	32,380	-	605,800	-
Weighted Average exercise price & Option price (in ₹):				
Pre Bonus	53.65	141.00	380.00	-
Post Bonus	26.83	70.50	190.00	230.80

f. The fair value has been calculated using the Black Scholes Option Pricing model, the Assumptions used in the model on a weighted average basis are as follows:

1. Risk Free Interest Rate	6.36%
2. Expected Life	4.50
3. Expected Volatility	44.84%
4. Dividend Yield	3.48%
5. Price of the underlying share in market at the time of the option grant (₹)	229.80

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

### g. Other Details:

- 1) Weighted Average Market Price on the date of Exercise is ₹ 299.33
- 2) Remaining Contractual life for ESAR granted and outstanding as on March 31, 2017

Particulars	ESAR Scheme 2015	
	(Grant - I)	(Grant - II)
Remaining Contractual life for unvested SARs outstanding at the end of the year	4.28	5.64
Remaining Contractual life for SARs exercisable at the end of the year	2.72	-

### h. Fair Value Methodology:

The Company has followed intrinsic value based method of accounting for Stock options granted based on Guidance Note issued by the Institute of Chartered Accountant of India. Had the compensation cost for the stock options granted under ESOS-2008, ESOS-2009 III and ESAR -2015 (Grant I & II) been determined based on the fair value calculated using the Black Scholes Option Pricing model, the Company's net profit and earnings per share would have been as per the pro-forma amounts indicated below:

Particulars	(₹ Lakh)	
	March 31, 2017	March 31, 2016
Net Profit (as reported)	280,630	74,930
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 1,335 Lakh (₹ 20 Lakh)] (pro-forma)	873	(13)
Net Profit considered for computing EPS (pro-forma)	279,757	74,943

Particulars	(₹ Lakh)	
	March 31, 2017	March 31, 2016
Basic Earnings per Share (as reported)	92.78	25.69
Basic Earnings per Share (Pro-forma)	92.49	25.69
Diluted Earnings per Share (as reported)	92.47	23.73
Diluted Earnings per Share (Pro-forma)	92.18	23.74

## 4 RESERVES & SURPLUS

Particulars	As at March 31, 2017		As at March 31, 2016	
<b>CAPITAL RESERVE</b>				
Balance as per last Balance Sheet	7,561		12,320	
Less: utilised during the year (refer Note 30)	5,110	2,451	4,759	7,561
<b>CAPITAL REDEMPTION RESERVE</b>				
Balance as per last Balance Sheet	-		775	
Less : Utilised during the year towards bonus issue (refer Note 3.5)	-	-	775	-

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

(₹ Lakh)

Particulars	As at March 31, 2017		As at March 31, 2016	
<b>SECURITIES PREMIUM</b>				
Balance as per last Balance Sheet	183,331		207,235	
Add :Addition during the year	48,043		501	
	231,374		207,736	
Less : Utilised during the year towards bonus issue (refer Note 3.5)	-		13,811	
Less : Utilised during the year [net of tax of ₹ 6,068 Lakh (₹ 5,606 Lakh)] (refer Note 4.2)	11,465	219,909	10,594	183,331
<b>EMPLOYEES SHARE OPTIONS OUTSTANDING</b>				
Balance as per last Balance Sheet	1,516		1,718	
Add :Addition during the year	-		20	
Less: Transferred into Statement of Profit & Loss	612		-	
Less: Transferred to Share Premium Account	166	738	222	1,516
<b>GENERAL RESERVE</b>				
Balance as per last Balance Sheet	104,845		89,007	
Add :Transferred from Statement of Profit & Loss	20,000		20,000	
Less : Utilisation on Deferred Tax Liability on Special Reserve (refer Note 4.4)	8,323	116,522	4,162	104,845
<b>STATUTORY RESERVE (SPECIAL RESERVE)</b>				
[In terms of Section 36(1)(viii) of the Income Tax Act, 1961 read with Section 29C of the National Housing Bank Act, 1987] (Refer note 4.3)				
Balance as per last Balance Sheet	98,399		80,399	
Add: Transferred from Statement of Profit & Loss	58,000	156,399	18,000	98,399
<b>DEBENTURE REDEMPTION RESERVE</b>				
Transferred from Statement of Profit & Loss (Refer note 6.8)		117,000		-
<b>CAPITAL RESERVE ON CONSOLIDATION</b>			346	28,458
<b>SURPLUS IN STATEMENT OF PROFIT AND LOSS:</b>				
As per last Balance Sheet	73,189		63,974	
Add: Net Gain on dilution Associates	345		393	
Add :Profit for the year	280,630		74,930	
	354,164		139,297	
Less : Appropriations:				
General Reserve	20,000		20,000	
Statutory Reserve	58,000		18,000	
Debenture Redemption Reserve	117,000		-	
Interim Equity Dividend	3,130		17,507	
Proposed Equity Dividend	-		5,836	
Dividend for earlier year	-		2	
Adjustment pursuant to capital reduction scheme in Joint Venture (refer note 4.5)	27,018		-	
Dividend Distribution Tax	637		4,763	
	225,785		66,108	
Surplus closing balance		128,379		73,189
<b>TOTAL RESERVES &amp; SURPLUS</b>		<b>741,745</b>		<b>497,299</b>

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

- 4.1 During the year, the Company has paid interim dividend on Equity Shares @ ₹ 1/- (₹ 6/-) per share. The Board of Directors, have recommended final dividend of ₹ 3/- per equity share to the equity shareholders. The dividend will be paid after the approval of shareholders at the ensuing Annual General Meeting. During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – 'Contingencies and Events Occurring after the Balance sheet date' (AS 4). However, as per the requirements of revised AS 4 which is applicable w.e.f April 1, 2016 the Company is not required to provide for dividend proposed after the Balance Sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the year ended March 31, 2017. Had the Company continued with creation of provision for proposed dividend, as at the Balance Sheet date, its Surplus in Statement of Profit and Loss would have been lower by ₹ 11,307 Lakh and Short Term Provision would have been higher by ₹ 11,307 Lakh (including dividend distribution tax of ₹ 1,913 Lakh).
- 4.2 In accordance with Section 52 of the Companies Act, 2013, during the year the company has utilized Securities Premium Account towards premium on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures and Securities issue expenses amounting to ₹ 11,465 Lakh (₹ 10,594 Lakh) net of tax of ₹ 6,068 Lakh (₹ 5,606 Lakh).
- 4.3 Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014

Particulars	(₹ Lakh)	
	March 31, 2017	March 31, 2016
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	17,924	17,424
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987	80,475	62,975
<b>c) Total</b>	<b>98,399</b>	<b>80,399</b>
<b>ADDITION DURING THE YEAR</b>		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	47,000	500
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	11,000	17,500
<b>c) Total</b>	<b>58,000</b>	<b>18,000</b>
<b>BALANCE AT THE END OF THE YEAR</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	64,924	17,924
b) Arnout of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under, Section 29C of the NHB Act, 1987	91,475	80,475
<b>c) Total</b>	<b>156,399</b>	<b>98,399</b>

- 4.4 National Housing Bank vide circular No. NHB (ND)/DRS/Policy Circular 65/2014-15 dated 22nd August, 2014 has clarified that deferred tax liability (contingent upon Company's withdrawal of Sec 36(1)(Viii) Reserves leading to tax liability) in respect of opening balance under special reserve as at 1st April, 2014 may be adjusted from free opening reserves of the Company over a period of 3 years in the ratio of 25:25:50 respectively. Accordingly, the Company has proportionately adjusted its opening reserves with an amount of ₹ 8,323 Lakh (₹ 4,162 Lakh) as contingent deferred tax liability. Deferred Tax Liability on current year Special Reserve has been charged to Statement of Profit & Loss amounting to ₹ 3,946 Lakh (₹ 6,297 Lakh).

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

- 4.5 Pursuant to approval from the Honorable High Court of Bombay , the Joint Venture entity -DHFL Pramerica Asset Managers Private Limited Ltd. reduced and consolidated its issued and paid up equity share capital. Consequent to which the number of equity shares held by the Company (directly and through its wholly owned subsidiary i.e. DHFL Advisory & Investments Private Limited) stood reduced to 5,42,46,918 equity shares of ₹ 10 each from 45,61,36,360 equity shares of ₹ 10 each.

## 5 MONEY RECEIVED AGAINST SHARE WARRANTS

Particulars	(₹ Lakh)	
	As at March 31, 2017	AS at March 31, 2016
Money Received Against Share Warrants	-	12,500
<b>Total Money Received Against Share Warrants</b>	<b>-</b>	<b>12,500</b>

- 5.1 During the financial year 2015-16, the Company had issued 21,230,070 convertible warrants being issued at a Issue Price of ₹ 235.52 per warrant, with a right exercisable by the warrant holder to convert each warrant with one equity share of the Company of face value ₹ 10/- each at a premium of ₹ 225.52 , any time before the expiry of 18 months from the date of allotment of the said convertible warrants , in one or more tranches. During the current financial year the Company has allotted 21,230,070 equity shares of face value of ₹ 10/- each to the warrant holders on exercise of the conversion right and receipt of balance payment.

## 6 LONG TERM BORROWINGS

Particulars	Non Current Portion		Current Portion	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Secured</b>				
Non-Convertible Debentures	2,731,873	1,199,795	151,078	214,701
Term Loan from Banks	2,779,247	2,568,075	515,096	471,460
Loan from Others				
National Housing Bank	295,575	119,324	33,275	28,765
Foreign Financial Institutions	296,481	215,961	20,874	7,605
<b>Total Secured long term borrowings</b>	<b>6,103,176</b>	<b>4,103,155</b>	<b>720,323</b>	<b>722,531</b>
<b>Unsecured</b>				
Non-Convertible Debentures (perpetual)	66,070	18,570	-	-
Non-Convertible Debentures (Subordinated issue)	133,180	119,150	17,500	-
Optionally Convertible Redeemable Debentures ("OCD")	22,500	-	-	-
Premium payable on Optionally Convertible Debentures	2,025	-	-	-
Deposit				
Fixed Deposit (including Cummulative)	371,600	269,968	285,289	222,817
Other Deposits	1,365	1,104	1,081	668
Term Loan from Banks	-	-	-	3,333
<b>Total Unsecured long term borrowings</b>	<b>596,740</b>	<b>408,792</b>	<b>303,870</b>	<b>226,818</b>
<b>TOTAL LONG TERM BORROWINGS</b>	<b>6,699,916</b>	<b>4,511,947</b>	<b>1,024,193</b>	<b>949,349</b>
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 12)	-	-	(1,024,193)	(949,349)
<b>Net Amount</b>	<b>6,699,916</b>	<b>4,511,947</b>	<b>-</b>	<b>-</b>

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

6.1 Non Convertible Debentures (NCD) (current and non current portion) amounting to ₹ 2,882,951 Lakh (₹ 1,414,496 Lakh) are secured by way of first charge read with Note 6.2 herein below and are redeemable at par, in one or more installments, on various periods, as below.

Secured NCDs also include amount outstanding for Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating ₹ 290,565 Lakh (₹ 335,884 Lakh), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till 31st March, 2017 amounting to ₹ 73,275 Lakh (₹ 57,754 Lakh) is included above and a part of which has been provided out of the Securities Premium Account (refer Note 4.2).

### Terms of repayment of Term Loans and redemption of bonds & debentures

Particulars	>5 Years	3-5 Years	1-3 Years	(₹ In Lakh)
<b>Secured</b>				
Bank				
Linked with Base Rate of respective banks	720,078	940,756	1,118,413	2,779,247
	(848,719)	(793,013)	(926,343)	(2,568,075)
Loan from Foreign Financial Institutions				
8.61 - 9.32	5,189	232,117	59,175	296,481
	(31,608)	(132,625)	(51,728)	(215,961)
Loan from National Housing Bank				
6.12 - 9.00	165,668	48,111	70,158	283,937
	(32,794)	(22,874)	(47,958)	(103,625)
9.01 - 11.00	2,968	3,274	5,396	11,638
	(4,496)	(5,574)	(5,628)	(15,699)
<b>N H B Total</b>	<b>168,636</b>	<b>51,385</b>	<b>75,554</b>	<b>295,575</b>
	(37,290)	(28,447)	(53,586)	(119,324)
Non-Convertible Debenture				
5.00 - 7.00	32,909	-	-	32,909
	(25,000)	-	-	(25,000)
8.00 - 11.50	1,243,349	530,554	925,061	2,698,964
	(3,59,040)	(4,53,227)	(362,529)	(11,74,796)
<b>NCD Total</b>	<b>1,276,258</b>	<b>530,554</b>	<b>925,061</b>	<b>2,731,873</b>
	(3,84,040)	(4,53,227)	(362,529)	(11,99,796)
Optionally Convertible Redeemable Debenture	-	24,525	-	24,525
	-	-	-	-
<b>Unsecured</b>				
Perpetual Debt				
10.75 -12.75	66,070	-	-	66,070
	(18,570)	-	-	(18,570)
Sub - Debt				
9.40 - 11.35	69,800	45,000	18,380	133,180
	(37,300)	(44,600)	(37,250)	(119,150)

6.2 All Secured loans (Current and Non Current portion), from the National Housing Bank, Other Banks, Foreign Financial Institution, Financial Institutions and Secured Non Convertible Debentures / ZCD are secured by way of first charge to and

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note 10.1), inter-se, on the Company's whole of the present and future book debts, housing loan Installments/receivables, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets, read with Note 6.4 hereinafter and term loans from banks, debentures and certain ECBs are further secured on pari passu basis by constructive delivery of title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

Pursuant to the refinancing arrangement, the Company has provided to NHB certain standard documents such as a non-disposal undertaking from the Promoters and Promoter Group with respect to their shareholdings and corporate guarantee from Wadhawan Global Capital Private Limited (promoter entity)

6.3 During the year Company has availed ECB of total USD 150 million under two ECB facilities –

- (a) USD 130 Million ECB Facility from following parties for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 87,415 Lakh in compliance of statutory requirement.

Name of the Party	USD (in millions)	Loan Amount (₹ in Lakh)
State Bank Of India, Singapore Branch	75	50,433
Barclays Bank Plc	25	16,810
The Korea Development Bank	10	6,724
The Korea Development Bank, Singapore Branch	10	6,724
Chang Hwa Commercial Bank Ltd., Singapore Branch	5	3,362
Taiwan Cooperative Bank, Offshore Banking Branch	5	3,362
<b>Total</b>	<b>130</b>	<b>87,415</b>

- (b) USD 20 Million ECB from DEG Germany for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 13,344 Lakh in compliance of statutory requirement.

In the previous year, Company had availed ECB of USD 110 million under Syndicated Loan facility for a period of 5 years. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability, in compliance of statutory requirement.

As a part of Assets Liability management on account of the Companies adjustable rate home loan products as well as to reduce the overall cost of borrowing, during the year, the Company has entered into Interest Rate swaps wherein it has converted its variable rate rupee liability of notional amount of USD 240 million into fixed rate rupee liability.

As on 31st March, 2017 the Company has foreign currency borrowing of USD 493 million (USD 355 million) equivalent to ₹ 317,355 Lakh (₹ 223,566 Lakh).

6.4 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favor of depositors through the mechanism of a trust deed. The Company has accordingly appointed a SEBI approved trustee Company as trustee for the above by executing the trust deed.

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

Accordingly, the public deposits of the company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.

- 6.5 Unsecured Redeemable Non Convertible Subordinated Debentures aggregating ₹ 150,680 Lakh (₹ 119,150 Lakh), outstanding as at 31st March, 2017, are subordinated to present and future senior indebtedness of the Company. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity on various periods read with note no. 6.1
- 6.6 Fixed Deposits and Other Deposits, including short term fixed deposits and short term other deposits, are repayable as per individual contracted maturities ranging from 12 to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.
- 6.7 During the year ended 31st March, 2017, the Company has issued and allotted the following securities by way of public issue :
  - a. 4,00,00,000 Secured Redeemable Non-Convertible Debentures ("NCDs") having face value of ₹ 1,000 each aggregating to ₹4,00,000 Lakh in terms of the Shelf Prospectus and Tranche 1 Prospectus dated 26th July, 2016 ("Prospectus"). The said NCDs were allotted on 16th August, 2016.
  - b. 10,00,00,000 Secured Redeemable Non-Convertible Debentures ("NCDs") having face value of ₹ 1,000 each aggregating to ₹10,00,000 Lakh in terms of the Shelf Prospectus and Tranche 1 Prospectus dated 25th August, 2016 ("Prospectus"). The said NCDs were allotted on 9th September, 2016.
- As at the end of the year, funds raised by public issue of above securities has been utilised for the purposes for which it has been raised.
- 6.8 Department of Company Affairs with reference to the General Circular no. 4/2003 vide G.S.R. 413 (E) dated 18.06.2014, had clarified that, Housing Finance Companies registered with National Housing Bank are exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. However, the Company needs to create DRR in case of public issue of Debentures and accordingly, the Company has created DRR to the tune of ₹ 117,000 Lakh against its public issue of Secured Redeemable Non-Convertible Debentures.
- 6.9 OCD are issued by wholly owned subsidiary for a tenure of 5 years beginning from April '16 to April '21. As per the terms, the debenture holder shall at any time during the Tenor of the OCD, have the right to exercise at its discretion either to redeem the debentures or convert the debentures into equity shares of ₹ 10 each of the company. Premium payable on redemption is @ 9% pa.

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 7 DEFERRED TAX LIABILITY / (ASSET)

Particulars	As at March 31, 2017	As at March 31, 2016
<b>A. Deferred Tax Asset</b>		
On account of provision for contingency & employee benefits	(24,448)	(23,458)
<b>Deferred Tax Liability</b>		
On difference between book balance and tax balance of other assets	23,777	10,186
(A)	(671)	(13,272)
<b>B. Deferred Tax Liability on Special IT Reserve</b>	31,615	19,346
(B)	31,615	19,346
<b>NET DEFERRED TAX LIABILITY</b>	<b>(A+B)</b>	<b>30,944</b>
		6,074

## 8. OTHER LONG TERM LIABILITIES

	As at March 31, 2017	As at March 31, 2016
Others	30	61
<b>Total Other Long Term Liabilities</b>	<b>30</b>	<b>61</b>

## 9. PROVISIONS

Particulars	(₹ Lakh)			
	Long Term Provision March 31, 2017	Long Term Provision March 31, 2016	Short Term Provision March 31, 2017	Short Term Provision March 31, 2016
<b>Provision for Contingencies</b>				
<b>Against Standard Assets:</b>				
As per last Balance sheet	34,730	27,822		
Add : Provision during the year	8,095	6,908		
<b>Net provision on standard loan portfolio</b>	<b>(A)</b>	<b>42,825</b>	<b>34,730</b>	
<b>Against NPA:</b>				
As per last Balance sheet	21,205	13,910		
Add : Provision during the year	13,446	9,441		
Less : Utilised During the year	8,749	2,146		
<b>Net provision on NPA loan portfolio</b>	<b>(B)</b>	<b>25,902</b>	<b>21,205</b>	
<b>Against Investment:</b>				
As per last Balance sheet	66	-		
Add : (withdrawal) Provision during the year	(66)	66		
Less : Transfer to Provision for diminution in the value of investment	-	(66)		
<b>Provision on Investment</b>	<b>(C)</b>	<b>-</b>	<b>-</b>	

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

Particulars	(₹ Lakh)			
	Long Term Provision		Short Term Provision	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Against ICDs:</b>				
As per last Balance sheet	1,447	964		
Provision during the year	12	483		
<b>Provision on ICDs</b>	(D)	<b>1,459</b>	<b>1,447</b>	
<b>Against Other Assets:</b>				
As per last Balance sheet	920	319		
Provision during the year	313	601		
<b>Provision on Other Assets</b>	(E)	<b>1,233</b>	<b>920</b>	
<b>Total Provision for Contingencies</b>	(A+B+C+D+E)	<b>71,419</b>	<b>58,302</b>	-
Provision for employee benefits	-	170	88	297
Provision for Proposed Dividend	-	-	-	5,836
Provision for Dividend Distribution Tax	-	-	-	1,188
Other Provisions	15	17	1	-
<b>TOTAL PROVISIONS</b>		<b>71,435</b>	<b>58,489</b>	<b>89</b>
				7,321

- 9.1 The Company has written off ₹ 8,749 Lakh (₹ 2,146 Lakh) as bad debts to recover some of its old NPA and Loss Accounts by way of one time settlement or sale to Asset Reconstruction Company. The Company has withdrawn ₹ 8,749 Lakh (₹ 2,146 Lakh) from contingency provisions created out of profits of earlier years.

## 9.2 Details of Housing and Property Loans and Contingency Provisions

Housing and property loans and provision in respect thereof on account of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank are as follows:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Portfolio	Provisions	Portfolio	Provisions
<b>Standard Assets</b>				
Housing Loans	5,634,177	26,889	4,875,732	21,549
Other Property Loans	1,507,596	15,093	1,244,463	12,464
(A)	<b>7,141,773</b>	<b>41,982</b>	<b>6,120,195</b>	<b>34,013</b>
<b>Sub Standard Assets</b>				
Housing Loans	5,624	844	8,665	1,300
Other Property Loans	2,644	397	4,230	634
(B)	<b>8,268</b>	<b>1,241</b>	<b>12,895</b>	<b>1,934</b>
<b>Doubtful Assets</b>				
Housing Loans	27,150	12,398	27,454	13,126
Other Property Loans	32,427	12,263	16,958	6,145
(C)	<b>59,577</b>	<b>24,661</b>	<b>44,412</b>	<b>19,271</b>

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

Particulars	As at March 31, 2017		As at March 31, 2016	
	Portfolio	Provisions	Portfolio	Provisions
Additional provision on standard assets		843		717
Provisions on ICDs		1,459		1,447
Provisions on Other Assets		1,233		920
<b>Total</b>	<b>(A+B+C)</b>	<b>7,209,618</b>	<b>71,419</b>	<b>6,177,502</b>
<b>SUMMARY:</b>				
Housing Loans	5,666,951	40,131	4,911,851	35,975
Other Property Loans	1,542,667	27,753	1,265,651	19,243
Additional provision on Standard Assets		843		717
Provisions on ICDs		1,459		1,447
Provisions on Other Assets		1,233		920
<b>Total</b>	<b>7,209,618</b>	<b>71,419</b>	<b>6,177,502</b>	<b>58,302</b>

## 9.3 Provision for Contingencies

The Company has made full provisions for Contingencies for diminution in value of investment and on standard as well as on non-performing housing loans and other property loans as per the Prudential Norms prescribed by the National Housing Bank. The Company has also maintained an additional provision amounting to ₹ 843 Lakh (₹ 717 Lakh) as at year end.

## 10 SHORT TERM BORROWINGS

Particulars	(₹ Lakh)	
	March 31, 2017	March 31, 2016
<b>SECURED</b>		
Loans repayable on demand		
From Banks	111,014	174,460
<b>Secured short term borrowings</b>	<b>(A)</b>	<b>111,014</b>
<b>UNSECURED</b>		
Deposits		
Fixed Deposits (Refer Note 6.6)	8,988	3,691
Other Deposits (Refer Note 6.6)	868	609
Other short term loans and advances		
Commercial Papers	299,500	464,900
Others	6,496	-
<b>Unsecured short term borrowings</b>	<b>(B)</b>	<b>315,852</b>
<b>TOTAL SHORT TERM BORROWINGS</b>	<b>(A+B)</b>	<b>426,866</b>
		<b>643,660</b>

10.1 Loans repayable on demand comprising of Cash credit facilities from banks and are secured by a first charge by way of hypothecation of book debts of specific loan assets of the company and are further secured by negative lien on the

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

underlying specific properties and / or secured by demand promissory notes. Certain Cash credit facilities are also secured by way of a first pari passu charge along with other secured loans read with Note 6.2. All cash credit facilities are repayable as per the contracted/ roll over term.

### 11 TRADE PAYABLES

There is no amount due and payable to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. No interest has been paid/ is payable by the Company during/for the year to these 'Suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

### 12 OTHER CURRENT LIABILITIES

Particulars	(₹ Lakh)	
	March 31, 2017	March 31, 2016
Current maturities of long-term borrowing (Refer Note 6)	1,024,193	949,349
Interest accrued but not due on borrowings	136,734	52,929
Unclaimed Dividends	142	171
Unclaimed matured deposits and interest accrued thereon	7,674	5,410
<b>OTHER PAYABLES</b>		
Advance from customers	8,228	19,330
Amount payable under securitisation/ joint syndication transaction	35,644	21,605
Statutory Dues	2,736	2,813
Share application money pending Allotment	-	30,000
Other current liabilities	10,532	9,181
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>1,225,883</b>	<b>1,090,788</b>

12.1 As required under section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividend of the year 2008-09 ₹ 6 Lakh (₹ 3 Lakh) and towards unclaimed Deposits and interest accrued thereon ₹ 12 Lakh (₹ 39 Lakh) to Investor Education & Protection Fund (IEPF) during the year. The amounts payable for March, 2017 has been transferred to IEPF in the month of April, 2017.

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 13 FIXED ASSETS

Consolidated Fixed Assets as of 31 March, 2017

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on April 1, 2016	Addition	Deduction/ Sale/ Exp Out	As on March 31, 2017	As on April 1, 2016	for the year	Deduction/ Sale/ Exp Out	Upto March 31, 2017
<b>Tangible: (Property, Plant and Equipment)</b>								
Building	5,643	537	-	6,180	585	88	-	673 5,507
Leasehold Premises	9,999	-	-	9,999	510	163	-	673 9,326
Furniture & Fixture	6,442	710	904	6,248	3,304	1,058	511	3,851 2,397
Office Equipments	2,549	1,365	276	3,638	1,182	401	186	1,397 2,241
Vehicles	142	20	9	153	81	19	5	95 58
Computer (Hardware)	3,841	634	1,010	3,466	2,363	687	651	2,398 1,067
<b>Sub Total</b>	<b>(A) 28,616</b>	<b>3,266</b>	<b>2,199</b>	<b>29,683</b>	<b>8,024</b>	<b>2,416</b>	<b>1,353</b>	<b>9,087 20,596</b>
<b>Intangible:</b>								
Computer (Software)	2,679	1,646	2,247	2,078	1,744	711	849	1,606 472
Investment Management Rights *	29,477	-	28,043	1,434	214	1,220	-	1,434 -
<b>Sub Total</b>	<b>(B) 32,156</b>	<b>1,646</b>	<b>30,290</b>	<b>3,512</b>	<b>1,958</b>	<b>1,931</b>	<b>849</b>	<b>3,040 472</b>
<b>Fixed Assets</b>	<b>(A+B)</b>	<b>60,772</b>	<b>4,913</b>	<b>32,489</b>	<b>33,196</b>	<b>9,983</b>	<b>4,346</b>	<b>2,202</b>
Capital Work in Process	-	-	-	-	-	-	-	- 54,615
Intangible Assets Under Development	-	-	-	-	-	-	-	- 8,762
<b>TOTAL</b>		<b>60,772</b>	<b>4,913</b>	<b>32,489</b>	<b>33,196</b>	<b>9,983</b>	<b>4,346</b>	<b>2,202</b>
								<b>12,128 84,445</b>

\* Pursuant to approval from the Honorable High Court of Bombay, the Investment Management Rights and Debt balance in statement of Profit and Loss of DHFL Pramerica Asset Managers Private Limited Ltd the Joint Venture entity as on 31st August, 2016 has been adjusted against Equity Share Capital (Refer Note 4.5).

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

Consolidated Fixed Assets as of 31 March, 2016

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As on April 1, 2015	Addition on Acquisition of JV	Addition	Deduction/ Sale/ Exp Out	As on March 31, 2016	As on April 1, 2015	Addition on Acquisition of JV	for the year	Deduction/ Sale/ Exp Out	Upto March 31, 2016	As on March 31, 2016	
<b>Tangible: (Property, Plant and Equipment)</b>												
Building	3,059	-	2,584	-	5,643	520	-	65	-	585	5,058	
Leasehold Premises	9,999	-	-	-	9,999	347	-	163	-	510	9,489	
Furniture & Fixture	5,926	155	694	333	6,442	2,324	154	1,086	260	3,304	3,138	
Office Equipments	2,425	34	284	194	2,549	938	31	361	148	1,182	1,367	
Vehicles	121	28	-	7	142	55	9	20	3	81	61	
Computer (Hardware)	3,376	126	867	528	3,841	2,105	96	674	512	2,363	1,478	
<b>Sub Total</b>	<b>(A)</b>	<b>24,906</b>	<b>343</b>	<b>4,429</b>	<b>1,062</b>	<b>28,616</b>	<b>6,289</b>	<b>290</b>	<b>2,369</b>	<b>923</b>	<b>8,025</b>	<b>20,591</b>
<b>Intangible:</b>												
Computer (Software)	1,774	60	845	-	2,679	1,285	58	401	-	1,744	935	
Investment Management	-	-	29,477	-	29,477	-	-	214	-	214	29,263	
Rights**												
<b>Sub Total</b>	<b>(B)</b>	<b>1,774</b>	<b>60</b>	<b>30,322</b>	<b>-</b>	<b>32,156</b>	<b>1,285</b>	<b>58</b>	<b>615</b>	<b>-</b>	<b>1,958</b>	<b>30,198</b>
<b>Total Fixed Assets</b>	<b>(A+B)</b>	<b>26,680</b>	<b>403</b>	<b>34,751</b>	<b>1,062</b>	<b>60,772</b>	<b>7,574</b>	<b>348</b>	<b>2,984</b>	<b>923</b>	<b>9,983</b>	<b>50,789</b>
Capital Work in Process	-	-	-	-	-	-	-	-	-	-	55,770	
Intangible Assets under Development	-	-	-	-	-	-	-	-	-	-	3,266	
<b>TOTAL</b>		<b>26,680</b>	<b>403</b>	<b>34,751</b>	<b>1,062</b>	<b>60,772</b>	<b>7,574</b>	<b>348</b>	<b>2,984</b>	<b>923</b>	<b>9,983</b>	<b>109,825</b>

\*\* During the previous year, one of the joint venture company had acquired the business undertaking of the Deutsche entities, sponsor of Deutsche Mutual Fund which inter alia, includes right to manage the schemes of Deutsche Mutual Fund. The Company had paid consideration amounting to ₹ 29,477 Lakh [consolidated portion] (₹ Nil) towards Investment Management rights and the same was capitalised as per AS 26 (Intangible Assets). The useful life of the Investment Management Rights had been determined as 10 years (120 Months). For the year ended March 31, 2016, an amount of ₹ 214 Lakh [consolidated portion] (₹ Nil) had been amortized. Balance life of Investment Management Rights was 119 months.

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 14 NON CURRENT INVESTMENTS (AT COST)

	(₹ Lakh)	
	March 31, 2017	March 31, 2016
(Long Term Investments) (Valued at cost less diminution in value, if any, other than temporary)		
<b>Trade Investments</b>		
Equity Investments (unquoted)		
Investment in Subsidiary (Refer note no: 2.2)	10,005	-
Investment in Associates		
Equity Investments in Associates	6,793	6,795
Add: Goodwill on acquisition of associates (share of pre-acquisition losses)	10	10
	6,803	6,805
Add: Adjustment of post acquisition share of profit / loss of Associates (Equity Method)	2,871	9,674
	1,528	8,333
Investment in unquoted equity instruments	1	1
<b>Other Investment</b>		
Investment in unquoted optionally convertible preference share	1,271	1,271
Investment in Government securities (SLR) - quoted	42,530	29,652
Investment in Government securities (Non - SLR) - quoted	10,712	10,232
Investment in Venture Capital Fund - unquoted	1,948	2,000
Investments in Mutual Funds (Quoted)	890	566
Investments in Mutual Funds (Unquoted)	586	-
Investment in Pass Through Certificates Class B	10,221	7,640
<b>Investment by Insurance Company</b>		
Investment Related to Policy Holders	-	52,096
Investment to cover linked liabilities	-	9,046
Investment related to Shareholders	-	34,867
<b>Total Non Current Investments</b>	<b>87,838</b>	<b>155,704</b>
Aggregate amount of quoted investments	54,132	47,023
Market value of Quoted investments	55,130	48,164
Aggregate amount of Unquoted investments	33,706	108,681

14.1 Investment in Government and other SLR Securities aggregating to ₹ 42,532 Lakh (₹ 29,652 Lakh) carry a floating charge created in favor of depositors in the Fixed Deposit schemes of the Company (read with Note 6.2 and Note 6.4 above).

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 15 HOUSING AND PROPERTY LOANS

Particulars	(₹ Lakh)			
	Non Current Portion		Current Portion	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
<b>Secured, considered good unless stated otherwise</b>				
<b>Housing Loans</b>				
Standard loans	6,252,066	5,305,934	376,365	287,708
Sub-Standard loans	6,768	8,934	-	-
Doubtful loans	27,890	27,653	-	-
	6,286,724	5,342,521	376,365	287,708
Less : Securitised Housing Loans & Funded by Syndicate	940,836	679,569	55,302	38,808
<b>A Total Housing Loans</b>	<b>5,345,888</b>	<b>4,662,952</b>	<b>321,063</b>	<b>248,900</b>
<b>Other Property Loans</b>				
Standard loans	1,520,766	1,211,854	136,482	88,984
Sub-Standard loans	2,854	4,363	-	-
Doubtful loans	32,801	16,958	-	-
	1,556,421	1,233,175	136,482	88,984
Less : Other Property Securitised Loans	142,139	53,498	8,097	3,011
<b>B Total Other Property Loans</b>	<b>1,414,282</b>	<b>1,179,677</b>	<b>128,385</b>	<b>85,973</b>
<b>Total Loan Book</b>	<b>(A+B)</b>	<b>6,760,170</b>	<b>5,842,629</b>	<b>449,448</b>
<b>Summary</b>				
Housing Loans	6,286,724	5,342,521	376,365	287,708
Other Property Loans	1,556,421	1,233,175	136,482	88,984
<b>Total Housing &amp; Property Loans under Company's management</b>	<b>7,843,145</b>	<b>6,575,696</b>	<b>512,847</b>	<b>376,692</b>
Less : Securitised and Syndicated portion	1,082,975	733,067	63,399	41,819
<b>TOTAL HOUSING AND PROPERTY LOANS</b>	<b>6,760,170</b>	<b>5,842,629</b>	<b>449,448</b>	<b>334,873</b>

15.1 Other property loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not began in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB). These also include loans granted to Small & Medium Enterprise (SME) and certain part are unsecured in terms of the particular scheme of an aggregate amount of ₹ 9,265 Lakh (₹ 6,327 Lakh).

15.2 As certified by the management, loans given by the 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/or hypothecation of assets and are considered appropriate and good.

15.3 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before 31st March, 2014, in which construction has not started till 31st March, 2017, as per information available with the Company, is excluded from Housing Loans and regrouped under Other Loans (Non Housing) in above outstanding as on 31st March, 2017 aggregating to ₹ 19,111 Lakh (₹ 18,106 Lakh).

15.4 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loan. The insurance portion amounting to ₹ 136,668 Lakh (₹ 109,612) Lakh to meet the cost of the insurance premium to secure the borrower's life and thereby further secure the loan portfolio by way of risk mitigation method and to secure the Company's Housing loan portfolio against any eventuality.

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

- 15.5 The Company has entered into Loan Syndication arrangements with certain public and private sector banks to provide Housing loan to borrowers wherein DHFL originates the loan files and gets it processed under common credit norms. The said banks have agreed to participate upto 50% of the disbursed loan portfolio under loan syndication arrangement. Entire/partial processing fees and other charges/ income on these loans, depending upon the syndication arrangements, accrues to DHFL. The Company has derecognised the said loan portion syndicated to others in its books.
- 15.6 The Company has entered into Loan Syndication arrangements with DHFL Vysya Housing Finance Limited and Aadhar Housing Finance Limited in the earlier year to provide Housing and Property Loans to borrowers wherein DHFL originates the loan files through its branches and gets it processed under common credit norms at the Central Processing Unit. The loan syndicate participants have agreed to participate in the disbursed loan portfolio under loan syndication arrangement. During the year Company has disbursed ₹ Nil (₹ 700 Lakh) under joint syndication out of which ₹ Nil (₹ 105 Lakh) has been shared by syndicate partners, which has been derecognised.
- 15.7 The Company has acquired certain assets under SARFAESI Act which are retained for the purpose of sale under the rules and regulations of SARFAESI Act involving ₹ 7,890 Lakh (₹ 4,756 Lakh), which are part of NPA portfolio for which necessary provisions have already been made. These assets are accounted as and when they are realised as per related accounting policy.
- 15.8 The Company has securitized / assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates ₹ 1,146,374 Lakh (₹ 774,886 Lakh). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said securitization/assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms. The Company has purchased home loan pools in two tranches aggregating to ₹ 30,863 Lakh in compliance with RBI's norms on securitization, specific to direct Assignment transactions, in terms Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR).
- 15.9 Housing and other property loans (current and non-current) includes ₹ 315 Lakh (₹ 242 Lakh) given to the key managerial persons of the Company under the normal course of business.

### 16 OTHER LONG TERM LOANS AND ADVANCES

Particulars	(₹ Lakh)	
	Non Current Portion	
	March 31, 2017	March 31, 2016
<b>Secured and considered good</b>		
Loans and advances to employees (Refer Note 16.1)	4	14
Other loans and advances	13	13
<b>Unsecured, considered good unless stated otherwise</b>		
Capital advances	1,158	519
Security deposits	1,559	1,722
Loans and advances to employees	20	23
Advances recoverable in cash or in kind	46,442	21,460
MAT Credit Entitlement	46,072	-
Advance Income Tax (Net of Provisions)	9,030	3,417
<b>TOTAL OTHER LONG TERM LOANS AND ADVANCES</b>	<b>104,298</b>	<b>27,168</b>

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

16.1 Loans to employees are secured by the hypothecation of respective assets against which these loans have been granted

## 17 CURRENT INVESTMENTS

(at lower of cost and fair value unless stated otherwise)

	(₹ Lakh)	March 31, 2017	March 31, 2016
<b>Equity Investments</b>			
Investment in equity instruments- Quoted		3	912
<b>Other Investments</b>			
Investment in Debenture - Quoted		200,991	-
Investment in Mutual Funds - Unquoted		273,261	18,890
Investment in Certificate of Deposit - Unquoted		788,268	-
Investment in Pass Through Certificates -Class B		588	432
<b>Investment by Insurance Company</b>			
Investment Related to Policy Holders		-	537
Investment to cover linked liabilities		-	2,113
Investment related to Shareholders		-	2,482
<b>TOTAL CURRENT INVESTMENTS</b>		<b>1,263,111</b>	<b>25,366</b>
Aggregate amount of Quoted Investments		2,00,994	978
Market Value of Quoted Investments		201,069	912
Aggregate amount of Unquoted Investments		10,62,117	24,453

## 18 TRADE RECEIVABLES

Secured, considered good, less than six months

Particulars	(₹ Lakh)	March 31, 2017	March 31, 2016
EMI/PEMI, other receivable from customers		37,910	20,092
Others		906	1,728
<b>TOTAL TRADE RECEIVABLES</b>		<b>38,816</b>	<b>21,820</b>

## 19 CASH AND BANK BALANCES

Particulars	(₹ Lakh)	March 31, 2017	March 31, 2016
<b>Cash and Cash Equivalents</b>			
Balances with Banks			
in Current Accounts		90,605	74,618
in Deposits accounts with original maturity of less than 3 months		187,500	-
Remittance in Transit *		-	225,857
Cash on hand		474	605
Insurance Stamps		-	925
<b>Total Cash and Cash Equivalents</b>	<b>A</b>	<b>278,579</b>	<b>302,005</b>
* Remittance in Transit of ₹ Nil (₹ 225,857 Lakh) credited by bank on 4th April, 2016 due to banking holidays.			

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

Particulars		March 31, 2017	March 31, 2016
<b>Other Bank Balances</b>			
Other Deposits accounts having balance maturity of less than 12 months		64,288	47,514
Deposits having balance maturity of more than 12 months (Refer Note 21)		18,300	20,222
Balances in unpaid dividend bank accounts		142	171
<b>Total Other Bank Balances</b>	<b>B</b>	<b>82,730</b>	<b>67,907</b>
<b>Total Cash and Bank Balances</b>	<b>C = (A + B)</b>	<b>361,309</b>	<b>369,912</b>
Less : Amounts disclosed under non-current assets (Refer Note 21)	<b>D</b>	<b>18,300</b>	<b>20,222</b>
<b>Total Net Cash and Bank Balances</b>	<b>E = (C - D)</b>	<b>343,009</b>	<b>349,690</b>
<b>SUMMARY</b>			
Total Cash and Cash Equivalents		278,579	302,005
Other Bank Balances		82,730	67,907
Amounts disclosed under non-current assets		(18,300)	(20,222)
<b>Total Net Cash and Bank Balances</b>		<b>343,009</b>	<b>349,690</b>

19.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 24,784 Lakh (₹ 21,495 Lakh) being earmarked for SLR requirements of NHB, ₹ 1,220 Lakh (₹ 644 Lakh) being margin money for bank guarantees, ₹ 34,162 Lakh (₹ 19,156 Lakh) being securitization comforts provided to various Trustees/ buyer, ₹ 1,350 Lakh (₹ 1,225 Lakh) toward sinking fund requirement of debenture provided to Trustee of debentures and ₹ 1,850 Lakh (₹ 4,145 Lakh) under lien against Interest rate swaps.

## 20 SHORT TERM LOANS AND ADVANCES

Particulars		(₹ Lakh)
<b>SECURED AND CONSIDERED GOOD</b>		
Loans against Fixed Deposits		1,002
<b>UNSECURED, CONSIDERED GOOD, OTHERWISE STATED</b>		
Current maturities of Security deposits		603
Loans and advances/Recoverable - related parties (refer note 36)		2,437
Inter Corporate Deposits [considered doubtful ₹ 1,447 Lakh (₹ 1,447Lakh)] (Refer note 9 for Provision)		2,647
Advances recoverable in cash or in kind [considered doubtful ₹ 458 Lakh (₹ 458 Lakh)] (Refer Note 9 for Provision)		64,030
<b>TOTAL SHORT TERM LOANS AND ADVANCES</b>		<b>70,718</b>
		<b>27,537</b>

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 21 OTHER NON CURRENT & CURRENT ASSETS

Unsecured, considered good

(₹ Lakh)

Particulars	Non Current Portion		Current Portion	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Non current portion of balances with banks in deposit accounts (Refer Note 19 & 21.1)	18,300	20,222	-	-
Interest accrued but not due	742	3,469	8,112	6,152
<b>Total</b>	<b>19,042</b>	<b>23,691</b>	<b>8,112</b>	<b>6,152</b>

21.1 Non Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating ₹ Nil (₹ 8,082 Lakh) being securitization comforts provided to various Trustees/ buyer, ₹ 18,300 Lakh (₹ 10,790 Lakh) being earmarked for SLR requirements of NHB and ₹ Nil (₹ 1,350 Lakh) towards sinking fund requirement of debenture provided to Trustee of debentures.

## 22 REVENUE FROM OPERATIONS

(₹ Lakh)

Particulars	March 31, 2017	March 31, 2016
Interest on Housing and Property Loans	792,247	688,392
Interest on Bank Deposits	7,764	5,927
Interest on Long Term Investments	4,126	2,622
Other Interest*	11,886	119
Revenue from other services (Refer note 22.1)	20,912	14,879
Operational treasury income (Refer note 22.2)	47,266	17,287
Insurance Commission (Refer note 22.3)	1,152	684
Management and Advisory	5,319	767
<b>Total Revenue from operations</b>	<b>890,672</b>	<b>730,677</b>

\* Includes Interest on short term CDs, ICDs and CPs.

### 22.1 Revenue from other services includes

(₹ Lakh)

Particulars	March 31, 2017	March 31, 2016
Loan related Services	16,922	10,743
Advisory Services	3,990	4,136
<b>Total Revenue from other services</b>	<b>20,912</b>	<b>14,879</b>

Revenue from other services is net of the amount paid / payable towards Business Sourcing and related expenses ₹ 14,762 Lakh (₹ 15,041 Lakh)

### 22.2 Operational treasury income includes

(₹ Lakh)

Particulars	31.03.2017	31.03.2016
Net Income from mutual fund & financial / commodity derivatives	42,855	16,669
Profit on sale of investments	2,104	452
Dividend Income	2,307	166
<b>Total Operational treasury income</b>	<b>47,266</b>	<b>17,287</b>

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 22.3 Insurance commission income includes amounts received from

Particulars	March 31, 2017	March 31, 2016
DHFL Pramerica Life Insurance Co. Ltd.	710	684
Cholamandalam MS General Insurance Company Ltd.	442	-
<b>Total Insurance commission income</b>	<b>1,152</b>	<b>684</b>

Insurance Commission has been received in the capacity of Corporate Insurance Agent.

## 23 OTHER INCOME

Particulars	March 31, 2017	March 31, 2016
Rent Income	405	364
Liabilities no longer required written back	11	-
Miscellaneous Income	158	141
<b>Total Other Income</b>	<b>574</b>	<b>505</b>

## 24 FINANCE COST

	March 31, 2017	March 31, 2016
Interest expenses	636,018	516,513
Premium on redemption of Debentures	37,290	39,051
Less: Securities premium utilized (Refer note 4.2)	(17,532)	(16,200)
Other Borrowing Costs	11,661	9,831
<b>Total Finance cost</b>	<b>667,437</b>	<b>549,195</b>

## 25 EMPLOYEE BENEFITS EXPENSES

Particulars	2016 - 17	2015 - 16
Salaries and Bonus	36,377	30,421
Contribution to Provident Fund & Other Funds	2,003	1,532
Staff Welfare Expenses	788	641
<b>Total Employee Benefits Expenses</b>	<b>39,168</b>	<b>32,594</b>

## 26 OTHER EXPENSES

	March 31, 2017	March 31, 2016
Rent, Rates & Taxes	4,928	3,640
Training & Conference Expenses	1,441	1,139
Travelling & Conveyance	4,243	3,084
Printing & Stationery	573	532
Advertisement and Business Promotion expenses	14,793	13,868
Brokerage and scheme related expenses	648	192
Insurance	607	426
Legal & Professional Charges	4,264	5,013
Communication Expenses	1,901	1,748

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

	March 31, 2017	March 31, 2016 (₹ Lakh)
General Repairs & Maintenance	2,944	2,316
Electricity	886	844
Directors Sitting Fees and Commission	135	114
Loss on sale of Fixed Assets (net)	21	93
Managerial remuneration	271	220
CSR Expenses (Refer Note 26.1)	932	716
Office Maintenance	883	827
Recovery Expenses	934	308
Auditors' Remuneration (Refer Note 34)	324	268
Bad Debts	8,749	2,146
Less provision for Non Performing Assets utilized	8,749	2,146
Miscellaneous Expenses	1,377	770
Preliminary Expenses	33	87
<b>Total Other expenses</b>	<b>42,138</b>	<b>36,205</b>

## 26.1 Corporate Social Responsibility (CSR)

Company is required to spend money on Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act 2013. During the year Company has spent ₹ 932 Lakh (₹ 716 Lakh) out of required sum of ₹ 1,864 Lakh (₹ 1,519 Lakh). The CSR committee is in the process of evaluating various scheme to meet the requirement as per section 135 of the Companies Act, 2013 read with Schedule VII.

Details of amount spent towards CSR given below

Particulars	2016-17	2015-16
Art & Culture	13	4
Early Childhood Care and Education	171	327
Education	293	36
Environment	18	12
Financial Literacy	40	41
Health & Medicine	29	18
Rural Development	111	128
Skill Development	176	107
Others	81	43
<b>Grand Total</b>	<b>932</b>	<b>716</b>

## 27 EARNING PER SHARE

	March 31, 2017	March 31, 2016 (₹ Lakh)
Net Profit attributable to equity shareholders for basic and diluted EPS	280,630	74,930
Nominal value of Equity Shares (₹)	10	10
Earning Per Share (₹) :		
Basic	92.78	25.69
Diluted	92.47	23.73

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 27.1 The reconciliation between the Basic and the Diluted Earning per Share is as follows:

For Amount	(in ₹)	
Particulars	2016 - 17	2015 - 16
Basic Earning per share	92.78	25.69
Effect of outstanding Stock Options / Share Warrants	(0.31)	(1.95)
Diluted Earning per share	92.47	23.73

### For number of share

Particulars	2016 - 17	2015 - 16
Weighted average number of shares for Basic Earning per share	302,483,110	291,712,744
Dilutive effect of outstanding Stock Options / Share Warrants	1,006,913	23,999,348
Weighted average number of shares for Diluted Earning per share	303,490,023	315,712,092

## 28 LEASES

### Operating Lease

The company has taken certain premises for office and residential use for its employees under cancellable and non cancellable operating lease agreements. Terms of the lease include terms for renewal, increase in rents in future periods and terms of cancellation. The total lease rent recognized as an expense during the year under the lease agreements amounts to ₹ 4,619 Lakh (₹ 2,939 Lakh).

**Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:**

Particulars	March 31, 2017	March 31, 2016
Within one year	567	763
Later than one year but not later than five years	766	914
Later than five years	121	250
	<b>1,454</b>	<b>1,927</b>

- 29 Company had acquired 50% stake in DHFL Pramerica Life Insurance Company Limited ("DPLI") in December, 2013. In order to unlock the value of Company's investment in DPLI and create more head room for future fund raising in the company, the Board of Directors at its meeting held on 14th February, 2017 and Shareholders of the Company on 17th March, 2017 approved the sale of investments in DPLI to its Wholly Owned Subsidiary i.e. DHFL Investments Limited ("DIL") at the fair market value determined by an internationally reputed actuarial consultants. Post receipt of the applicable approvals from Insurance Regulatory and Development Authority of India, Competition Commission of India and Reserve Bank of India, the equity shares in DPLI were sold to DIL at fair market value of ₹ 200,050 Lakh determined by internationally reputed actuarial consultants. Gain of ₹ 1,85,545 Lakh arising on sale of investments has been considered as exceptional item.
- 30 Two subsidiaries of the Company were amalgamated into the company pursuant to the Scheme of amalgamation (Scheme) under Section 391 to 394 of the Companies Act, 1956 approved by the Board of directors of all the three companies and sanctioned by the Hon'ble High Court of judicature at Bombay vide its order dated 27th July, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated 4th January, 2013 which were filed with the Registrar of Companies on 31st January, 2013 being the effective date for the amalgamation scheme. In terms of the above scheme,

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

the Assets and Liabilities of the subsidiary companies were amalgamated with DHFL at their respective fair value in the earlier years. Proportionate Fair value appreciation surplus amounting to ₹ 5,110 Lakh (₹4,759 Lakh) has been amortized out of the capital reserve in terms of the valuation report of the scheme.

### **31. AS PER THE ACCOUNTING STANDARD 17 ON 'SEGMENT REPORTING' (AS 17), THE MAIN SEGMENTS AND THE RELEVANT DISCLOSURES RELATING THERETO ARE AS FOLLOWS**

The Company has identified three reportable segments viz. Loans, Life Insurance and Asset Management. Segments have been identified and reported taking into account nature of services, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- a) Revenue and Expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and Expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".
- b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

#### **Primary Segment Information :**

(₹ in Lakh)

Particulars	Loans		Life Insurance		Asset Management		Others		Inter Segment		Unallocated		Total	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Segment Revenue	885,176	7,29,510	70,318	52,810	5,491	1,167	579	505	-	-	-	-	961,564	783,992
Segment Result	139,692	1,10,243	189,057	2,912	364	(967)	(493)	417	-	-	-	-	328,620	112,605
Income Tax (Current)	-	-	-	-	-	-	-	-	-	-	34,064	38,890	34,064	38,890
Deferred tax	-	-	-	-	-	-	-	-	-	-	13,926	(1,215)	13,926	(1,215)
Income Tax	-	-	-	-	-	-	-	-	-	-	47,990	37,675	47,990	37,675
<b>Total Result</b>	<b>139,692</b>	<b>1,10,243</b>	<b>189,057</b>	<b>2,912</b>	<b>364</b>	<b>(967)</b>	<b>(493)</b>	<b>417</b>	<b>-</b>	<b>-</b>	<b>(47,990)</b>	<b>(37,675)</b>	<b>280,630</b>	<b>74,930</b>
<b>Segment Assets and Liabilities</b>														
Assets	9,136,499	6,761,269	-	113,884	4,283	33,692	33,008	7,501	128	87	55,088	8,023	9,229,007	6,924,456
Liabilities	8,402,243	6,274,324	-	74,299	1,202	30,634	21,429	89	128	88	30,945	6,043	8,455,947	6,385,477
<b>Net Assets</b>	<b>734,256</b>	<b>486,945</b>	<b>-</b>	<b>39,585</b>	<b>3,082</b>	<b>3,058</b>	<b>11,580</b>	<b>7,412</b>	<b>-</b>	<b>(1)</b>	<b>24,143</b>	<b>1,980</b>	<b>773,060</b>	<b>538,979</b>
<b>Other Information</b>														
Capital Expenditure	8,592	7,158	-	1,222	65	295,355	-	-	-	-	-	-	8,657	303,735
Depreciation	2,330	2,430	712	324	1,304	231	-	-	-	-	-	-	4,346	2,984
Non-cash expenses - other than Depreciation	21,634	17,297	30,006	21,458	-	-	-	-	-	-	-	-	51,640	38,755

#### Note:

- a) The Loan segment providing loans to retail customers for construction or purchase of residential property, loans against property, loans to real estate developers etc.
- b) Life Insurance includes life insurance business carried through joint venture "DHFL Pramerica Life Insurance Co. Ltd., which is not consolidated w.e.f 31.3.2017 (Refer note 2.2)

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

- c) Asset Management segment include mutual fund, asset management company.
- d) Others include advisory services and profit from Associate.
- e) The group does not have any material operations outside India and hence disclosure of geographic segments is not given.

## 32 CONTINGENT LIABILITY :

Particulars	March 31, 2017	(₹ Lakh)	March 31, 2016
Guarantees provided by the Company	24,130		10,003
Claims against the Company not acknowledged as debts	919		706
Share in jointly controlled entities	-		434
Share in associates	14		914

33 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) is ₹ 8,380 Lakh (₹ 8,451 Lakh).

## 34 AUDITORS REMUNERATION :

Particulars	March 31, 2017	(₹ Lakh)	March 31, 2016
Audit Fees	137		127
Tax Audit Fees	12		10
Certification and Other Matters (*)	169		35
Audit Fees of Branch / Components Auditors	53		72
Reimbursement of Expenses	13		10
Service Tax	12		14
	<b>396</b>		<b>268</b>

\* Certification and other matters includes ₹ 72 Lakh (₹ Nil) paid towards public issue of Secured Non Convertible Debentures (NCD) and utilised out of Securities Premium account over a period of NCD,

## 35 DISCLOSURE AS PER NOTIFICATION DATED MARCH, 30, 2017 ISSUED BY MINISTRY OF CORPORATE AFFAIRS ARE AS FOLLOWS:

Particulars	SBN	Other denomination notes	Total
1. Closing Cash in Hand as at 08.11.2016	212	13	225
2. (+) Permitted Receipts	-	2,245	2,245
3. (-) Permitted Payments	-	4	4
4. (+) Other receipts *	101	-	101
5. (-) Cash Deposited in Banks	313	2,122	2,435
6. Closing Cash in Hand as at 30.12.2016	-	132	132

\* Other receipts represents deposits directly made into the Company's bank accounts by customers or their representatives, which has been disclosed to the extent information is available with the Company.

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

## 36 RELATED PARTY TRANSACTIONS

As per Accounting Standard (AS 18) on "Related Party Disclosures" details of transactions with related parties as defined therein are given below:

- A)** List of related parties with whom transaction have taken place during the year and relationship:

### 1) Companies

#### (i) Subsidiaries

- a. DHFL Investments Limited (w.e.f. February 13, 2017) (refer Note 2.2)

#### (ii) Associate Companies

- a. Avanse Financial Services Limited
- b. DHFL Venture Trustee Company Private Limited
- c. DHFL Vysya Housing Finance Limited
- d. Aadhar Housing Finance Limited

#### (iii) Enterprises over which KMP are able to exercise significant influence

- a. Arthveda Fund Management Private Limited
- b. Dish Hospitality Private Limited
- c. WGC Management Services Private Limited
- d. Wadhawan Sports Private Limited
- e. Essential Hospitality Private Limited

### 2) Key Management Personnel

- |                       |                              |
|-----------------------|------------------------------|
| a. Mr. Kapil Wadhawan | Chairman & Managing Director |
| b. Mr. Harshil Mehta  | Chief Executive Officer      |
| c. Mr. Santosh Sharma | Chief Finance Officer        |

### 3) Relatives of Key Management Personnel

- a. Mr. Dheeraj Wadhawan
- b. Mrs Aruna Wadhawan

## B) Nature of transactions

(₹ in Lakh)

Nature of Transactions	Subsidiary		Associate Companies/ Others#		Investing Party and its Group Company		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>1) Investments</b>								
Investment Made	10,005	-	-	-	-	-	-	-
Investment Redeemed / Sold	-	-	2	-	-	-	-	-
<b>2) Loans, Advances and Deposits Paid</b>								
Given	112		1,215		-	-	95	55
Recovered	2	-	-	-	-	-	22	15

# Notes

Forming part of consolidated financial statements for the year ended  
March 31, 2017

Nature of Transactions	Subsidiary		Associate Companies/ Others#		Investing Party and its Group Company		Key Management Personnel		(₹ in Lakh)
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	
<b>3) Loans, Advances and Deposits Received</b>			0.29	6					
Received	-	-			-		-	-	
Repaid	-	-	-	-	-		-	-	
<b>4) Shares Issued</b>	-	-	-	-	30,000	1,250	-	-	
<b>5) Share Application Money Received</b>	-	-	-	-	-	30,000	-	-	
<b>6) Income</b>									
Trustee Ship fee	-	-	-	-	50	38	-	-	
Insurance	-	-	-	15	-	-	-	-	
Dividend	-	-	10	115	-	-	-	-	
Interest	-	-	-	-	-	-	23	18	
Rent	-	-	390	352	-	-	-	-	
Other income	-	-	131	118	-	-	0.25	-	
<b>7) Expenditure</b>									
Remuneration	-	-	-	-	-	-	785	604	
Rent Expenses	-	-	904	47	-	-	-	-	
Brokerage and Marketing Fees	-	-	20	11	-	-	-	-	
Commission	-	-	40	18	-	-	-	-	
Sponsorship	-	-	100	135	-	-	-	-	
Canteen Expenses	-	-	108	86	-	-	-	-	
<b>8) Sale of Investments</b>	200,052	-	-	-	-	-	-	-	
<b>9) Loan Syndication</b>	-	-	-	185	-	-	-	-	
<b>10) Purchase of Loans (Securitisation)</b>	-	-	30,863	-	-	-	-	-	
<b>11) Closing Balances</b>									
Loans, Advances and Deposits given	110	-	2,167	22	-	808	315	242	
Loans, Advances and Deposits Received	-	-	88	110	1	1	-	-	
Investments	10,005	-	6,793	6,795	-	-	-	-	
<b>12) Guarantees</b>	Note (iv) & (v)	-	-	-	-	-	Note (iv)	-	

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

Details of Transactions	(₹ in Lakh)							
	Subsidiaries		Associate Companies/ Others#		Investing Party and its Group Company		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>INCOME RECEIVED FROM</b>								
<b>1) Dividend</b>								
DHFL Vysya Housing Finance Limited	-	-	10	115	-	-	-	-
<b>2) Interest</b>								
Mr. Harshil Mehta	-	-	-	-	-	-	2	0.44
Mr. Santosh Sharma	-	-	-	-	-	-	21	18
<b>3) Rent</b>								
Arthveda Fund Management Private Limited	-	-	71	71	-	-	-	-
Aadhar Housing Finance Limited	-	-	105	79	-	-	-	-
Avanse Financial Services Ltd	-	-	6	3	-	-	-	-
WGC Management Services Private Limited	-	-	208	198	-	-	-	-
DHFL Vysya Housing Finance Ltd.	-	-	-	1	-	-	-	-
<b>4) Other Income</b>								
Aadhar Housing Finance Limited	-	-	79	74	-	-	-	-
DHFL Vysya Housing Finance Limited	-	-	27	29	-	-	-	-
Avanse Financial Services Pvt Ltd	-	-	25	15	-	-	-	-
Mr. Santosh Sharma	-	-	-	-	-	-	0.25	-
<b>5) Trusteeship Fee</b>								
DHFL Pramerica Mutual Fund	-	-	-	-	50	38	-	-
<b>6) Insurance Premium</b>								
Aadhar Housing Finance Limited	-	-	-	9	-	-	-	-
DHFL Vysya Housing Finance Limited	-	-	-	3	-	-	-	-
Arthveda Fund Management Private Limited	-	-	-	0.11	-	-	-	-
Avanse Financial Services Ltd	-	-	-	3	-	-	-	-
<b>7) Sale of Investments</b>								
DHFL Investments Limited	200,052	-	-	-	-	-	-	-

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

(₹ in Lakh)

Details of Transactions	Subsidiaries		Associate Companies/ Others#		Investing Party and its Group Company		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>EXPENDITURE</b>								
<b>1) Rent, Rates &amp; Taxes</b>								
Wadhawan Holdings Private Limited	-	-	229	46	-	-	-	-
Aadhar Housing Finance Limited	-	-	-	1	-	-	-	-
Essential Hospitality Private Limited	-	-	675	-	-	-	-	-
<b>2) Remuneration</b>								
Mr.Kapil Wadhawan	-	-	-	-	-	-	325	239
Mr. Harshil Mehta	-	-	-	-	-	-	358	278
Mr. Santosh Sharma	-	-	-	-	-	-	102	87
<b>3) Brokerage and Marketing Fees</b>								
Anvase Financial Services Ltd	-	-	20	11	-	-	-	-
<b>4) Canteen Expenses</b>								
Dish Hospitality Private Limited	-	-	108	86	-	-	-	-
<b>5) Sponsorship</b>								
Wadhawan Sports Private Limited	-	-	100	135	-	-	-	-
<b>6) Commission</b>								
DHFL Vysya Housing Finance Limited	-	-	40	18	-	-	-	-
<b>ASSETS / LIABILITIES</b>								
<b>1) Investments made</b>								
DHFL Investments Limited	10,005	-	-	-	-	-	-	-
<b>2) Investments sold / redeemed</b>								
DHFL Venture Trustee Co. Pvt Ltd	-	-	2	-	-	-	-	-
<b>3) Loans, Advances and Deposit given</b>								
DHFL Investments Limited (For incorporation)	112	-	-	-	-	-	-	-
Essential Hospitality Private Limited (Security Deposit)	-	-	1,215	-	-	-	-	-
Mr. Harshil Mehta	-	-	-	-	-	-	41	25
Mr. Santosh Sharma	-	-	-	-	-	-	54	30

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

Details of Transactions	(₹ in Lakh)							
	Subsidiaries		Associate Companies/ Others#		Investing Party and its Group Company		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>4) Loans, Advances and Deposit Repaid</b>								
DHFL Investments Limited	2	-	-	-	-	-	-	-
Mr. Santosh Sharma	-	-	-	-	-	-	22	15
<b>5) Security Deposit Received</b>								
Aadhar Housing Finance Limited	-	-	-	6	-	-	-	-
Avanse Financial Services Ltd	-	-	0.29	-	-	-	-	-
<b>6) Issue of Equity Shares</b>								
PGLH of Delaware, INC	-	-	-	-	30,000	1,250	-	-
<b>7) Share Application Money Received</b>								
PGLH of Delaware, INC	-	-	-	-	-	30,000	-	-
<b>8) Purchase of Loans (Securitisation)</b>								
Aadhar Housing Finance Limited	-	-	30,863	-	-	-	-	-
<b>CLOSING BALANCES</b>								
<b>1) Advances Recoverable from</b>								
DHFL Investments Limited	110	-	-	-	-	-	-	-
Aadhar Housing Finance Limited	-	-	-	0.36	-	-	-	-
Arthveda Fund Management Private Limited	-	-	30	22	-	-	-	-
Essential Hospitality Private Limited	-	-	1,215	-	-	-	-	-
Aadhar Housing Finance Limited (Securitisation)	-	-	922	-	-	-	-	-
DHFL Pramerica Mutual Fund	-	-	-	-	-	808	-	-
Mr. Harshil Mehta	-	-	-	-	-	-	67	25
Mr. Santosh Sharma	-	-	-	-	-	-	248	216
<b>2) Amount Payable to</b>								
Aadhar Housing Finance Limited	-	-	17	37	-	-	-	-
DHFL Vysya Housing Finance Limited	-	-	-	14	-	-	-	-
Dish Hospitality Private Limited	-	-	10	8	-	-	-	-
Wadhawan Holding Private Limited	-	-	40	10	-	-	-	-
Avanse Financial Services Ltd	-	-	0	9	-	-	-	-

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

(₹ in Lakh)

Details of Transactions	Subsidiaries		Associate Companies/ Others#		Investing Party and its Group Company		Key Management Personnel	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Aadhar Housing Finance Limited (Securitisation)	-	-	21	32	-	-	-	-
PGLH of Delaware, INC	-	-	-	-	1	1	-	-
<b>3) Investments</b>								
DHFL Investments Limited	10,005	-	-	-	-	-	-	-
Aadhar Housing Finance Limited	-	-	1,490	1,490	-	-	-	-
DHFL Vysya Housing Finance Limited	-	-	315	315	-	-	-	-
DHFL Venture Trustee Co. Pvt. Ltd.	-	-	-	2	-	-	-	-
Avanse Financial Services Ltd	-	-	4,988	4,988	-	-	-	-
<b>4) LOAN SYNDICATION</b>								
Aadhar Housing Finance Limited	-	-	-	185	-	-	-	-

## Notes

- i) The remuneration to KMP is inclusive of salary & perquisites
- ii) The figures of income and expenses are net of service tax.
- iii) The transactions with the related parties are disclosed only till the relationship exists.
- iv) Term loans from banks and loans from NHB are further guaranteed by personal guarantees of Mr Kapil Wadhawan and Mr Dheeraj Wadhawan
- v) Loans from NHB are further guaranteed by personal guarantee of Mrs Aruna Wadhawan and Corporate Guarantee of Wadhawan Global Capital Private Limited
- vi) # Others Includes enterprise over which KMP are able to exercise significant influence.

## 37 EMPLOYEE BENEFIT PLANS

The Company makes contributions towards provident fund for qualifying employees to Regional Provident Fund Commissioner. Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

Particulars	(₹ Lakh)	
	2016 - 17	2015 - 16
Employer's Contribution to Provident Fund & Pension Fund	1,857	1,287

As required under Accounting Standard 15 [AS-15 Revised, 2005] the Company has made full provision for future gratuity liability & leave encashment liability payable at the time of retirement as on 31st March, 2015. On the basis of Gratuity and GLES report under Accounting Standard 15 [AS-15 Revised, 2005] provided by Independent Actuary, the Company has made necessary full contribution to life insurance companies including LIC of India of its own liabilities.

The details of post retirement benefits for the employees (including Key Management Personnel) as mentioned hereunder are based on the above report as provided by Independent Actuary as mentioned above and relied upon by the auditors :

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

	(₹ Lakh)			
	Gratuity (Funded)		Long Term Service Awards (Funded)	
	2016-17	2015-16	2016-17	2015-16
<b>A. Change in the Defined Benefit Obligations:</b>				
Liability at the beginning of the year	1,038	863	16	-
Current Service Cost	220	182	3	2
Past Service Cost	0	0	-	14
Interest Cost	82	68	1	-
Benefits Paid	(314)	(154)	-	-
Actuarial Loss/ (Gain)	239	78	(4)	-
<b>Liability at the end of the year</b>	<b>1,265</b>	<b>1,038</b>	<b>16</b>	<b>16</b>
<b>B. Fair Value of Plan Assets :</b>				
Fair Value of Plan Assets at the beginning of the year	1,462	1,128	-	-
Expected Return on Plan Assets	117	92	-	-
Contributions	145	350	1	-
Benefits Paid	(216)	(116)	(1)	-
Actuarial (Loss)/Gain	(24)	9	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>1,485</b>	<b>1,462</b>	<b>-</b>	<b>-</b>
<b>C. Actual Return on Plan Assets: :</b>	93	101	-	-
<b>D. Amount Recognised in the Balance Sheet:</b>				
Liability at the end of the year	1,265	1,038	16	16
Fair Value of Plan Assets at the end of the year	1,485	1,462	-	-
<b>Net Asset / (Liability) recognized in the Balance Sheet</b>	<b>220</b>	<b>425</b>	<b>(16)</b>	<b>(16)</b>
<b>E. Expense Recognised in the Profit and Loss Account:</b>				
Current Service Cost	220	182	3	2
Interest Cost	82	68	1	-
Expected Return on Plan Assets	(117)	(92)	-	-
Net Actuarial Loss/(Gain)	263	69	(4)	-
<b>Expense recognised in the Profit &amp; Loss Account under Employees Remuneration &amp; Benefits</b>	<b>448</b>	<b>228</b>	<b>0</b>	<b>2</b>
<b>F. Reconciliation of the Liability at the end of the year</b>				
Opening Net Liability	(425)	(265)	16	-
Expense Recognised	448	228	-	2
Benefits Paid	243	388	-	-
<b>Liability at the end of the year</b>	<b>(220)</b>	<b>(425)</b>	<b>16</b>	<b>2</b>
<b>G. Actuarial Assumptions</b>				
Mortality Table (LIC)	2006-08	2006-08		
Discount Rate (P. A.)	7.57%	8.01%		
Rate of Escalation in Salary (P.A.)	5.00%	5.00%		

# Notes

## Forming part of consolidated financial statements for the year ended March 31, 2017

The estimates of rate of escalation in salary considered in the above report, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:	220	424	361	56	(65)
Liability at the end of the year	1,308	1,038	863	984	683
Fair Value of Plan Assets at the end of the year	1,526	1,463	1,128	928	749
<b>Amount recognised in the Balance Sheet under:</b>					
Long-term Provision for Employee Benefit	(5)	(3)	48	58	38
Short-term Provision for Employee Benefits	222	427	313	(2)	(103)
<b>Experience Adjustment :</b>	181	81	(348)	483	10
On Plan Liabilities	(23)	10	70	263	-
On Plan Assets	26	-	-	38	41
Estimated Contribution for next year	-	-	38	41	-

### 38. ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO THE SCHEDULE III TO THE COMPANIES ACT, 2013

(As on / for the year ended March 31, 2017)

Sr. No	Name of Entity	Net assets i.e. Total Assets minus total Liabilities		Share of Profit / (Loss)	
		As % of Consolidated Net Assets	Amount (In Lakh)	As % of consolidated Profit or loss	Amount (In Lakh)
<b>Parent</b>					
1	Dewan Housing Finance Corporation Ltd		799,579		289,645
	less(-) Elimination		(48,041)		(11,398)
	Net of Eliminations	97.22%	751,538	99.15%	278,247
<b>Subsidiaries - Indian</b>					
1	DHFL Advisory & Investment Pvt. Ltd.	0.69%	5,352	(0.73%)	(2,061)
2	DHFL Investments Ltd *	0.00%	-	0.00%	-
<b>Associates (Investment as per the equity Method) - Indian</b>					
1	Avanse Financial Services Ltd.	0.67%	5,158	0.07%	206
2	DHFL Vysya Housing Finance Ltd	0.21%	1,605	0.08%	220
3	DHFL Venture Trustee Company Private Ltd *	0.00%	-	0.00%	0
4	Aadhar Housing Finance Ltd	0.38%	2,911	0.20%	569
<b>Joint Venture (Investment as per Proportionate Consolidation Method) - Indian</b>					
1	DHFL Pramerica Life Insurance Co. Ltd. *	0.00%	-	1.09%	3,068
2	DHFL Pramerica Asset Management Co. Ltd.	0.84%	6,492	0.14%	382
3	DHFL Pramerica Trustees Ltd	0.00%	4	0.00%	(1)
	<b>Total</b>	<b>100.00%</b>	<b>773,060</b>	<b>100.00%</b>	<b>280,630</b>

\* These companies are not consolidated for the reason stated in note no. 2.2

# Notes

Forming part of consolidated financial statements for the year ended March 31, 2017

- 39 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Figures in brackets represent previous year's figures.

As per our report of even date

For and on behalf of the Board

**For Chaturvedi & Shah**

Chartered Accountants

ICAI FRN : 101720W

**Kapil Wadhawan**

Chairman & Managing Director

(DIN - 00028528)

**Dheeraj Wadhawan**

(DIN - 00096026)

**G. P. Kohli**

(DIN - 00230388)

**Jignesh Mehta**

Partner

ICAI MN: 102749

**Santosh R. Sharma**

Chief Financial Officer

(FCA - 112258)

**V. K. Chopra**

(DIN - 02103940)

**M. Venugopalan**

(DIN - 00255575)

**Niti Arya**

Company Secretary

(FCS - 5586)

**Vijaya Sampath**

(DIN - 00641110)

**Directors**

Place: Mumbai

Date: May 3, 2017

**Directors**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Kapil Wadhawan

Chairman & Managing Director

### Mr. Dheeraj Wadhawan

Non-Executive Director

### Mr. G. P. Kohli

Independent Director

### Mr. V. K. Chopra

Independent Director

### Mr. Mannil Venugopalan

Independent Director

### Ms. Vijaya Sampath

Independent Director

### Dr. Rajiv Kumar

Independent Director

## KEY MANAGERIAL PERSONNEL

### Mr. Harshil Mehta

Chief Executive Officer

### Mr. Santosh R. Sharma

Chief Financial Officer

### Mrs. Niti Arya

Company Secretary

## BANKERS

Allahabad Bank

Andhra Bank

Axis Bank Limited.

Bank of Baroda

Bank of India

Bank of Maharashtra

Canara Bank

Central Bank of India

Corporation Bank

DCB Bank Limited

Dena Bank

Federal Bank Limited

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Bank

Indian Overseas Bank

Karnataka Bank Limited

Karur Vysya Bank Limited

Kotak Mahindra Bank Limited

Oriental Bank of Commerce

Punjab & Sind Bank

Punjab National Bank

South Indian Bank Limited

State Bank of Bikaner & Jaipur

State Bank of Hyderabad

State Bank of India

State Bank of Mysore

State Bank of Patiala

State Bank of Tarvancore

Standard Chartered Bank

Syndicate Bank

UCO Bank

Union Bank of India

United Bank of India

Vijaya Bank

Yes Bank Limited

## FINANCIAL INSTITUTIONS / MULTILATERAL AGENCIES / OTHER LENDERS

National Housing Bank (NHB)

Asian Development Bank (ADB)

Deutsche Investitions-und Entwicklungsgesellschaft (DEG)

International Finance Corporation (IFC)

Bank of Baroda, Bahrain Branch

CTBC Bank Co. Ltd., Singapore Branch

The Korea Development Bank, Seoul, Singapore Branch

KDB Ireland Limited

State Bank of India, International Branches – Johannesburg, Singapore, Mauritius, Antwerp

Taiwan Cooperative Bank, Offshore Banking Branch

Mega International Commercial Bank Co. Ltd, Labuan Branch

Chang Hwa Commercial Bank Ltd, Singapore Branch

## STATUTORY AUDITOR

Chaturvedi & Shah

Chartered Accountants

714-715, Tulsiani Chambers,

212, Nariman Point,

Mumbai – 400 021

## REGISTERED OFFICE

2nd Floor, Warden House,

Sir P.M. Road, Fort,

Mumbai - 400 001

Tel. No.: +91 22-61066800

Fax No.: +91 22-22871985

## CORPORATE OFFICE

10th Floor, TCG Financial Centre, Bandra Kurla Complex, BKC Road, Bandra (East), Mumbai - 400 098

Tel. No.: +91 22-66006999

Fax No.: +91 22-66006998

## REGISTRAR & TRANSFER AGENTS

For equity shares and debentures issued on private placement basis

### Link Intime India Private Ltd.

C 101, 247 Park, L. B. S Marg, Vikhroli (West), Mumbai – 400083

Tel. No.: +91 22-49186000

Fax No.: +91 22-49186060

e-mail: rnt.helpdesk @linkintime.co.in  
website :www.linkintime.co.in

For Debentures issued by way of public issue

### Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot no. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032.

Tel No. : + 91 40-67162222

Fax No. : +91 40-23420814

e-mail : einward.ris@karvy.com  
website: www.karvy.com

## DEBENTURE TRUSTEES

### Catalyst Trusteeship Limited

(formerly known as GDA Trusteeship Ltd)

GDA House, 94/95, Plot No. 85, Bhusari Colony (Right),

Paud Road, Pune - 411 038

Tel. No.: +91 20-25280081

Fax No.: +91 20-25280275

e-mail: dt@ctltrustee.com

website: www.catalysttrustee.com

### IDBI Trusteeship Services Limited

Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001

Tel. No.: +91 22-40807000

Fax No.: +91 22-66311776

email: itsl@idbitrustee.com



Changing Rules Changing Lives

**Dewan Housing Finance Corporation Limited**

CIN - L65910MH1984PLC032639

Registered Office :

Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai - 400 001,  
Tel.: +91 22-6106 6800, Fax: +91 22-2287 1985

Corporate Office :

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