DHFL
Changing Rules Changing Lives

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DHFL/CSD/2018-19/1143

Date: 29th June, 2018

The Manager, Listing Department Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400 001.	The Manager, Listing Department National Stock Exchange of India Limited, 'Exchange Plaza', C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400 051.
Stock Code : 511072	**Stock Code : DHFL**

Dear Sir/Madam,

Sub: Intimation under Regulations 30 and 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ["SEBI Listing Regulations"]

Pursuant to Regulation 30 of the SEBI Listing Regulations, we wish to inform you that the Members of the Company at the 34th Annual General Meeting (AGM) held on Wednesday, June 27, 2018 at 11:00 a.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 have with the requisite majority through remote e-voting and voting process done at the venue of AGM, inter-alia, approved the below mentioned resolutions:

(a) Issuance of NCDs on Private Placement basis pursuant to Sections 42 and 71 of the Companies Act, 2013 ("the Act") as per the details below:

- Non-Convertible Secured/Unsecured Redeemable Debentures, upto an amount of Rs. 20,000 crore (Rupees Twenty Thousand crore only);
- Non-Convertible Subordinated Unsecured Debentures upto an amount of Rs. 1,500 crore (Rupees One Thousand Five Hundred crore only);
- Non-Convertible Perpetual Unsecured Debentures upto an amount of Rs. 1,500 crore (Rupees One Thousand Five Hundred crore only);

(b) Pursuant to the provisions of Section(s) 139, 142, 143(8) and other applicable provisions of the Act, appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W100018) as Joint Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the Thirty Fourth (34th) Annual General Meeting till the conclusion of the Thirty Ninth (39th) Annual General Meeting of the Company, along with existing statutory auditors, M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration Number 101720W) (who were appointed by the Members of the Company to hold office from the conclusion of the 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting) till their term expires.

Further, in terms of Regulation 34 of SEBI Listing Regulations, please find attached herewith a copy of the Annual Report of the Company for the financial year 2017-18, as approved and adopted by the Members of the Company at 34th AGM.

Kindly take the same on your record.

Thanking you,

Yours sincerely,
for **Dewan Housing Finance Corporation Ltd.**

Niti Arya
Company Secretary
FCS - 5586

Dewan Housing Finance Corporation Ltd. Mumbai

Dewan Housing Finance Corporation Ltd.
Corporate Identity Number (CIN) - L65910MH1984PLC032639
Regd. Office: Warden House, 2nd Floor, Sir P.M. Road, Fort, Mumbai-400 001
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DHFL Annual Report 2017-18

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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 results 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.

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

Giving India a Secured Future

'I Own A Home' - these words immediately trigger a feeling of contentment and happiness, conjuring up a vision that brings a smile to the face and a sparkle to the eyes.

The aspiration of 'Owning a Home' is a cherished dream for most Indians.

Over the past 34 years, we, at DHFL, have been at the forefront of enabling homeownership dreams of the Lower and Middle Income (LMI) segments in Tier II and III towns across the country. We are securing our customer's future by actively addressing their financial needs through our diversified product offerings, while creating financial awareness. With an ever expanding focus on financial inclusion and building a stronger ecosystem for tomorrow, we are reinforcing our commitment towards transforming the lives of the common man.

Led by an in-depth understanding of our customers' affordable housing finance needs combined with our time-tested expertise in this space, we are proud of our mission of 'Giving India a Home', which resonates with the Government's national mission of 'Housing for All by 2022'.

The society at large becomes more harmonious and development more holistic, as the population of homeowners go up in the Country. Our mission of 'Giving India a Home' strives to offer a helping hand in this larger objective of socio-economic transformation. As we continue to create value for our customers, shareholders, employees, partners and stakeholders, we are supporting the Nation towards the next phase of inclusive progress.

An Aerial View of Trichy, Tamil Nadu

Our Journey of ‘Giving India a Home’ is steered by Our Founder’s Vision

“I want every Indian to own a home of his own”

The Portrait of DHFL's Founder Chairman has been created using hundreds of customer signatures, thus depicting their respect for his passion towards fulfilling their homeownership dreams.

Late Shri Rajesh Kumar Wadhawan
Founder Chairman

DHFL – Giving India a Reason to Smile

At the core of our mission to drive homeownership for millions of aspirational Indians is the vision of our Founder Chairman Late Shri Rajesh Kumar Wadhawan, who believed in spreading a million smiles by 'Giving India a Home' - a realisation of our Nation's ultimate dream for its people.

Over the years, we have evolved as one of India's leading financial services institutions, scaling many milestones in our journey towards transforming the financial services landscape of the country. Today, we stand strong as an institution that is committed to the cause of 'Giving India a Home' and providing financial security to the society it serves.

Bringing Momentum to Inclusive Growth

We leverage our strong consumer insights that help us understand consumer aspirations to gain social and economic security. Through this approach, we continuously redesign our products and solutions to meet their specific needs in Housing and Non-Housing Loan segments. This has enabled inclusiveness to gain speed and strength on the back of our growth strategy.

₹ 1,11,086 crore
AUM as on March 31, 2018

15.29 percent
Capital Adequacy Ratio

₹ 8,795.64 crore
Net Worth

Founded in 1984, DHFL is rated "AAA" by domestic rating agencies i.e. CARE and Brickworks, underlining the strength of its processes and systems which signify the highest degree of safety regarding timely servicing of all financial obligations.

A Portfolio Designed to Enable Dreams

Led by the strategic guidance of Mr. Kapil Wadhawan, Chairman and Managing Director, DHFL has expanded the group's foray beyond home loan offerings to include Life Insurance, Asset Management, General Insurance, Wealth Management, distributions and other strategic investments. As a result, DHFL has emerged as one of India's leading financial institutions addressing financial requirements of customers across the social spectrum, thus fulfilling the dreams of millions of Indians.

Pan India Network

DHFL has one of India's largest and extensive distribution network across 347 locations with a focus on Tier II and III markets, coupled with a localised outreach strategy, to cater to customers virtually at their doorsteps.

Helping Customers build Assets through Loans

We have in place a strong portfolio of Housing and Non-Housing loans that are crafted to help them build and own a variety of assets.

Housing	Loans for Purchase of New Property
	Self-Construction Loans
	Extension & Improvement Loans
	Project Loans
Non-Housing	Commercial Property & Land Loans
	Mortgage Loans
	SME Loans

Recognised as 'The Best Performing Primary Lending Institution under CLSS for Middle Income Group (MIG) I & II' by 'My Liveable City' and knowledge partner 'National Housing Bank' for highest number of credit subsidies under Pradhan Mantri Awas Yojana (PMAY)

Boosting an ethos of Savings through Deposits

In line with our focus on securing the future, we offer a bouquet of Fixed Deposit offerings to our customers.

- DHFL Fixed Deposits
- DHFL Recurring Deposits

Competitive Advantage

Our growth over the past 34 years has been facilitated by our robust competitive strengths that set us apart, enabling us to build and sustain a leadership position in India's high potential affordable housing finance industry.

Competitive Advantage

Industry Knowledge and Customer Insights	Pan India Distribution	Rich Talent Pool	Robust Business Processes
Unmatched Customer Knowledge	Extensive, Deep Distribution Network	Committed, Strong Leadership Team	Strong Corporate Governance Focus
Focussed Tier II and III Market Approach	Localised Trained Staff	Empowered and Engaged Talent	Efficient Recovery Processes
Innovative Products, Customer Service	Deep Penetration Supports Financial Inclusion	Diverse Industry Experience	Technology-led Transformation

Chairman and Managing Director's Foreword

Committed Towards Building A More Equitable World

Dear Members,

A Year of Fulfillment

FY 2017-18 was a defining year for DHFL both in terms of financial performance and strategic growth. To all our stakeholders, crossing the ₹ 1 lakh crore mark in Assets Under Management (AUM) is a matter of immense pride and a great milestone to recognise and celebrate. Looking back at the journey that began 34 years ago, a humble beginning mounted on a profound vision of the Founder to enable homeownership for every needy Indian, translated into a fulfilling achievement. Needless to say, very few Institutions share such an accomplishment of building scale on small value loans. This accomplishment has lent us a new strength that has set us on the path of a larger vision of making the DHFL Brand a household name.

We are committed to further strengthening our capabilities that allow us to serve various financial needs of our customers – offering not only home loans but also protection and security for a better future.

Building on our Founder Late Shri Rajesh Kumar Wadhawan's Vision, we stay committed to enabling inclusive growth as a thrust of our business objectives and thus contribute to a more equitable world.

The Indian Economy

Indian businesses have successfully coped with numerous policy-led realignments and the financial services sector has been witnessing regulatory-led credit quality changes which will enable a secured future for the market.

Compared to the global scenario, the India story remains buoyant and holds significant potential. Firm government reforms, businesses adjusting to transformational policy changes like demonetisation, GST, RERA, etc. and increased spending on welfare and infrastructure needs gels well with the revival of India's growth theme. In FY 2017-18, India grew by 6.7 percent and the IMF growth forecast is 7.4 percent for FY 2018-19 and 7.8 percent in FY 2019-20. It is noteworthy that China's growth in FY 2018-19 will be 6.8 percent making India regain the crown of the fastest growing country among emerging economies.

The World Economy Gathering Speed

According to the International Monetary Fund (IMF), the world economy is gathering speed. To make this gain sustainable, shared priorities across economies, which include structural reforms and working towards inclusive growth models, need to be implemented. The IMF report mentions that 2017 saw the best global growth in seven years, having grown by 3.7 percent. While the growth is broad-based, notable upward surprises in Europe and Asia contributed to the record numbers.

Events around the world in the past year demonstrate a growing willingness of the political leadership to solve geopolitical and trade-related conflicts through debate and dialogue. This approach of world leaders across politics, businesses and regulatory affairs, to find solutions to systemic macro-economic imbalances by sitting across the table bodes well for a more equal world. That said, there are sporadic threats to the world economic order due to country-led populist measures, ambitions of regional dominance and imbalanced growth within and across economies.

In the financial sector, global growth is showing signs of picking up with enhanced consumer sentiment. The year also saw global financial institutions spending increased time either on

₹ 1 lakh crore

mark crossed in AUM

Building on our Founder Late Shri Rajesh Kumar Wadhawan's Vision, we stay committed to enabling inclusive growth as a thrust of our business objectives and contribute to a more equitable world.

With DHFL being one of the largest HFCs in the country focussed on affordable housing finance, it is a matter of pride and satisfaction that we are contributing to building India's infrastructure dream.

meeting risk and governance-led regulatory demands, or consolidating or shedding divisions for operational efficiency. Simultaneously, new-age fintech start-ups are disrupting traditional forms of financial services delivery. The Indian growth story, especially in the housing finance sector, remains robust.

Affordable Homes Create an Equitable World

Uneven economic growth results in increased human conflicts, creating an undercurrent of larger social unrest. As urban growth is an integral part of the anticipated global progression, six out of 10 people will reside in urban areas by 2030. By that time, the World Bank estimates, our world will need 300 million new housing units.

Governments, policymakers and businesses like ours should not look at this merely as an economic opportunity but also as a social value-addition that will create a more equitable society. Indeed, lop-sided development lets the gap between the wealthy and the poor increase, which will only foster societal conflicts and impede growth momentums.

Research has shown that (affordable) homeownership yields four distinct measurable social benefits, viz., better health for homeowners and their children, reduced crime rates, investment in education due to disciplined savings and increased community-based civic engagement. This is reason enough for us to ensure that homeownership becomes a priority for the civil society. This is also the core thought behind the theme for this fiscal's Annual Report – 'Giving India A Home', driving the need to create a better India by expanding financial inclusion.

Globally, 93 percent of home-seeking adults do not have access to formal housing finance options. For DHFL, this has been at the core of our foundation and business strategy, as facilitating homeownership to marginalised sections through affordable finance helps create a society that is more equal, fair and civil.

Housing for All by 2022

India accounts for 20 percent of the global house construction target. We are set to witness the largest urban transformation of the 21st century under the guidance of our honourable Prime Minister Shri Narendra Modi's Pradhan Mantri Awas Yojana (PMAY). The scheme aims to build about 60 million housing units to provide homes to all Indians by 2022.

Urbanisation opens up job opportunities and helps reduce inequality. Urbanisation cannot be overlooked in the quest for development, although it is imperative that we strike the right balance between agrarian reforms, rural enterprises and urban growth to achieve a sustainable transition to urban-led growth. By 2030, 40.76 percent of India's population is likely to live in cities and by 2050 the country will lead the global urbanisation surge along with China, Indonesia, Nigeria and the United States. Since half a billion of these new consumers will need to have a roof over their heads, it has become critical to re-engineer socioeconomic fabric with special emphasis on safeguarding relegated communities and promoting semi-urban regions.

Globally, 93 percent of would-be homeowners do not have access to formal housing finance options. In India, the situation has improved significantly since the introduction of PMAY in 2015. At DHFL, we have always aimed at implementing transparent, effective and humane credit appraisal measures which ensure that the marginalised sections with no presence in the formal banking system, have access to finance for owning a home.

Measures like the dedicated Affordable Housing Fund (AHF) in National Housing Bank that will be funded from the priority sector lending shortfall and fully-serviced bonds authorised by the Centre, are encouraging. Further, in March 2018, the Union Cabinet approved the creation of the National Urban Housing Fund (NUHF) of ₹ 60,000 crore to fast-track the implementation of PMAY (Urban).

These initiatives point towards the Government's earnestness to ensure the success of the 'Housing for All by 2022' mission. Your Company's market leadership will ensure that we stand to gain from the wide spectrum of opportunities supported by the Government's proactive policies that will optimise our cost of funds.

HFCs - Financing India's Housing Infrastructure

Recent events in the Indian banking and financial sector have seen a strong push by the Government, judiciary and regulators to clean up the system. Armed with the IBC Act (2016), banks and lenders in our country are going through a testing time. After banks faced setbacks for lending to the realty and allied businesses, finance for these sectors have dried up. While return of banks as the key player in the credit delivery system is essential, non-banking finance companies (NBFCs) and Housing Finance Companies (HFCs) have taken the lead to ensure that finance is available both on the supply and demand side for infrastructure projects like affordable housing. I firmly believe that the recent measures will result in a robust and healthy credit culture.

Though this short-term pain was inevitable, these events have proved that NBFCs are vital for the Indian formal lending setup. The combination of the inherited structural strength of Indian NBFCs, along with the entrepreneurial approach to business, has evolved them into trusted yet accountable lending entities. It is estimated that the contribution of NBFCs in the total retail lending will increase to 17.1 percent in FY 2018-19, as compared to 13.1 percent in FY 2014-15 and 9.4 percent in FY 2005-06.

With DHFL being a prominent HFC in the country focussed on affordable housing finance, it is a matter of pride and satisfaction that we are contributing to building India's infrastructure dream. Our Founder, Late Shri Rajesh Kumar Wadhawan instituted DHFL on the premise that homeownership gave people deep roots, strong wings and the freedom to pursue their dreams. His vision today has assumed a priority focus of national scale and has evolved into a paradigm for social and economic development. Through our business conduct, DHFL is helping to build more depth into the financial system by creating more mortgage service businesses and generating more liquidity in the capital market, thus in a way promoting a more secured social environment.

Building a Leadership Brand with Trust, Transparency and Technology

In today's world of real-time reportage, social media amplification and low consumer trust in brands for the safekeeping of their confidential data, we want to conduct ourselves in a manner that builds stakeholders' trust. Let me assure you that we are building an organisation of committed leaders across the hierarchy. Integrity, ethics and empathy are embedded in every member of our professional team, which is passionate yet purposeful in its conduct.

We want our organisational platform to become an enabler that nurtures and grows future leaders from within the ranks.

Our Founder, Late Shri Rajesh Kumar Wadhawan instituted DHFL on the premise that homeownership gave people deep roots, strong wings and the freedom to pursue their dreams. His vision today has assumed a priority focus of national scale and has evolved into a paradigm for social and economic development.

We are embarking on a larger mission of making DHFL a partner in every household need - Financial and beyond.

We want to attract the best talent to our Company where entrepreneurial freedom and a professional work environment are provided in equal measure.

Today, customer-centricity has a new meaning. Recent examples of data breach of user information have created global political crisis, making businesses vulnerable to unintentional misuse. We want to leverage technology as a key enabler to serve customers in a more efficient, quick and non-intrusive manner. We want to use the insights garnered from behavioural economics and big data to build long-term customer relationships.

Similarly, we want to use technology to build a backend system that ensures a high level of credit evaluation and monitoring, risk practices and safety of our consumers' data. The establishment of Central Processing Units at Mumbai and Hyderabad were key events in this direction. In my previous letter, I had spoken about a 'phygital' approach - the best of Physical and Technology mix in reaching and serving customers. We have made considerable progress in this direction and are now equipped to serve them through an omni-channel strategy of online and branch networks.

The biggest opportunity and risk to our business today is technology-led disruption. With the millennials joining the workforce, we must build an organisation that is agile. According to a report by Boston Consulting Group, more than half of all new Internet users will be in rural communities and they will constitute about half of all Indian Internet users by 2020. Where traditional organisations will have to retreat, we will need to move forward with digital financial inclusion to cater to digitally native consumers who have leapfrogged to the forefront of digital finance.

We are continuously looking at fintech innovations that will help us serve customers with speed, surety, safety and security. We want to become an organisation where the customer is at the centre of our growth trajectory, surrounded by prudent business practices, humane ethos and sustainable action towards the environment and society. And with over 9,500-plus employees, we aim to be a preferred employer brand.

DHFL's investment in Fintech brand 'Early Salary' – a technology platform for lending to salaried class to draw down against future salary is a significant step in building synergy with the new world of technology-based lending.

Sustainable and Prudent Performance

Currently, we have more than 5,90,000 (this figure excludes FD customers) customers and more than ₹ 1 trillion AUM. This achievement reinforces our position among the top two housing finance companies in India. We will continue to focus on bringing down our cost of funds in the coming years.

During the year, your Company retained CARE's highest AAA (Triple-A) credit rating. We delivered a robust performance yet again, registering 18.15 percent revenue growth of ₹ 10,464.45 crore for the year ending March 31, 2018. Profit before tax and exceptional items stood at ₹ 1,756.62 crore, an increase of 25.26 percent on a Y-o-Y basis. Our loan portfolio witnessed growth at 27.51 percent to ₹ 91,932.32 crore as on March 31, 2018.

In our endeavour towards furthering our Founder's vision and facilitating the Government's national mission, we were acknowledged by 'My Liveable City' and knowledge partner 'National Housing Bank' as the 'Best Performing Primary Lending Institution' under Credit-Linked Subsidy Scheme (CLSS) for Middle Income Groups (MIG) for highest number of credit subsidies under PMAY. This accomplishment is truly a tribute to our Founder's noble vision.

Over the past three decades, we have nurtured the DHFL brand with diligence. Today, DHFL enjoys significant trust and recognition among our customers and peers. Our Insurance (Life and General), Mutual Fund and Education Finance are rapidly scaling up, and we are open to synergistic business evaluations in the micro-finance and other similar sectors.

As conveyed in my opening remarks, we are embarking on a larger mission of making DHFL a partner in every household need, financial and beyond, in line with our mission to 'Giving India a Home', with many reasons to smile and celebrate.

WGC – Taking our Learnings to the World, Learning from the World

WGC (Wadhawan Global Capital Ltd.), our Promoter Group entity, continues to build on the Group's synergies and looks at the global arena for new, disruptive business opportunities in the fintech sector. The aim of the parent platform is two-fold – first, being able to consolidate learnings, customer insights, process efficiencies and people leadership across various group companies. It will also act as a knowledge-led strategy think-tank to share best practices and build group competencies.

Today, the Group's leading businesses and new-age investments ensure a

contemporary growth strategy and approach. With a group AUM of USD 22 billion, we have recently forayed into the wealth management space.

Empowering Communities through Compassionate Conduct

DHFL's business model has empathy ingrained in its conduct, to empower the marginalised to become part of the mainstream through respect and achievement of homeownership. Our CSR efforts continue to be aligned with the same principle of making a real on-ground impact. To widen the canvas further, enlist partnerships and build sustainable models through research and innovation, we constituted a Section 8 Company – DHFL Changing Lives Foundation – with a key focus on ECCE (Early Childhood Care and Education). Alongside, we will continue our CSR work in the areas of skill development, financial literacy, rural development and sports.

While education is a key CSR focus area for Indian corporates, not many programmes are dedicated to the implementation of the National ECCE policy despite the segment being recognised as a high-priority area by the Government. Through DHFL Changing Lives Foundation, we aim to bridge this gap with a focus on the core areas of education, nutrition, child-friendly anganwadi infrastructure and stakeholder empowerment. We have partnered with various governmental agencies and private entities in pursuit of these objectives.

During the last fiscal, our skill development centres across 23 Tier II and III locations provided training to 6,000+ youth in 12+ job roles. As part of our village transformation mission, we have introduced a tobacco control programme to make these villages tobacco free. Our financial literacy programmes have reached out to 40,000+ households to aid transition from informal to formal housing, create livelihood linkages and linkages with Government welfare schemes. Additionally, the programme promotes the Government's PMAY scheme.

Building an Equitable Society

With gap between the segments amongst the population widening, any development that bridges this gap is considered a step towards a sustainable future. As an organisation, we will continue to conduct ourselves with prudence, while we strive towards benefiting our customers, maximising stakeholder wealth and thus, building a world that is equal, fair and democratic for every citizen. It is indeed a proud moment for all of us to be associated with an organisation that helps bridge this gap and contributes towards building a more equitable world.

In our mission which we call 'Giving India a Home', our endeavour is to widen the compass of our homeownership initiatives to drive financial inclusion in a manner that is designed to carve a more equitable society.

I would like to thank all our stakeholders including employees, customers, regulators, financial institutions, vendors, etc. for making this journey memorable and worthwhile. I am confident that with your continued support and cooperation, we shall succeed in leading our mission to a successful conclusion, committed in line with the Government's mission of 'Housing for All by 2022'.

Thanking you,

With Best Wishes,

Kapil Wadhawan
Chairman & Managing Director
DHFL

DHFL's business model has empathy ingrained in its conduct to empower the marginalised to become part of the mainstream through respect and achievement of homeownership.

Joint Managing Director and CEO's Message

Dear Members,

FY 2017-18 has been a very significant year for DHFL, as we translated several strategic ideas into determined action that culminated into a strong organisational performance towards transforming India's affordable housing landscape. The milestone achievement of our Assets Under Management (AUM) crossing the ₹ 1 lakh crore mark gives us immense pride and bolsters our spirits to further expand our mission of enabling homeownership dreams of Indians. Our business strength has emerged from our passion and commitment towards delivering a seamless and efficient customer experience ably supported by a dedicated talent pool, enhanced technological interventions and innovative financial products. Practicing transparency and promoting financial awareness helps us gain market acceptance and customer loyalty. We will continue to leverage our unique strengths and expertise built over several years, to capitalise on the growth opportunities in the industry by responding with agility and speed. I am confident that we shall accomplish many more milestones as we further strengthen our affordable housing value proposition, bringing more smiles to the faces of common citizens across India.

Giving India a Home

It is gratifying that DHFL's stated vision for over three decades of enabling homeownership to every Indian, has now assumed a national priority under the Government's 'Housing for All by 2022' mission. The new buoyancy in the affordable housing landscape in the recent past has been driven by Government reforms in the housing sector including introduction of RERA, conferring infrastructure status to affordable housing, dedicated fund to channelise priority sector loans and such other enabling steps. These have been complemented at the macro level through implementation of reforms and measures like GST, speeding up of roads and infrastructure projects, employment-oriented measures like 'Make in India' and momentum to 'Digital India'. These efforts are well aligned to the revival of India's growth theme and has become national priority. Our organisation has thus, been aligned to the paradigm shift in India's socio-economic landscape. 'Giving India A Home', underscores our core guiding philosophy, as we relentlessly pursue the objective of enabling the common man to realise his dream of homeownership.

Powering Growth, Scaling New Heights

Stability and growth in the housing ecosystem with a thrust to the affordable housing segment augurs well for DHFL. During FY 2017-18, our total loan disbursements were ₹ 44,800 crore. Our focussed efforts translated into a net profit growth of 26 percent to ₹ 1,172.1 crore (before exceptional item of last year). Our total income rose by 18 percent to ₹ 10,464.5 crore. Our AUM grew by 33 percent Y-o-Y, reaching ₹ 1,11,086 crore. Our gross NPAs as a percentage of the outstanding loans were 0.96 percent, which is substantially lower than industry benchmarks.

Consolidating our Core Strengths

DHFL has evolved as a comprehensive financial services provider, addressing vital needs of customers from different segments for financial security and protection and thus, earning their confidence as a 'trusted partner'.

A significant development at this stage has been the relocation of our National Office to 'DHFL House' at Andheri, Mumbai to house the entire central team of DHFL under one roof in a best-in-class facility and ambience. This is in tune with the growing prestige and standing of the organisation in the Indian Financial Market and to harness renewed enthusiasm and synergy within the team to raise the bar in their performance in every aspect of our business.

With these measures to consolidate our fundamental strength, DHFL is better placed today than ever before to capitalise on the tremendous industry potential, as we embark on yet another phase of high growth trajectory. To lead this growth, DHFL has strengthened its C-suite leadership team and continues to attract talent from the industry in key functions with proven skills and strong leadership capabilities.

That said, nurturing the internal talents through career progression, rewards, recognitions and trainings are integral to sustaining the organisational strength.

Technology is undoubtedly a defining enabler in today's world and for DHFL this will continue to play a key role in sustaining our accelerated growth. Our technology transformation has assimilated best-in-class capabilities under Mobility Solutions, Data analytics and work flow management bringing speed, efficiency and analytical insights of customers' needs. These have tremendously enabled our business forecasting and understanding, allowing us to respond to customers and business decisions with shorter turnaround times through centralised business processes and systems, in turn generating positive customer experience.

As we continue to grow our loan books at a faster pace, maintaining high asset quality and lower than benchmark NPAs, remains central to our core objectives. Towards this, we continue to implement stringent credit appraisal tools and processes and build sharper skills and scoring models to estimate income and credit repayment. These have enabled us to take faster credit decisions with objective risk assessment. By strengthening our systems, expanding our reach, enhancing interface experience for customers, and by enabling new avenues for employee empowerment, DHFL continues to cement its relationship with stakeholders. These efforts have not only accrued to strengthening the balance sheet but are also creating an organisation with stronger business values.

DHFL has thus grown as an organisation capable of powering itself with stronger impetus for future growth and expansion.

Touchpoints to enable more Smiles

In our endeavour towards supporting an equitable world and driving financial inclusion across India, DHFL has established a wide distribution of network across Tier II and III towns, where accessing reliable financial service is otherwise difficult. This is the real 'Bharat' that DHFL is making a deep impact on – with efforts towards giving India a secured future through its common people. As we expand into new territories of growth, we create more touchpoints through micro-branches, ease systems and processes and thus, enhance customer service and experience at every step of their engagement with DHFL.

Our deep understanding of our customers' aspirations enable us to see every limitation as an opportunity. Thus, even as we enhance our product portfolio to meet their affordable housing needs, we simultaneously drive financial awareness.

Reinforcing our 34-year-old vision and supporting the national mission, we launched a unique initiative 'Griha Utsav', a first-of-its-kind housing expo in Tier II and III towns bringing prospective home buyers and developers under one roof to provide affordable housing and finance solutions to our target LMI group.

To service the financial lifecycle of our consumers enabling them to imbibe the habit of saving for a secure financial future, we focussed on expanding our deposit product suite. We effectively leveraged a host of digitally-centric initiatives, to enhance customer experience through reduced turnaround time (TAT) and improved efficiencies.

Diversifying our Financing Business

During the year, we securitised over 17 percent of the entire book for fuelling our capital needs towards business expansion and growth. Testifying the robustness of our stringent processes and credit system, we have been selected by the United States Agency for International Development (USAID) for an exclusive partnership to boost medical infrastructure in India, specifically for Maternal and Child Care.

Furthering a Shared Vision

The dreams we are trying to fulfill do not belong to our customers alone, but are also shared by external stakeholders such as developers who are trying to reduce the affordable housing demand-supply gap. Our Project Finance team has been providing comprehensive solutions to developers by leveraging business synergies and extending loans to strengthen their affordable housing outreach.

Engendering Inclusive Progress

Our philosophy of inclusive progress also encompasses our own people, as well as the society at large, and therefore, we have in place a robust HR and CSR framework to boost the development of internal talent and external communities. With the belief that talent forms the core of our business, we have engaged in strategic talent recruitment, retention, training and management programmes to continue to deliver encouraging outcomes through lowest industry attrition rates and strong employee engagement quotient.

As an industry thought leader in driving financial inclusion across India, DHFL reinforces its commitment towards enabling equitable and sustainable growth. We continue to invest in CSR initiatives in core areas of financial awareness, Early Childhood Care & Education (ECCE), Skill Development, Rural Development and Economic Empowerment, besides reaching out to the underprivileged in fields of Education, Health, Sports, among others. Over the past three years, DHFL under its CSR programme has touched over 3 lakh lives. During FY 2017-18, over 850 employees contributed about 3,000 working hours in various programmes, underlining our integrated approach towards sustainable growth.

Going Forward

We believe that our brand proposition and strategic roadmap shall continue to fulfill financial needs of Indians, thus enabling inclusive progress. Our focus on the affordable housing industry as India's next growth engine, reinforces our passion, our excitement and our foresight to harness future opportunities and ensure high value creation for our stakeholders.

Regards,

Harshil Mehta
Joint Managing Director &
Chief Executive Officer
DHFL

Enabling Home Ownership

At DHFL, we are continuously driven by the needs and aspirations of every Indian. In this objective lies a superseding commitment to translate our customer's dream of owning a home into a reality. Taking forward this commitment, we remain focussed on innovating unique products and solutions to meet their lifetime desires. We continuously strengthen our ability to understand our customers' better, thus envisaging solutions that are designed to match their requirements. These business strengths have been DHFL's core growth drivers, encouraging each of us to fulfill our overarching vision of homeownership.

Our powerful affordable housing proposition is pillared on our insightful approach towards meeting the customer needs of those segments for whom home loans were perceived to be beyond their reach. We create more opportunities for 'Giving India a Home' and enable deserving people to live their most cherished moments.

In line with this approach, we conceptualised our flagship customer-centric initiative 'Griha Utsav' - a platform to connect millions of aspirational LMI home buyers with developers in the affordable housing segment in small towns and locations that had never before witnessed such a coming together.

We crafted our Jan Awas Home Loans to cater to the affordable housing needs of EWS, LIG and MIG customers, with total ease and convenience, in line with the Indian Government's 'Credit Linked Subsidy Scheme' (CLSS) under the 'Pradhan Mantri Awas Yojana' (PMAY). Importantly, in a bid to create a robust platform for enabling homeownership for the India that lives in Tier II and III cities, we re-oriented our marketing communications strategy to make it more integrated and centred on expanding financial inclusion.

Our PMAY Enabler

When we decided to align our goals with the PMAY initiative, we did so with an overriding thrust on powering the dreams of millions of Indians striving to join the homeownership segment. As part of our PMAY Awareness & Access efforts, we educated diverse

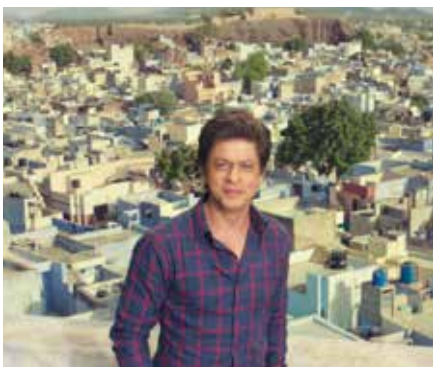
target customers during the year about the PMAY benefits, and also about our unique affordable housing products and solutions as enablers of their homeownership dreams. Our PMAY training camps proved to be a game-changer for aspirational home buyers across the LMI segment, reaching out to salaried employees in various categories. Our focussed and far-sighted initiatives on this front have paved the way for our customers to find the right solutions to fulfill their dream of owning a home, further enabling an environment to nurture their future.

Griha Utsav, a Catalyst for Change

We believe in 'Giving India a Home' in which they can celebrate life to the fullest. With DHFL Griha Utsav aligned to this mission, we have so far reached out to thousands of potential customers in Tier II and III towns, to catalyse the realisation of their homeownership dreams. With our intrinsic understanding of their aspirational needs, we are cognizant of the challenges faced by these prospective home buyers in connecting with developers in the affordable housing segment. This understanding led us to come up with this unique concept, aimed at bringing customers and developers together under one roof. Leading developers showcased their affordable housing projects to aspirational home buyers at these expos, wherein DHFL provided them with attractive offers including discounts on processing fees, spot sanctions on home loans and competitive interest rates. These expos not only connected the home buyers, but also generated widespread awareness about home loans, expanded financial literacy and empowered the customer segment. Resultantly, this financial awareness is expanding the potential of the affordable housing industry. These expos have created far-reaching impact across India, bringing the joy of homeownership to millions in the low and middle income segment.

Our MARCOM Strategy

At the core of our affordable housing proposition is our integrated marketing communications strategy, centred around our 'Aisa Desh Ho Mera' campaign. The campaign, that is visualised to carve a more equitable society with every Indian having a roof over his head, is designed to help boost consumer interest and awareness, thereby enabling more smiles with every mile. We continued to leverage multiple media channels during the year, to reinforce our commitment towards enabling homeownership dreams of the LMI group in Tier II and III cities. Using diverse languages, we set out to aggressively tap the LMI segment with a strategic marketing mix, enabling increased brand visibility and branch footfalls. Individually and collectively, these initiatives are helping build a unique value proposition for all our aspirational customers, across our target geographies.



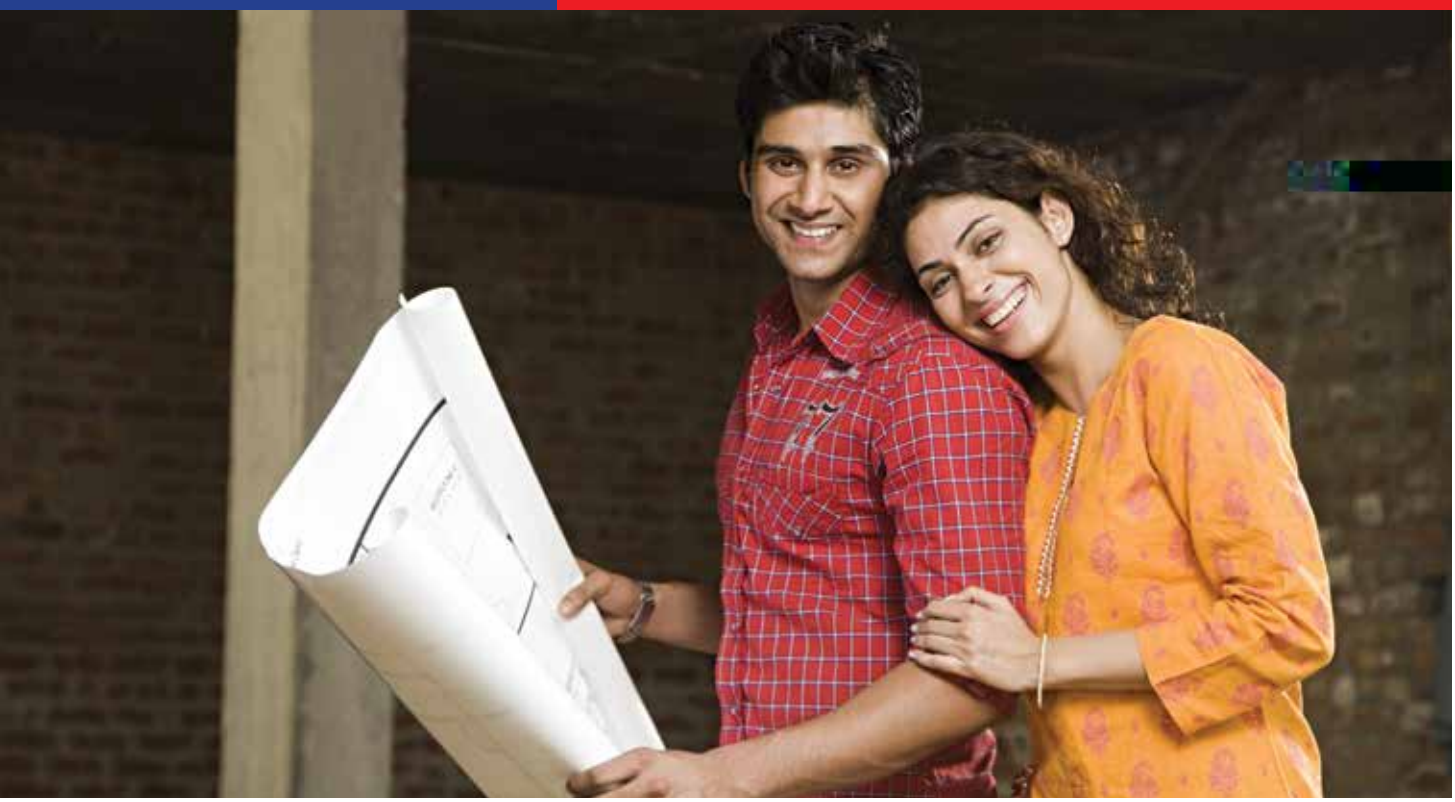
For us, at DHFL, to reach out more effectively to customers with a wider bouquet of inclusive financial solutions has become an integral part of our strategic thinking. This objective is based on closely understanding customers' needs and aspirations and ensuring last-mile connectivity through an extensive distribution network that provides wider customer access to housing and non-housing loan products. Facilitating this expansion is our dedicated workforce, which we are continuously strengthening through specialised training modules to align them with our goal of propelling inclusive progress. At the same time, we remain engaged with the developer community to help strengthen the affordable housing proposition, thereby bridging the demand and supply gap, and building a platform for 'Giving India a Home'. During the year, we conducted a series of camps to help the developers wade successfully through the RERA transition and become an active part of our growth strategy.

Through these impactful initiatives, DHFL reinforces its commitment of 'Giving India a Home', thus enabling us to emerge as one of India's leading financial institutions in the affordable housing segment.

Greater Experiences for Happier Lives

In our mission towards driving homeownership among millions of aspirational Indians, we, at DHFL, have evolved a customer-centric business proposition built on consumer empowerment. We believe in delivering an experiential portfolio of inclusive offerings, through a growing network of innovative touchpoints.

With happy and satisfied customers as our biggest asset, we continue to create more avenues to connect effectively with each one of them, through the lifecycle of their engagement with DHFL. Encompassing the complete gamut of our financial solutions, we reach out to them more proactively and remain focussed on creating and enhancing value for our customers.



Automation Initiatives across Extensive Network have Enhanced Customer Experience

To enhance the experience of our customers across Tier II and Tier III cities, we are continuously strengthening our outreach. While our strong, strategic network in 347 locations across India, are equipped with the best-in-class delivery systems, automation has also emerged as a key to making every step of DHFL's engagement with customers symptomatic of ease and convenience.

Our CPUs (Central Processing Unit) in Mumbai and Hyderabad, with their advanced technology platforms, cutting edge tools, state-of-the-art facilities and well-trained teams, have helped centralise most of the underwriting requirements, thus improving the loan processing time significantly

Robust Business Processes have Increased Agility and Transparency

In our quest for powering better efficiencies across the organisational framework as a vital engine for enhancing customer experience, we remained focussed on innovating new and simpler ways to improve processing, reduce turnaround time, and streamline collection and disbursement channels. Our systems, processes and automation initiatives are designed to boost our customer engagement from the moment of their first interaction with DHFL and stay aligned with them right through the process of onboarding and beyond.

Leveraging our digital prowess, we are ensuring a comfortable experience for our customers at every step. New and alternative digital channels of payment and collection are not only helping reduce time and cost but are also contributing to eliminating the risk of fraud.

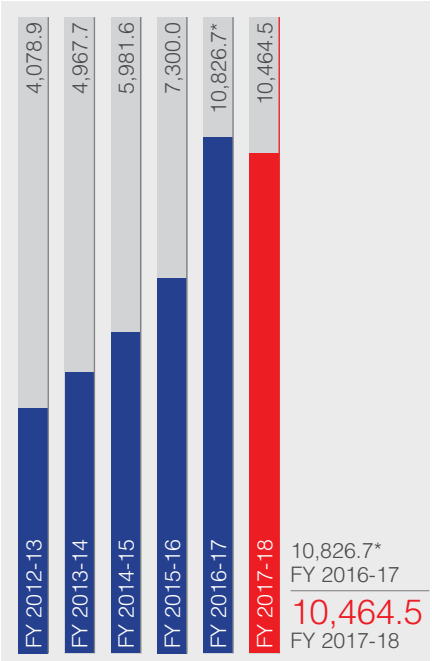
Our new website for credit users has emerged as a popular interactive forum for personal discussion, where our customers can log in to understand and access the loan process with user-friendly navigation. It is our aim to ensure that our customers have a smooth and hassle-free experience not merely on the sales front, but also through the entire transaction process, which we are able to deliver, given our deep understanding of the business. Customer connect through SMS and emails keep them well informed besides reducing call volumes and branch walk-ins significantly.

It is our constant endeavour to create a robust phygital ecosystem, designed to deliver smiles to our customers and value to our stakeholders.

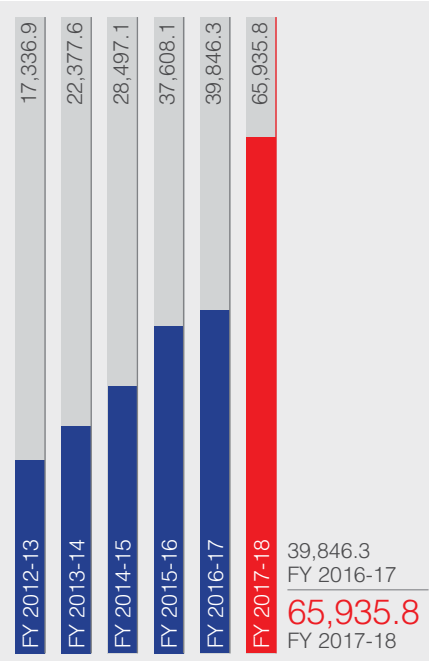
We are continuously striving to develop focussed initiatives that provide an enhanced customer experience

Key Performance Indicators

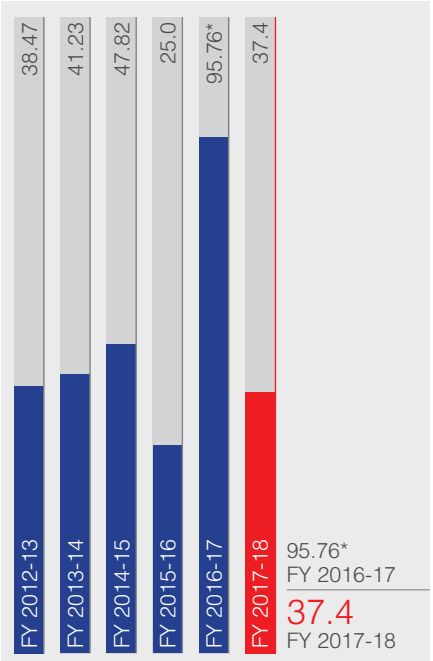
Gross Revenue (₹ in Crore)



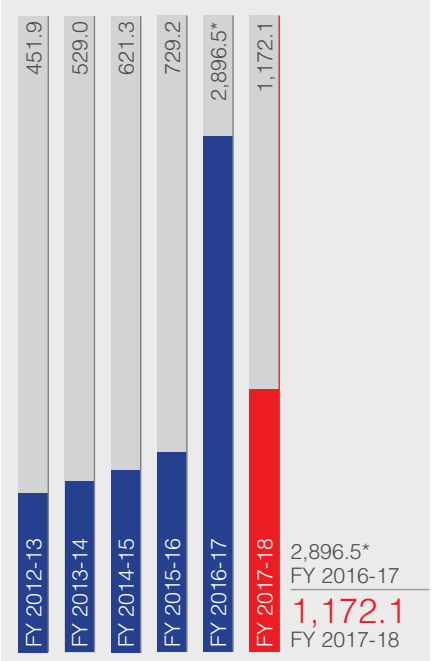
Sanctions (₹ in Crore)



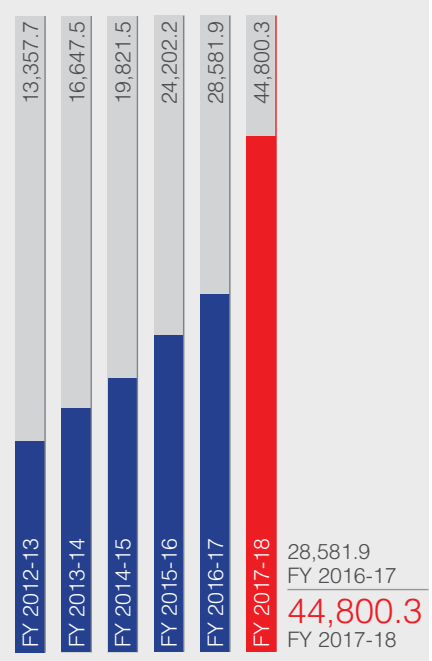
Earnings per Share (In ₹)



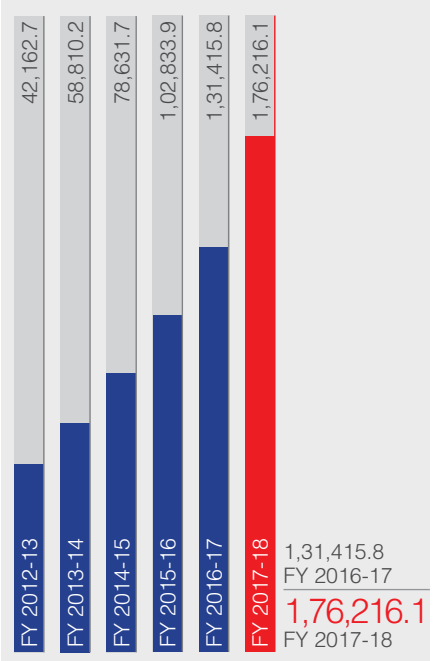
Net Profit (₹ in Crore)



Disbursements (₹ in Crore)



Cumulative Disbursement (₹ in Crore)



** Includes exceptional income of ₹ 1,969.43 Crore on account of sale of investment (i.e. stake held in DHFL Pramerica Life Insurance Company Ltd., a joint venture entity).*

10-Year Financial Highlights

Key Operational Highlights

(₹ in Crore)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Sanctions	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	65,935.8
Disbursements	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	44,800.3
Cumulative Disbursement	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	1,76,216.1

Key Financial Highlights

(₹ in Crore)

	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Gross Revenues	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+	10,464.5
Profit After Tax	91.8	150.7	265.1	306.4	451.9	529.0	621.3	729.2	2,896.5**	1,172.1
Shareholders' Funds	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	8,795.6
Share Capital Equity	60.5	82.0	104.4	116.8	128.2	128.4	145.7	291.8	313.2	313.7
Preference	3.0	3.0	-	-	-	-	-	-	-	-
Others #	56.0	-	-	-	-	-	-	125.0 #	-	-
Reserves and Surplus	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	8,482.0
Borrowings from NHB, Banks, FIs and Others	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	82,472.3
Deposits	46.9	182.2	557.3	938.8	1,923.7	2,595.5	3,728.3	5,042.7	6,768.7	10,243.1
Housing and Other Loan Outstanding	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	91,932.3
Dividend (%)										
Equity	25.00	30.00	35.00	35.00	50.00	80.00*	60.00	80.00	40.00	55.00
Book Value per Share (₹) (Equity)	70.7	102.9	148.3	174.0	252.5	278.4	319.7	171.9^	255.3	280.4
Earnings per Share (₹) (Basic)	15.15	19.78	26.43	28.97	38.47	41.23	47.82	25.00^	95.76**	37.39
Earnings per Share (₹) (Diluted)	-	19.58	26.12	28.67	38.30	41.11	47.19	23.10^	95.44**	37.04

 # 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 of ₹ 1,969.43 Crore on account of sale of investment*

^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. (presently known as Aadhar Housing Finance Limited) 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, the erstwhile Aadhar Housing Finance Ltd. (amalgamated with DHFL Vysya Housing Finance Ltd. and name of amalgamated entity was subsequently changed to 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 and 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 Limited (formerly known as Wadhawan Global Capital Private Limited") (WGC) and is its Chairman & Managing Director. WGC is the promoter/ parent company for some of the top brands in the country such as DHFL, Aadhar Housing Finance Ltd. and Avanse Financial Services Ltd. to name a few. Mr. Kapil Wadhawan is an MBA in Finance from Edith Cowan University, Australia.

Mr. Harshil Mehta
Joint Managing Director & Chief Executive Officer

Mr. Harshil Mehta was the Chief Executive Officer (CEO) of the Company from January 17, 2015 and has been the Whole-time Director, designated as the Joint Managing Director & Chief Executive Officer of the Company w.e.f. September 1, 2017. He has spent over two decades in the financial services industry and his expertise spans diverse functions including credit appraisal, operations and service quality. He was earlier MD and CEO of Aadhar Housing Finance Limited (amalgamated with DHFL Vysya Housing Finance Ltd.), a joint initiative of DHFL and International Finance Corporation (IFC) of the World Bank Group, aimed at enabling access to home finance, amongst low income group customers in the developing states of India.

His earlier stints include prominent entities such as ICICI Bank, Transamerica Commercial Finance, Chicago, a Fortune 500 Company and leader in inventory financing and prior to that, Whirlpool India. In his second stint with Transamerica's Indian business, he set up its Indian subsidiary and launched the inventory finance program that was subsequently acquired by ICICI Bank, where he worked in several capacities including Head of Home Loans, Head of Service Quality, Business Head – Real Estate (Property Services & Consulting) before being chosen to head ICICI Home Finance as the Managing Director & CEO.

Mr. Harshil Mehta is an MSc from Mumbai University, and a MBA (Finance) from Graduate School of Business, Mississippi State University, USA.

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 17 years of experience in the real estate and construction industry. He joined the Board as a Non-Executive Director on May 12, 2008.

Mr. G. P. Kohli
Independent Director

Mr. G. P. Kohli is the former Managing Director of Life Insurance Corporation of India ("LIC"). 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 Asset 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 reorganisation 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, 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 other listed companies.

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 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.

Participating in India's Growth Story

At DHFL, we have been promoting better lives and brighter futures through strategic well-designed CSR programmes. It has been our constant endeavour to uplift marginalised sections of the population,

Early Childhood Care and Education (ECCE)

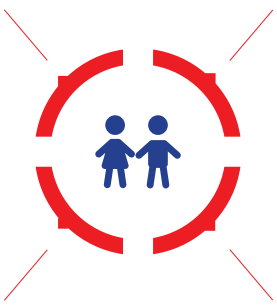
Programme Highlights

Our Early Childhood Care & Education programme is a comprehensive intervention to strengthen the delivery of the Integrated Child Development Services (ICDS) scheme through Anganwadis. The programme is implemented in partnership with the Department of Women and Child Development (WCD), District Administration in Palghar District of Maharashtra and Bokaro District of Jharkhand in FY 2017-18.

Programme Components

Education
ISA^{4}C^2* approach for capacity building to cover all caregivers, educators and community workers

Stakeholder Empowerment
Create financial safety net for frontline workers through forward and backward linkages



Health and Nutrition
Awareness on health and nutrition covering RMNCH+A#

Model Anganwadis
Demonstration of child-friendly innovative models of anganwadis under 'Snehangans'

Our Journey so far…

FY 2015-16
Successful prototype in 996+ Anganwadis

FY 2016-17
Deepening impact in 996+ Anganwadis through a comprehensive education and nutrition intervention

FY 2017-18
Scaling in Palghar district to cover 1886 Anganwadis. Launch of the programme in Bokaro, Jharkhand with 465 Anganwadis

FY 2018-19
Deepening impact in existing districts and scaling to new districts viz. Ranchi, Jharkhand, Khargone, Madhya Pradesh and Assam

Highlights FY 2017-18

The Company collaborated with National Association of Students of Architecture (NASA) and launched a grand challenge to deliver 'model' child-friendly anganwadis; the models will be implemented as a part of the programme across geographies as 'Snehangans'.

Balnagari, *an Innovation*

An exhibition to enhance collective learning and experience for children, teachers and parents in collaboration with Gram Panchayats

Innovative Learning
Opportunity for Anganwadi workers and helpers to adopt innovative and agile teaching models

Experiential Learning
Facilitate learning through various models such as stalls and free play activities on maths, science, etc.

Community Ownership
Community to create ownership on organising and creating awareness on such learning events

Developing Concepts
Platform to explore concepts and broaden through trial and error method

**ISA^{4}C^2 is a comprehensive capacity building approach to strengthen the delivery of ECCE services through Anganwadis involving ICDS Supervisors, Anganwadi Workers, Anganwadi Helpers, ASHAs, ANMs, CDPOs and the Community*

#Reproductive Maternal Neonatal Child Health + Adolescent

Skill Development for Sustainable Livelihoods

Youth being a vital engine of the nation's holistic development charter, we have initiated skill development programmes aimed at training and empowering youth from the marginalised communities in diverse job roles. This shall help create an ecosystem for sustainable livelihoods. We have established a hub and spoke model with sub-centres and satellite centres to reach out to the youth in the interior locations, many of which are also our target areas for driving inclusive growth.

Highlights FY 2017-18

- Provided skills training to over **6,145** youth in **12** professions across Business, Finance, Hospitality, Construction, Automotive and Retail
- **45** percent women beneficiaries
- **80** percent Placement accomplished
- **54** percent increase in household income

Hands-on Experience through Community Projects, *an Innovation.*

Community-live projects where students of the DHFL Skill Development Centre contribute to repair and maintenance work of gram panchayat schools, facilities.

Received recognitions as the 'Best Institute for Innovation in Skills' by ASSOCHAM and 'Ideal Service Organisation' by Kruti Foundation, Kolhapur

Village Transformation with Focus on Drought Mitigation

Launched in 2016 as a water conservation and soil erosion prevention programme in response to the droughts in Aurangabad, Maharashtra, this programme aims to address short and long-term measures to mitigate the cause and effects of drought. This shall enable poverty alleviation and evolve as a comprehensive village transformation mission.

Highlights FY 2017-18

As a measure to facilitate allied agri practices and support distressed households with an alternate source of income, we introduced a goat rearing programme with 10 households in each of the five villages, namely Babhulgaon, Waghola, Nandra, Chincholi, Daregaon Dari.

This holistic intervention programme supports several initiatives in multi-cropping, village infrastructure development and environmental issues.

- Soil and Water Conservation
- Livestock Management
- Sustainable Agriculture Practices
- Sustainable Community Groups – Self-help Groups, Farmer Producing Organisations, etc.
- Health and Sanitation in Community

DHFL also introduced a tobacco control programme to make these villages tobacco-free. The programme is delivered through community and school-level engagement.

We aim to develop a Village Knowledge Centre to act as a repository of best practices of watershed treatment, government welfare schemes and environment conservation centre. The first phase of the centre with a Library for the youth was launched in partnership with the Waghola Gram Panchayat.

Tobacco-Free Villages

School Participation
Oath conducted to ban tobacco usage in schools and villages

Community Awareness
School children participating in a rally against usage of tobacco across villages

Health Camps
Oral health camp in schools and villages to assess the criticality

Institutional Support
Engaging Gram Sevaks of Phulambri block for DHFL's Tobacco Control Programme

Village Knowledge Centre: Waghola Village Library

Establishment of Village Library

- Part of the Village Knowledge Centre
- Repaired and refurbished the community centre into a library
- Through this Centre, partnership for technology will be established with BARC-AKRUTI

Inauguration by DHFL Employees

Waghola Village Library

BARC-AKRUTI Centre

Economic Empowerment through Financial Literacy and Inclusive Growth

Aligning ourselves with the Government's objective of the Pradhan Mantri Awas Yojana (PMAY) scheme, we embarked on a comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable' in 2016. Focussed on slum development, the programme is also aimed at aiding transition of informal settlements to formal housing, connecting beneficiaries to government welfare schemes, facilitating skills development and livelihood amongst youth, microfinance and mudra loans to small entrepreneurs. We reached out to 40,000+ households across 4 urban slum communities in Jaipur (Rajasthan), Varanasi (Uttar Pradesh), Ranchi (Jharkhand) and Raipur (Chhattisgarh).

Highlights FY 2017-18

We have designed and supported a 26-episode radio programme 'Sharmaji ke Sawal, Vinodji ke Jawab' - with All India Radio (AIR) for 9 stations to generate awareness on basics of finance and government welfare schemes in Jaipur & Varanasi.

To further the reach, we are introducing a digital tool for which research across 10 states is initiated. The tool will further the reach of the programme by creating community level entrepreneurs.

Other CSR Programmes

Education for Underprivileged Children:

- DHFL supports 'AIM for Seva' Free Student Homes for tribal children in Nandayal, Andhra Pradesh and Anaikatti, Tamil Nadu; that provide free shelter, food, clothing, access to school, value-based education, life skills, IT skills and extracurricular activities to these children.
- We have partnered with 'Yusuf Meherally Centre' to enable quality education among Tribal Children in Raigad (Maharashtra). To sustain this programme, we have improved infrastructure and have been funding operating expenses for teaching and supporting the staff.
- We have partnered with 'Connect Ed Technologies' to promote impactful audio-visual content through Smart Classroom solutions in Palghar, Maharashtra, for enriching the learning experience in rural classrooms.
- DHFL supports the mid-day meal programme by 'The Akshaya Patra Foundation' and 'Annamitra Food for Life' in Guwahati, Assam and Palghar (Maharashtra) respectively.

Encouraging Talent in Sports:

We have partnered with Olympic Gold Quest, an organisation formed for spotting talent at an early age and nurturing their skills in various sports disciplines with the objective of making a mark in the Olympic Games. The organisation is supported by leading Indian sports personalities, who act as mentors to the young talent as they represent India in individual sports International Tournaments.

Sl. No.	State	Zonal/ Regional Office/CPU	Branch	Micro Branch	Collection Centre	Representative Office	Disbursement Office	Total
1	Andhra Pradesh	1	9	7	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	Rest of Maharashtra & Goa	1	17	18	0	0	0	36
6	Gujarat	1	5	8	0	0	0	14
7	Haryana	1	9	4	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	7	10	0	0	0	18
13	Maharashtra	3	39	0	0	0	2	44
14	Odisha	0	2	3	0	0	0	5
15	Punjab	0	5	5	0	0	0	10
16	Rajasthan	1	9	11	0	0	0	21
17	Tamil Nadu	1	19	18	0	0	0	38
18	Telangana	1	11	3	0	0	0	15
19	Uttar Pradesh	2	13	8	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	1	1	0	0	0	0	2
23	New Delhi	1	4	0	0	0	0	5
	London	0	0	0	0	1	0	1
	Dubai	0	0	0	0	1	0	1
	Total	**20**	**187**	**135**	**1**	**2**	**2**	**347**

Registered Office:
Warden House, 2nd Floor,
Sir P. M. Road, Fort,
Mumbai 400 001.

Corporate Office:
TCG Financial Center, 10th Floor,
BKC Road, Bandra Kurla Complex,
Bandra (East), Mumbai 400 098.

National Office:
DHFL House, 3rd- 7th Floor, 19, Sahar Road,
Off Western Express Highway,
Vile Parle (East), Mumbai 400 099.

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

Amidst an improving macro-economic environment, the global economy is witnessing a cyclical recovery, reflecting a rebound in investment, manufacturing, and trade. For the first time since 2010, the world economy is outperforming expectations, at the back of benign global financing conditions, accommodative policies, rising confidence and firming commodity prices. The global GDP forecast for 2018 is 4.0%, up from 3.7% in 2017. The global economic growth is broad-based across most advanced and emerging economies, with the latter posting accelerated growth at 4.3% in 2017.

Uncertainties, however, continue to loom over the global economy, which could have a cascading effect on the Indian economy. The build-up of financial vulnerabilities remains a key concern. As per the October 2017 Global Financial Stability Report, the share of companies with low investment-grade ratings in advanced economy bond indices has increased significantly in recent years. Non-financial corporate debt has also grown rapidly in some emerging markets, necessitating a policy response. Other factors that could impact global investments are increase in trade barriers and regulatory realignments, while a rise in commodity prices could also adversely affect the non-OPEC (Organisation of the Petroleum Exporting Countries) markets.

The overall forecast for the coming years appears positive, with growth rates for many of the Eurozone economies having been revised upwards. Germany, Italy and the Netherlands are, in particular, reflecting stronger momentum in domestic demand and higher external demand. In EMDEs (Emerging Markets & Domestic Economies), pickup of growth in commodity exports (forecast to rise to an average of 3.1% in 2019-20) is expected to boost growth to an average of 4.7% in 2019-20.

World trade is already at a crossroads with the trade between US and China turning confrontational. While the global trade witnessed a healthy increase in 2017, it turned sluggish during early 2018. The rise in trade in the first two quarters of 2017 was largely on account of an upturn in global manufacturing cycles. FDI inflows into Asia remained strong as both China and India remained favoured destinations for foreign investment during 2017. Despite this, rising levels of debt in various nations remain a cause for concern. Rapid technological advances and the changing work culture owing to increased entrepreneurial ventures have also affected the labour market. Regulation of these new economic conditions have, therefore, been a policy challenge for most Governments.

(Source: Carlos Arteta and Marc Stocker, 'Global Outlook' Chapter 1 in Global Economic Prospects, World Bank, January 2018)

INDIAN ECONOMIC OVERVIEW

As the fastest growing major economy in the world, India is expected to emerge as one of the top three economic powers of the world over the next 10-15 years, as per Central Statistics Organisation (CSO) and IMF (International Monetary Fund). Moody's upgradation of India's sovereign rating after 14 years, from Baa3 (lowest investment grade) to Baa2, also underlines the strength of its economic fundamentals.

After a temporary slowdown triggered by demonetisation and GST (Good Services Tax), the economy started showing signs of recovery in the second half of the year. The revival in positivity was reflected in the pick-up of industrial production and a decline in retail inflation (as measured by the CPI) after a period of negativity. The third quarter of the financial year saw India record its fastest growth in five quarters at 7.2%, to overtake China, which grew at 6.8% in this period. The farm, manufacturing and services sectors propelled this growth, which is expected to sustain in the coming year.

Retail inflation touched a five-month low in March 2018 after climbing steadily till November 2017, prompting Reserve Bank of India (RBI) to lower its April-September retail inflation projection to 4.7% from a previous range of 5.1-5.6%, released in February. RBI also maintained its policy rates during its April 2018 monetary policy review, taking a neutral stance on interest rates.

India is expected to grow at 6.6% in financial year 2017-18, as per the latest estimates from CSO. The World Bank, however, has projected India's growth at 7.3% in financial year 2018-19 and 7.5% in financial year 2019-20 *(Source: World Bank India report, March 2018)*. The Government's continuing reforms agenda is expected to infuse dynamism into the national economy, contributing to its growth momentum.

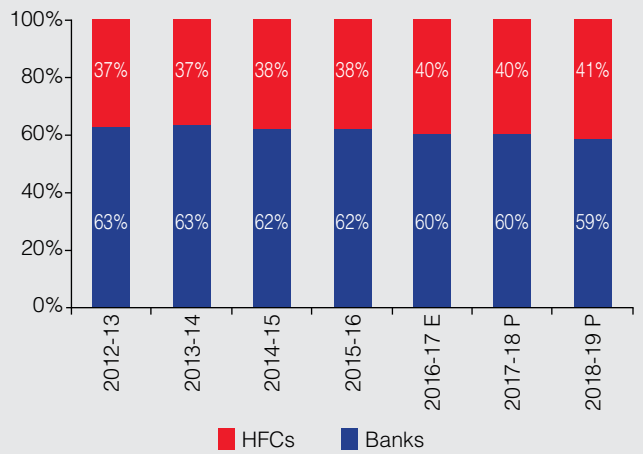
The Government continued with its reform agenda, with the most notable ones being dynamic fuel pricing (June, 2017), Goods and Service Tax (July, 2017), Banking Regulation (Amendment) Bill, 2017 (August, 2017) and announcement of PSU bank recapitalisation plan (October, 2017), selling of stake and public listing under disinvestment scheme launched in 2016 and liberalisation of FDI policy. Demonetisation, along with various measures taken to promote digital payment, boosted transactions through systems such as debit and credit cards, prepaid wallets, UPI, mobile banking, etc.

OVERVIEW OF THE FINANCIAL SERVICES INDUSTRY

The Indian financial services sector, comprising of a range of institutions from commercial and co-operative banks, pension funds and Non-Banking Financial Companies (NBFCs) to Mutual Funds, insurance companies, etc., is diverse and expanding rapidly. Over the years, the Government of India has initiated several reforms to liberalise this industry and expand its reach to individuals in the hinterlands and Micro, Small and Medium Enterprises (MSMEs) in need of credit and other financial services. Adding a further dimension, the Government and RBI have also allowed new entities such as Payment Banks and Small Finance Banks to enter the financial sector.

The financial sector in India predominantly comprises of the banking sector, with commercial banks accounting for more than 64% of the total assets held by the financial system. However, the role of the NBFC sector has been growing. The balance sheet of the NBFC sector expanded by 14.5% during financial year 2016-17. Despite the growth, NBFCs managed their asset quality better than the banks. Gross bad loans of the NBFC industry stood at 4.4% in March 2017, down from 4.9% in September 2016, when banks in general witnessed a rise. Net NPAs as a percentage of total advances also declined from 2.7% to 2.3%.

MARKET SHARE OF BANKS & HFCS



Note: Market share based on disbursements. E: Estimated; P: Projected

(Source: CRISIL Research, NBFC Report, November 2017)

OPPORTUNITIES FOR HOUSING FINANCE INDUSTRY

An overall positivity, propelled by a combination of factors, is expected to push growth in the housing finance industry over the long term. Increased Government support to developers as well as buyers augurs well for the industry. Though the implementation of Real Estate Regulation Act (RERA) and GST caused a temporary slowdown in the market, these are not expected to obstruct growth in the long term, with RERA in fact likely to boost transparency to infuse more dynamism into the sector.

Other favourable factors for the business are the waning impact of demonetisation, low interest rates and rising income levels, coupled with Government and RBI initiatives to support growth.

Among the Government initiatives expected to steer industry growth are the Credit-Linked Subsidy Scheme (CLSS) in terms of interest rate subsidy, under the Pradhan Mantri Awas Yojana (PMAY), and grant of infrastructure status to affordable housing. The Government is also continuously strengthening its focus on its "Housing for All by 2022" Mission, with the Union Budget allocating a sizeable amount for the same.

According to KPMG estimates, there would be a total requirement of ~48 Million units of urban housing to fulfil urban housing requirements by 2022. A boost to the affordable housing sector will definitely drive the affordable housing finance industry.

Management Discussion and Analysis (Contd.)

Housing demand is also expected to get a push from the increasing rural incomes, from which players with a significant presence in rural/semi urban areas, in particular, are likely to benefit. Urbanisation is also accepted to accelerate, leading to a rise in the number of nuclear families, & formation of more households, which in turn will drive the demand for housing units.

The Government's decision to establish a dedicated affordable housing fund in the National Housing Bank (NHB) through various funding measures is another positive development.

RBI is also contributing to the positivity in the industry with a series of measures, as announced in its June 2017 Monetary Policy. These include reduction in standard assets provisioning, conditional relaxation of risk-weights and loan-to-value (LTV) ratios.

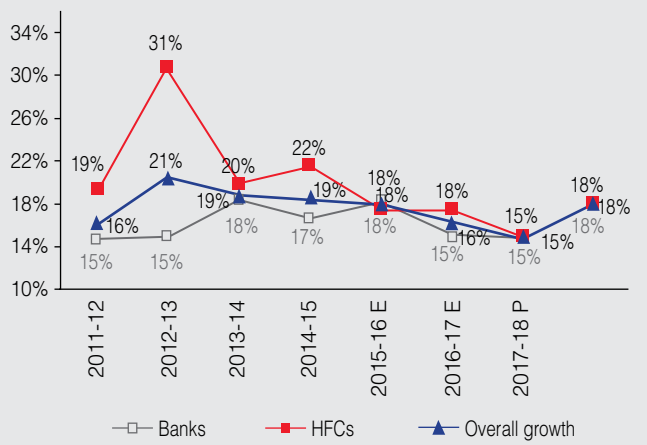
The impact of demonetisation, RERA and GST, has left developers with huge backlog of unsold inventory. At the end of 2017, the top seven metros, Mumbai, Delhi-NCR, Chennai, Hyderabad, Pune, Bengaluru and Kolkata had an unsold inventory of 34,700 ready-to-move-in homes, while the total number across the key cities in India stood at 440,000 residential units. Developers are seeking assistance from specialised housing finance companies and NBFCs as they are better positioned to give them the much-needed support for revival. Compared to banks, NBFCs and HFCs are a boon for developers since they have greater flexibility, coupled with their ability to work closely with developers through forward and backward linkages, structured financing, which gives NBFCs and HFCs an edge on this count. Cognisant of the vulnerabilities of this huge unsold inventory leading to a spike in NPAs, NBFCs and HFCs are also coming to the rescue of realtors and developers with innovative solutions and schemes to sell their housing units.

What gives HFCs an edge over banks, despite the attractive interests offered by the latter, is the specialised focus that HFCs have on Home Loans. HFCs have been consistently growing their market share on account of robust growth in outstanding loans over the past few years. Though banks can now be seen focusing more aggressively on Home Loans, their aggressive pricing is a cause of concern. Additionally, HFCs are becoming more competitive on 'cost of funds' through access to non-bank sources. With these factors driving their growth, HFCs are expected to retain their market share, with their strong origination skills and relatively superior customer service giving them a competitive edge against banks, although banks have the advantage of sharper focus on retail assets and better customer data and franchise.

34,700

ready-to-move-in homes at end of 2017 in top seven metros.

HFCs EXPECTED TO RETAIN THE MARKET SHARE AND SUSTAIN THEIR RATE OF GROWTH



E: Estimated; P: Projected

Source: CRISIL Research

Digitisation in home loans

As the housing finance industry adopts digitization of its process and system, access to information, product and services have enhanced significantly. Customers who would earlier have limited access to information, or would not be able to review key clauses and the overall loan process; are now privy to the entire system since every step can be sought online. More so, almost all HFCs have introduced mobile applications that keep customers updated with not just what stage their loan application is at, but also making the entire loan management process transparent and easier to handle through the tenure.

To make this paradigm shift a reality, serious efforts from both the Government and lenders, have been taken and will need further commitment. Technological advancement, has helped reduce paper usage, manual interventions and time consumption significantly. For instances, the National Securities Depository Ltd (NSDL) for real-time permanent account number (PAN) verification and eKYC and the Unique Identification Authority of India (UIDAI) and the Centre for Development through Advanced Computing (C-DAC) facilitates, the e-signing facility, and authentication using one-time password (OTP).

Asset quality of housing loan portfolios performed better than any other retail asset class

Given that the demand for home loans largely comes from first-time home buyers, the asset quality in this segment has remained strong historically. NPAs of financiers have improved in past two years driven by adequate appraisal systems and effective recovery mechanisms as well as better availability of information on credit history and borrower profile.

NPAs are likely to show a marginal uptick in coming years due to seasoning of portfolios but expected to remain stable in the long term, led by an economic recovery, lower interest rates, better control, system checks, follow-ups and an expected improvement in job security.

Tax Incentives

The Tax incentives have traditionally been a key instrument used by the Government to promote the growth in the housing sector. The Tax incentives have also been instrumental in driving the housing demand in India with few of the tax benefit as follows:

- For individual borrowers, tax deductions are available for home loan interest payments and home loan principal payments. In respect of interest payments, annual interest payments on housing loans of up to ₹ 2 lakh can be claimed as a deduction from taxable income under Section 24(B) of the Income Tax Act, 1961.

- In addition, under Section 80C (read with Section 80 CCE) of the Income Tax Act, 1961, principal payments of up to ₹ 1.5 lakh on home loans are allowed as a deduction from gross total income. As per Section 80 EE, an additional deduction in respect of interest of ₹ 50,000 p.a. has been provided exclusively for first-time home buyers, provided the following: (1) Property value is up to ₹ 50 lakh; (2) Loan is up to ₹ 35 lakh; and (3) Loan has been sanctioned between April 1, 2016, and March 31, 2017.

- Under the Government mission "Housing for All by 2022", the Cabinet Committee on Economic Affairs has approved to increase the interest subsidy to 6.5% for loans of up to ₹ 60 lakh for the economically weaker section (EWS) and lower income group (LIG) beneficiaries under affordable housing through Credit-Linked Subsidy Scheme (CLSS). In February 2017, benefits of the CLSS were extended to include middle-income group households as well.

- The Government also provides exemption from capital gains from the transfer of residential property, if invested in acquiring a residential building.

  (Source: CRISIL Research, Housing Finance: Industry Information Report, November 2017)

Government's efforts, increasing urbanisation shall also drive Housing Finance industry

The Government's efforts to incentivise the housing finance industry, coupled with greater transparency in the sector, is giving a thrust to the housing finance market, with CRISIL Research forecasting finance penetration in urban areas to increase between financial year 2016-17 and financial year 2021-22.

Rapid urbanisation, increasing individual incomes and favourable tax incentives for interest and principal payments will encourage the Lower and Middle Income groups to fulfil their ownership aspiration thus boosting the housing demand.

The Government has already introduced several schemes and initiatives to invigorate the industry, to enable making affordable housing keep pace with the growing market demand as illustrated below:

- **Pradhan Mantri Awas Yojana (PMAY)** - This scheme comprises of four components, namely:

  1. **Slum redevelopment** - It includes slum redevelopment on Public Private Participation basis, to enable provision of houses to eligible slum dwellers. It shall bring the project under the gamut of formal urban settlement and at the same time, unlock the potential of land under slums. Further, private participation is also aimed at making the redevelopment projects financially viable.

     It would further include provision of Extra Floor Space Index (FSI) / Floor Area Ratio (FAR) and Transfer of Development Rights (TDR), if required, in turn benefitting the Developers. Further, Government of India's average grant of ₹ 1 lakh per house, would be admissible for all houses built under the scheme.

  2. **Affordable housing in partnership** - Affordable housing in partnership with private or public sector agencies and provision of central assistance of upto ₹ 1.5 lakh per Economically Weaker Sections (EWS) house in projects where the single project has at least 250 houses and 35% houses being eligible for EWS category.

  3. **Subsidy for beneficiary-led housing** - For individuals of EWS category requiring funds for construction or enhancement of own house, a central assistance of ₹ 1.5 lakh per beneficiary shall be provided.

  4. **Credit-Linked Subsidy Scheme (CLSS)** - Under the 'Housing for All by 2022' mission, the Central Government has implemented credit-linked subsidy component as a demand-side intervention to expand institutional credit flow to the housing needs of the people residing in urban regions. Under this component, credit-linked subsidy will be provided on home loans taken by eligible urban population for acquisition and construction of houses. Affordable housing under CLSS will be implemented through banks/ financial institutions. Housing and Urban Development Corporation (HUDCO) and National Housing Bank (NHB) have been identified as Central Nodal Agencies (CNAs) to channelise this subsidy to the lending institutions and for monitoring the progress of this component.

     For all the income slabs, as notified, any additional loan taken by the beneficiary up to a maximum tenure of 20 years will be at non-subsidised rates. The interest subsidy amount will not be the differential of interest amount (of actual and subsided rate) but the net present value (NPV) of the interest subsidy amount - to be calculated at a discounted rate of 9%.

- **Real Estate (Regulatory & Development) Act, 2016 (RERA)**

  The Government has implemented the Real Estate (Regulatory & Development) Act, 2016 to protect the interests of home buyers while boosting the investments in real estate sector. As

Management Discussion and Analysis (Contd.)

RERA will drive developers to complete existing projects, it will streamline the structure, improve discipline and transparency in the real estate sector in the long term thus, increasing consumer confidence for investment in new housing projects.

- **SEBI's prudential limits in sector exposure for Housing Finance Companies (HFCs)**

  SEBI has allowed Debt Mutual Funds to invest in HFCs with double A rating ("AA") and above with up-to 40% exposure limit against 25% for other sectors.

  (Source: CRISIL NBFC Report, November 2017 & CRISIL HFC Report, November 2017)

- **100% Tax benefit on profit to affordable housing project Builder / Developers and Service Tax Exemption**

  With a view to incentivise the affordable housing sector as a part of its larger objective of "Housing for All by 2022", the Government has provided a 100% deduction of the profits of a Company developing and building affordable housing projects. In addition, it has also provided a service tax exemption on the construction of affordable housing.

- **Revision of caps for Rural Housing Fund (RHF) interest rates**

  The NHB, in January 2016, revised the interest rate and the on-lending cap under the Rural Housing Fund (RHF) with immediate effect. CRISIL Research believes the new on lending cap of 3.5% to be a positive development in the affordable housing segment, as the previous 2% cap made financing unattractive due to higher operating costs incurred in serving rural areas.

- **Liberalisation in External Commercial Borrowings (ECB) Policy by RBI**

  The Reserve Bank of India has rationalised and liberalised existing ECB framework pursuant to notification dated April 27, 2018. Housing Finance Companies, regulated by the National Housing Bank, have been permitted as eligible borrowers to avail of ECBs under all tracks.

- **Infrastructure status for affordable housing companies**

  The Government granted infrastructure status to affordable housing sector, which implies lower financing cost while enabling a new funding source for HFCs in the form of External Commercial Borrowing as well as institutional credit which will reduce their cost of borrowing.

- **Easing of norms for Infrastructure bonds**

  To encourage infrastructure development and affordable housing, RBI in July 2014 exempted long-term bonds from regulatory mandatory norms, such as Cash Reserve Ratio (CRR) and statutory liquidity ratio (SLR), if the money raised is used for funding such projects.

  Banks are allowed to raise bonds of minimum maturity of seven years for lending to long-term projects in infrastructure sub-sectors.

- **Limit raised for Priority sector lending credit and affordable housing**

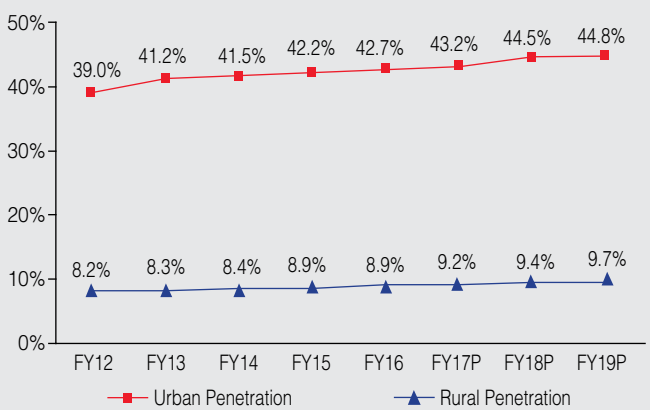
  To promote the affordable housing segment, the Reserve Bank of India (RBI) has revised the risk weightage criteria for lenders and reduced it to even below 50% for low ticket housing loans. This will help in the conservation of capital and increase lending to the smaller-ticket home loan segment.

- **Rise in finance penetration to drive industry**

  Besides the various Government initiatives, a set of macro-economic factors is also steering the growth of the industry. Increase in finance penetration is emerging as a major driver of this growth, with rising demand for housing from tier-II and tier-III cities, and a subsequent surge in construction activity, enhancing the focus of financiers on these geographies.

  As per estimates, finance penetration in urban areas had increased to 42.7% in financial year 2015-16, from 39% in financial year 2011-12, though penetration in rural areas had risen only slightly to 8.95% in financial year 2015-16, from 8.20% in financial year 2011-12. Boosted by the affordable housing push and rising competition in higher ticket size loans, the finance penetration is expected to increase to 44.86% in urban areas and to 9.76% in rural areas by financial year 2018-19.

FINANCE PENETRATION IN RURAL AND URBAN AREAS



P: Projected

Source: CRISIL NBFC Report, November 2017 & CRISIL HFC Report, November 2017

Reduction in risk weights
RBI, in its June 2017 monetary policy, reduced the risk weights for banks and increased the Loan to Value (LTV) for some categories of loans. Under the new regulation, the LTV on loans between ₹ 30 lakh and ₹ 75 lakh stands increased to 80% from the previous 75%, and the risk weights have been reduced to 35% from 50%. For a loan above ₹ 75 lakh, the risk weights have been slashed to 50% from 75%.

The National Housing Bank (NHB) has also accordingly amended its risk weightage rules for loans given by HFCs, thereby increasing the funds available with them for lending. This move would also reduce the gap in the cost of funds to HFCs vis-à-vis banks, for the purpose of giving home loans.

KEY THREATS AND CHALLENGES FOR HFCs

The Housing Finance Sector is set to benefit from the opportunities that emerge as a result of various economic and demographic factors and the policy reforms initiated by the Government. Nevertheless, there are still some probable areas that could pose as challenges to the expansion and progress of housing finance companies:

- Housing loans typically have long maturity periods. Unless long-term capital/debt are available for investment at competitive rates, mis-matches of funds flow could become a challenge both on liquidity as well as in cost of replacement of funds.
- Another related challenge is the volatility in the interest rates that could enhance the interest rate risk and disrupt the sustainability of margin of HFCs. Importantly, funding and pricing will remain vulnerable as money market matures with a time lag to market for demand for resources by HFCs.
- Economic cycle and resultant impact on employment will remain a potential challenge to HFCs in adjusting to delay and defaults on repayment commitments.

Over the past two decades, the housing finance sector has witnessed robust development on the back of the Government's determination to bridge the large housing gap within the country.

Some threats that could present themselves in the current scenario include:

Poor administration and lack of control - Despite the Government's progress in terms of formulating policies and initiating schemes that facilitate the housing sector, on ground issues like lack of administrative control and ineffective implementation of schemes, due to inadequate commitment to meet the ultimate objectives can act as a deterrent to the sector's growth.

Legal processes for enforcement of mortgaged securities, land records and registration of documents could also pose as hurdles to the rapid growth of HFCs.

Regulatory rigours – While RERA has been implemented with the best of intentions, it may initially impede the growth of the sector during the phase when the sector transits from being uncontrolled to a regulated one.

Inability of supporting infrastructure to keep pace - For the successful growth of urban housing, basic infrastructural facilities such as road development, electricity & water supply, proper drainage systems etc., must keep pace. Usually, these are public utilities that are provided by the Government through budgetary allocation. These undergo changes in priority in line with the Government in power. Incomplete and non implemented projects on infrastructure impact housing developments adversely when they undertake projects in anticipation of promised infrastructure. Public Private Partnership are yet to find a viable alternative to bridge these gaps. Any major thrust to EWS/LMI housing will be critically dependent on planned roll out of supporting infrastructure preceding the housing.

Economic disparity resulting in affordability mismatch – While incomes are on the rise and there is a definite growth in the middle class population in the country, the increasing income inequality results in supply chasing the demands of fewer, leaving large unmet needs for housing of the population at lower income strata. As this segment keeps growing, in the absence of comprehensive intervention to address the price disparity, the affordability will remain a mirage.

Loans at affordable cost and term - Availability of suitable funding options to potential home owners is a crucial requirement if the purchase of houses is to accelerate. A large section of population both in urban and rural areas are first time borrowers. The traditional funding for the purchase of a house usually came from the lifetime savings of a family, which is changing as younger generation looks for home ownership. HFCs have to find new methods of meeting these requirements by introducing longer term loans, flexible repayment factoring rising income of borrower and aspiration to move to larger houses through roll over to higher loan arrangement. As these needs keep going up, HFCs will have to find matching resources of stable and long term funds as well as a market for securitization of loan book.

Management Discussion and Analysis (Contd.)

High land acquisition costs – India being a nation with a very high population ratio and high density in preferred habitat, faces continuing challenge in supply of land at affordable cost to low cost housing. Land acquisition by Government in order to satisfy diverse demands from agriculture, housing and industry often runs into rough weather leading to limited initiative in this area. Land transfer is a valuable economic transaction for the Government and therefore high rate of stamp duty becomes a norm and any attempt for rationalization is taken with resistance and stays low on priority in the Government agenda.

Home Loan Digitisation – Technology advancement has witnessed rapid strides in consumer loans whereas in case of home loan it is relatively slower to catch up. Home loans are still largely dependent on people to people interface with brick and motor network as the main touch point. Hence the cost and time efficiency that comes with digital process with end to end solution is still at some distance. This is also largely dependent on the extent to which Government is willing to expedite the process of digitizing land records, minimizing cash based economic activities and other such related developments. The threat of security breach makes adoption of technology in critical areas like home loans a slow process requiring demonstrated commitment by HFCs on their capability to protect consumer interest.

Competition – The financial system has witnessed a jump in number of HFCs almost touching 100 in number, actively promoted by NHB, the Regulator, to meet the demand in affordable homes enabled by policy initiatives, thus bringing greater choice to consumers through competition and easy access. Most NBFCs have set up Housing Finance Subsidiary which in the long run will make this market innovative and vibrant. There will however be transition challenges as almost all of them are dependent on wholesale funding from banks, which are drying out as exposure norms and sectoral caps will limit credit to HFCs. With Corporate loan book shrinking, banks will increasingly prefer to lend to retail loans directly. While the market will mature overtime, in the current scenario with slower than expected take off of affordable homes and resultant limit to the expansion rate of eligible borrowers, one could witness lowering of risk profile by aggressive usage of income and LTV norms leading to degradation of quality in portfolio.

BUSINESS & OPERATIONAL OVERVIEW

Your Company follows a customer-centric business philosophy, with its growth strategy centred on transparency in terms of offerings, suitability of products and variety of choices to meet a range of needs of its customers.

Your Company has developed a suite of products and robust capabilities over the years that enable it to effectively harness the emerging opportunities in the housing finance segment, particularly in the LMI segment primarily in Tier II & Tier III cities and towns. An extensive distribution network, backed by focused marketing and sales initiatives, ensures a strong brand recall for its products, which find special appeal among first time buyers and end users. Over the past 34 years your Company has created strong brand awareness among its customer segment through various touch points, right from corporate initiatives to outdoor and media advertisement focused on strong recall and distinguishing identity. Your Company is at a major advantage owing to the fact that more than 70% of its housing loan customer base comprises of individuals from salaried class, with stable source of income. This has enabled your Company to protect and maintain a high asset quality. Side by side, it is equally active and aligned to the growing opportunity in the self-employed section.

Moreover, your Company has separate business verticals for housing loans and non-housing loans to allow each vertical to focus on its core business which has resulted in driving business growth, leveraging synergies and acquiring a targeted set of customer in each portfolio. Over three decades, DHFL has demonstrated strong ability to identify opportunities in Housing & Non Housing finance (Mortgage Loans & SME) demand, particularly in the LMI segment.

With experienced and expert teams managing its two business verticals of Housing Loans and Non-Housing Loans, coupled with bespoke products customised to specific needs of the LMI segment, your Company has developed a niche space in the financial services industry.

Your Company believes that its unwavering focus on the LMI segment in the Tier II and III markets, provides it with a significant competitive advantage in the high potential affordable housing industry which is a key driver of India's economic growth. Over the past 34 years, the segment at the base of the pyramid has been the primary audience for your Company. This focus has now assumed national importance with the Indian Government leading several initiatives to achieve "Housing for All by 2022" and stimulate the sector that plays an increasingly important role in India's GDP. Your Company is committed to working with zeal in all programs relating to Housing for All initiative of the Government.

Aligned to India's mission to achieve "Housing For All by 2022" and the PMAY initiative, your Company has launched Griha Utsav, a unique & first-of-its-kind affordable housing initiative in the financial year 2017-18. Understanding the need to connect its target LMI group in Tier II and III towns to the local developers for fulfilling their homeownership dreams, your Company conceptualized Griha Utsav to bring together developers and aspiring home buyer under one roof for greater awareness and access to affordable housing finance solutions. The platform created a market place which provided an opportunity to developers to showcase their affordable housing projects and helped aspiring home buyers to choose from various available affordable housing projects. Your Company successfully conducted 31 Griha Utsav in the financial year 2017-18, witnessing participation from 300 builders and over 30,000 aspiring home buyers.

Your Company has launched various initiatives on the digital platform to render faster services to its customers. A key initiative

was the establishment of two Central Processing Units (CPUs) at Mumbai and Hyderabad for delivering faster decision making, execution and cost efficient processing to its home loan customers across India.

With a strategized and differentiated approach, your Company has financed over 5.9 lakh customers and built loan assets of ₹ 91,932.32 crore as on March 31, 2018. The total AUM of the Company increased by 32.94% from ₹ 83,559.92 crore as on March 31, 2017 to ₹ 1,11,085.83 crore as on March 31, 2018. The Assets Under Management (AUM) of your Company had crossed the coveted milestone of ₹ 1,00,000 crore.

The quality of the Company's loan book has remained high over the years, with Gross and Net NPAs at comfortable levels, at 0.96% and 0.56%, respectively. The Company enjoys a high credit rating of AAA by domestic rating agencies, CARE and Brickworks.

A key strength of your Company is the variety of its funding sources, which helps it optimise funding costs, protect interest margins, and retain its diversified funding portfolio. At the same time, this also enables the Company to achieve funding stability and liquidity, facilitating reduction in average borrowing costs.

In another step towards strengthening its competitive edge, your Company is integrating the best technology practices in collaboration with leading IT service providers. The enhanced technology leverage is helping your Company boost operational and cost efficiencies to support its growth agenda, which it will continue to strengthen through proactive and far-sighted initiatives across its business functions.

COMPETITIVE STRENGTHS

Your Company's core strengths are built on the pillars of:

- Competitive offerings, both on products and pricing, to augment its market share in the evolving market;
- Ability to satisfy large segments of the population through a diversified portfolio, facilitating broad based growth;
- Robust marketing and distribution networks, spread across the length and breadth of India, with focus on Tier-II and Tier-III cities and towns;
- Diversification into mortgage backed property (non-housing) loans, and secured & unsecured SME loan products;
- Active and aligned with developers through Project Finance and approved Project strategy to build continuing leads and forward linkages for home loans;
- Cross-selling of products and services, in order to promote fee-based income through Insurance and Mutual Fund tie-ups;
- Leveraging on the presence of companies in the Group in the financial services sector;
- As one of the few deposit taking housing finance companies, integrating Deposit Products as a key business vertical thus not only giving broader access to meeting resource needs but also giving wider connect with the retail market place;
- Having an appropriate mix of borrowings.

Products And Services

Your Company's product portfolio encompasses Housing and Non-Housing Loans. Its primary offering is home loans customised to the needs of the LMI segment in India. It provides secured finance to individuals, partnership firms and companies, for purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and plots. Your Company also offers certain types of mortgage backed non-housing loans, as well as innovative products and services to meet the emerging needs of customers, covering savings, loan and protection.

Housing Loans

Your Company's Housing Loans portfolio consists of a range of home loan products designed for the various classes of borrowers, matched to their borrowing capabilities. The products, suitable for salaried professionals, self-employed and entrepreneurs, come with repayment options up to 30 years. Loans for 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 are included in this category. Special care is taken to enable home loan access to the LMI segment, while designing the product and processes. During the financial year 2017-18, your Company disbursed loans of ₹ 44,800.31 crore as against ₹ 28,581.90 crore in the financial year 2016-17.

Loans for Weaker Sections

Your Company also offers products aimed at the weaker sections of society, and actively participates in various schemes of National Housing Bank, such as the Golden Jubilee Rural Housing Refinance scheme and Pradhan Mantri Awas Yojana.

Project Loans

Project Loans are a part of overall business strategy of your Company, which enables linkages to retail loans and to earn better yields in the basket of products and services.

With slowing down of credit flow to real estate developers from the banking system, your Company with strong understanding of this market and a well-equipped project assessment/evaluation team has filled in an important credit line to this vital infrastructure segment by financing deserving projects. The Company also selectively gives loans to rehabilitation projects in select metros which helps slum clearance and rebuild dilapidated structures thus meeting a larger social cause.

Under the Project Loans vertical, your Company offers loans to developers for the construction and development of predominantly residential and mixed-use projects. Largely the focus is on Projects in tier II and tier III cities. Introduction of RERA in many key states has strengthened the transparency and accountability of developers to complete the project on time and account for cash flow within the project through escrow mechanism. These have helped builder loans market to get streamlined and help companies like yours to take calculated exposure on builder loans.

Management Discussion and Analysis (Contd.)

Approved project route is a strong business strategy which contributes to the growth of retail loans, while providing a complete and holistic solution to the developer. It is a win-win solution, creating business synergies at the one end, and minimising project risk at the other. Your Company also gains in the form of an inventory of low risk and well-developed already financed properties, on which it can then lend to retail customers through simple and faster procedures and processes.

SME Funding

Your Company's SME Funding vertical seeks to facilitate financial inclusion for the micro, small and medium enterprises (MSMEs), extending loans, backed by property or revenue generating equipment. It promotes the National mission for growth capital to MSMEs with a turnover of less than ₹ 200 crore. With an average LTV (Loan to Value) ratio at origination of sub-45%, your Company is focused on on-boarding a significant portion under Priority Sector Lending Assets (PSL).

Prudent risk management practices are integral to the vertical's operations and your Company maintains high underwriting standards. The thrust is on sourcing pre-defined selective target industries and segments. The growth agenda of your Company is driven by a multi-pronged strategy that includes building of existing and new channels, including MoUs with leading equipment manufacturers, OEMs and distribution agents.

Deposits

Among the select housing finance companies with permission to accept public deposits under Section 29A of the National Housing Bank Act, 1987, your Company offers deposit products structured to encourage savings amongst households.

Providing attractive interests rates, the Company's Fixed Deposits are available across the country through its extensive branch and distribution network. Your Company's FD programme has a rating of CARE AAA (FD): Stable from CARE and BWR FAAA; Stable from Brickwork Ratings, which indicate its adherence to 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, with current rate of interest in the range of 7.70% to 8.45%.

In line with its customer-focused business strategy, your Company also has a deposit programme designed solely for corporates. DHFL Corporate Deposits, which is rated CRISIL A1+ by CRISIL Limited, caters to the short term liquidity management needs of corporates.

Your Company plans to have Fixed Deposits as a significant proportion in its diversified liability portfolio. Initiatives undertaken in the previous financial year have started yielding results, as reflected in the robust growth reported in your Company's fixed deposit book. To further drive growth on this front, the Company plans to extend the reach of this portfolio by connecting with customers across several untapped markets. There is a major focus on enhancing the Company's service reach and quality, with several initiatives already launched to upgrade customer service levels, including automation of a few processes. These initiatives have helped in reducing turnaround time and also in creating process efficiencies, resulting in better service quality and delivery. Your Company will continue to focus on enhancing service quality and service delivery.

Value-based offerings

In tandem with its objective of being a 'one-stop financial service provider', your Company also offers value based products for protection and saving requirements to its home loan borrowers.

Your Company is registered with the IRDA as a "Corporate Agent – Composite" and is authorised to solicit customers and serve the businesses of both life and general insurance companies. Your Company has entered into corporate agency agreements with DHFL Pramerica Life Insurance Company Limited (DHFL Pramerica), Cholamandalam MS General Insurance Company Limited (Chola MS) and DHFL General Insurance Limited (DHFL GI).

Your Company acts as DHFL Pramerica's corporate agent for distribution of DHFL Pramerica's life insurance products in addition to Chola MS and DHFL GI's general insurance products. As such, your Company provides insurance services leveraging on its pan-India distribution network.

Your Company also acts as group administrator and manager for group credit life, group health and/or personal accident insurance cover for its customers, including DHFL Pramerica, Chola MS

and DHFL GI. To ensure adequate insurance coverage for the properties financed during the tenure of the loan, it also advises its customers in relation to insurance products suitable for them, thus enabling a borrower to ring fence from any eventuality.

In addition, apart from your Company's own deposit products, your Company also offers Mutual fund products of its Joint Venture entity i.e. DHFL Pramerica Asset Managers Private Limited.

Besides strengthening the customer interface and relationship, these offerings enable your Company to boost its profitability.

Systemic business approach

Your Company follows a systemic approach to business, and has, over the years, developed a well-structured business model, comprising Sales & Marketing, Credit, Operations, Risk Management, Internal Audit, Collections & Recovery and other key complementary functions. It has an extensive sales network, which includes a direct selling team working under the supervision of the Company's sales supervisors. This team contributes 51% to the quantum of loans disbursed by your Company and; based on the disbursement of loans sourced by them, they are paid a combination of fixed fee and performance linked variable commission. DSAs and other business referral partners are also a strong generators of business for your Company.

Your Company's employees remain involved across the value chain of the loan process, engaging with customers from the stage of loan origination through disbursement. With most loan cases originating from the in-house direct selling team, the employees get the opportunity to gain insights into the specific needs of the customers, also leading to strengthening of the credit appraisal mechanism and increased brand awareness. The in-house underwriting team conducts a credit check and verification procedure on each customer, thereby ensuring consistent quality standards and minimising the risk of future losses. 100% of the loans are underwritten by the in-house credit managers.

Your Company has also engaged third party web-based loan origination and lead management systems to originate and manage home loan applications. Such third party providers are engaged on a commission fee on the leads and also based on the amount of loans disbursed to customers who have been originated or led from the loan origination and lead management system.

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.

Technology has emerged as a key driver of your Company's customer-centric growth strategy, enabling it to boost operational productivity and efficiencies. Customer satisfaction is ensured through efficient customer interfaces with quick turnaround, while adhering to the highest underwriting standards. With evaluation of the properties funded, conducted by in-house technical experts, who are qualified civil engineers, customers have the advantage of a one-stop shop. This is of particular help to the relatively inexperienced customers in the LMI segment, which your Company is primarily targeting.

Operational efficiencies

Your Company has a separate Operations vertical to run post-sanction disbursement and loan management processes, thus helping it to manage its geographically diverse business, and the related risks, more effectively. The Operations team is tasked with processing of the documents covering legal and technical reviews, besides handling disbursements and relationships across the transaction life cycle. To ensure procedural discipline, your Company has in place strong checks and processes, which also enables it to achieve exposure limits for several segments and review of the local markets and builders on continuous basis, as a part of its portfolio monitoring and management framework. The processes and systems, designed and followed by the Operations team, help bring in greater efficiencies and enhanced productivity for your Company.

Distribution Network

Your Company's distribution network is designed to reach out to the LMI segment and tap a growing potential customer base throughout India. It maintains a pan-India marketing and distribution network with a presence at 347 locations throughout India, including 187 branches, 135 service centres, 20 zonal/regional/CPU offices, 2 disbursement hubs, 1 collection centre, 1 corporate office and 1 national office as on March 31, 2018. Its network is grouped into zones and regions located pan-India with significant presence in Tier II and Tier III cities and towns and its peripheral suburbs. The Company believes that its business model allows it to deliver improved turnaround time and to improve customer satisfaction while maintaining asset quality.

Your Company has international representative offices located in London and Dubai.

Strong Customer Service proposition

Your Company's Customer Service proposition comprises multiple mid-level feedback and grievance redressal channels, spread over its branches, call centres, emails, letters, and social media, among others. A Board-approved management level committee further reviews the grievances periodically to address the root causes. Robust processes are in place at each level. 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), with a unique reference number assigned to enable the customer request to be monitored. This also helps in providing the status through any of the channels.

As the next step, the requests/complaints are assigned to dedicated customer service (CS) managers appointed at each regional/zonal office. The CS manager and branch operations manager (BOM) ensure timely resolution of the customer complaints/queries. This is followed by up-gradation of the service

Management Discussion and Analysis (Contd.)

request with accurate comments. The customer is then informed of the resolution, followed by closure of the service request.

Effective Asset Recovery

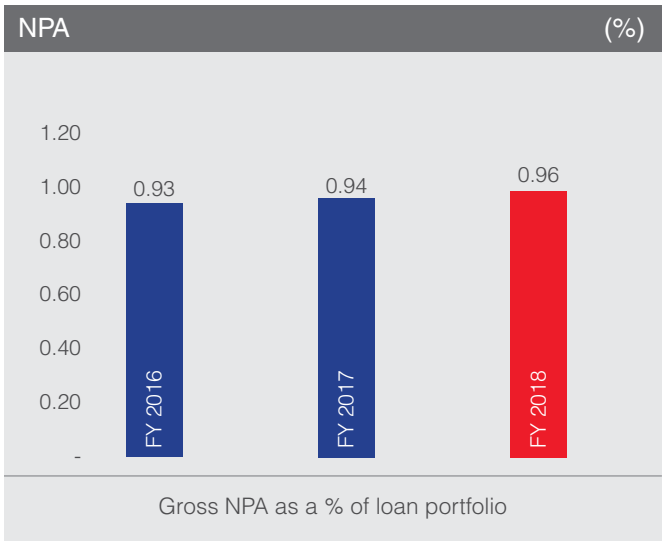
Robust collection and recovery mechanism set up by your Company was able to absorb tough challenges faced last year in terms of after effects of demonetisation and GST implementation etc. Aggressive recovery and legal actions ensured good collections, minimized defaults and low NPAs. The key characteristics 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.
- More push towards digital repayments enabled by various technology tools
- Asset recovery process starts with timely reminders on early stages of default by borrowers, thus building a strong repayment culture.
- Well trained recovery agencies used sparingly and governed by National Housing Bank guidelines.
- Actions under the SARFAESI Act followed by auction based (e-auctions and offline auctions) 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.
- Your Company has also taken various customer-friendly initiatives like giving them conciliation forums, under the name SAMADHAN, to help them come out of default.

Non-performing Assets

With all the above mentioned methods being in place, your Company consistently maintains low NPA levels. This has been made possible through adherence to good underwriting standards, regular monitoring and strong recovery systems.

The amount of Gross Non-Performing Assets (NPA) as at March 31, 2018 was ₹ 880.94 crore, which is equivalent to 0.96% of the loan portfolio of your Company, as against ₹ 678.45 crore i.e. 0.94% of the loan portfolio as at March 31, 2017. The net NPA as at March 31, 2018 was ₹ 514.65 crore i.e. 0.56% of the loan portfolio. The total cumulative provision towards loan and other assets as at March 31, 2018 was ₹ 974.08 crore as against ₹ 714.19 crore in the previous year. During the financial year 2017-18, your Company had written off ₹ 159.91 crore of loans / receivables as against ₹ 87.49 crore during the previous financial year.



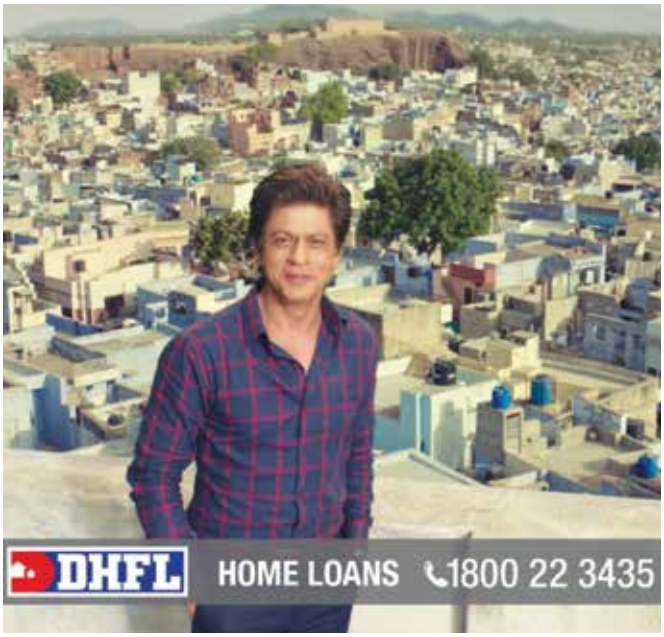
Branding & Marketing

Strengthening its customer outreach, particularly in the LMI segment, your Company used various mediums including TV, print, radio and outdoors to promote its brand, products and services.

In the financial year 2015, it engaged with Shah Rukh Khan, an Indian film actor, as its brand ambassador and launched an integrated media campaign 'Ghar Jaisa Loan' in January 2015. In the financial year 2016, the campaign was re-launched with a renew message 'Say No to Bahanas. Own Your Dream Home'. In financial year 2017, it extended the thought of the campaign to 'Home loan Kab. Aapka Dil Chahe Tab'. And in financial year 2018, it launched 'Aisa Desh Ho Mera' with an objective of amplifying its Founder Chairman's vision of enabling homeownership for every Indian. In line with the Government's objective of "Housing for All by 2022", this unique campaign urges customers to visualize an India where the dream of owning a home can be easily transformed into reality. "Saste, aasan home loans par sabka haq ho" is the theme of this campaign resonating with the aspirations of every Indian.

Your Company enhanced its social media presence by increasing its engagement with customers via Facebook, Twitter, LinkedIn and YouTube. Basis indepth research on consumer's online behaviour and journeys, your Company revamped its website making it mobile and user friendly for improved communication with its stakeholders and customers. The website effectively captures your Company's leadership position across housing and non-housing loan portfolios and helps visitors get a better understanding of your Company's products and services with a least number of clicks.

Your Company and its top management also received extensive PR coverage across leading news channels and newspapers during the year, apart from receiving various recognitions through awards and accolades.



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 the 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 part of its consumer education initiative.

Funding Sources

In an effort to reduce its borrowing costs, maintain adequate interest margins and achieve its liquidity goals, your Company depends on diverse sources of funding, using multiple institutional units for lines of credit, including banks.

In line with its strategic thrust on reducing the cost of funds, your Company has significantly brought down its borrowing cost from banks and financial institutions. Making further strides in this direction during the financial year 2017-18, your Company leveraged its upgraded ratings to increase market borrowings. Its focus on containing funding cost helped improve its Net Interest Margins (NIM) from 2.99% in the financial year 2016-17 to 3.04% in the financial year 2017-18.

FINANCIAL OVERVIEW

In the financial year 2017-18, the Company's focus was on high quality underwriting 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 2017-18:

- Assets Under Management increased by 32.94% to ₹ 1,11,085.83 crore
- Total Revenue grew by 18.15% to ₹ 10,464.45 crore
- Profit before Tax before the exceptional item increased by 25.26% to ₹ 1,756.62 crore
- Gross NPA stood at 0.96% and Net NPA stood at 0.56%,
- Net worth increased by 10.00% to ₹ 8,795.64 crore
- Earnings per share (of ₹ 10 per share) stood at ₹ 37.39
- Capital Adequacy Ratio (CAR) as on March 31, 2018 was at 15.29%.

Balance Sheet Movement

The summary of the Company's balance sheet as at March 31, 2018 is as under: (₹ in crore)

Particulars	March 2018	March 2017
EQUITY AND LIABILITIES		
Share Capital	313.66	313.15
Reserves and Surplus	8,481.98	7,682.65
Long-Term Borrowings	70,214.31	66,753.91
Deferred Tax Liabilities (Net)	357.96	309.44
Long-Term Provisions	974.08	714.19
Short-Term Borrowings	8,812.43	4,268.66
Trade Payables		
Micro enterprises and Small enterprises	-	-
Others	50.82	19.23
Other Current Liabilities	18,360.94	12,236.08
Short-Term Provisions	6.29	0.67
Total Liabilities	**1,07,572.47**	**92,297.98**

Management Discussion and Analysis (Contd.)

(₹ in crore)

Particulars	March 2018	March 2017
ASSETS		
Fixed Assets	978.84	842.67
Non-Current Investments	2,074.86	947.57
Long-Term Housing and Property Loans	84,982.11	67,601.70
Other Long-Term Loans and Advances	956.93	1,036.11
Other Non-Current Assets	487.68	190.42
Current Investments	6,001.65	12,587.33
Trade Receivables	43.69	3.37
Cash and Bank Balances	2,468.14	3,429.99
Short-Term portion of Housing and Property Loans	6,950.21	4,494.48
Other Short-Term Loans and Advances	2,544.79	1,083.22
Other Current Assets	83.57	81.12
Total Assets	**1,07,572.47**	**92,297.98**

Share Capital

Equity Share Capital

The present Authorised Share Capital stood at ₹ 828.00 crore which comprised of (i) 57,80,00,000 equity shares of ₹ 10 each aggregating to ₹ 578.00 crore; and (ii) 25,00,000 non-convertible redeemable cumulative preference shares of ₹ 1,000 each aggregating to ₹ 250.00 crore.

During the financial year 2017-18, the Company issued and allotted 5,06,642 equity shares of ₹ 10 each, upon exercise of options (employee stock option plan and employee stock appreciation rights) by the eligible employees of the Company pursuant to the Employee Stock Option Scheme, 2009 (Plan III) and Employee Stock Appreciation Rights Plan 2015.

Consequently, the issued, subscribed and paid-up equity share capital of the Company increased from ₹ 313,15,22,050 divided into 31,31,52,205 equity shares of face value of ₹ 10 each to ₹ 313,65,88,470 divided into 31,36,58,847 equity shares of face value of ₹ 10 each.

Reserves and Surplus

Reserves and Surplus as at March 31, 2018 for your Company increased by 10.40% to ₹ 8,481.98 crore as against ₹ 7,682.65 crore in the previous financial year. Your Company has transferred ₹ 275.00 crore to Special Reserve and Statutory reserve u/s 29C of National Housing Bank Act and an amount of ₹ 200.00 crore to General Reserve.

Your Company has created a Debenture Redemption Reserve (DRR) of 25% of the total value of Non-Convertible Debentures issued to public as required under Rule 18, sub-rule 7 of the Companies (Share Capital and Debentures) Rules, 2014. As at March 31, 2018 Debenture Redemption Reserve stands at ₹ 1,170.00 crore on the outstanding amount of NCDs issued by way of public issue during the financial year 2016-17. 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 financial year 2017-18, your Company has utilised Securities Premium Account towards premium on redemption of Zero Coupon Secured Redeemable Non-Convertible Debentures and Securities issue expenses amounting to ₹ 98.91 crore (net of tax of ₹ 52.35 crore) as against ₹ 114.65 crore (net of tax of ₹ 60.68 crore) in the previous financial year.

Dividend

The Board of Directors of your Company recommended a final dividend of ₹ 2.50 per equity share of face value of ₹ 10 each for the financial year ended 2017-18 for approval of the Members of the Company at the Annual General Meeting to be held on June 27, 2018. During the financial year 2017-18, your Company paid one interim dividend of ₹ 3 per equity share of face value of ₹ 10 each. The total dividend for the financial year shall be ₹ 5.50 per share on a face value of ₹ 10 per share.

The final dividend represents the dividend recommended to the shareholders by the Board of Directors, which will be paid after the Annual General Meeting upon approval by the shareholders. As per the recent amendment final dividend need to be accounted in the year in which it's has been declared.

Capital Adequacy

Your Company's tangible Net Worth increased from ₹ 7,995.80 crore as of March 31, 2017 to ₹ 8,795.64 crore as of March 31, 2018, mainly on account of retention of profits for the period. Its capital adequacy in the form of CRAR stood at 15.29% as of March 31, 2018 compared to 19.12% as of March 31, 2017, which is well above the NHB's minimum stipulated requirement of 12%. Company's Tier I CRAR stood at 11.52% as of March 31, 2018.

Borrowing Composition

As at March 31, 2018, your Company's sources of funding were primarily from banks and financial institutions (43%), Debt market instruments (40%), public (fixed) deposits (11%), refinancing from the NHB (3%) and External Commercial Borrowings (ECB) (3%). Your Company aims to continue to gradually reduce its reliance on the borrowings from banks and financial institution and focus on capital market instruments with lower funding costs subject to compliance with conditions prescribed by the NHB from time to time.

Long Term Borrowings

Term Loans from Banks and Financial Institutions

During the financial year 2017-18, your Company raised ₹ 10,750 crore through term loans from banks and financial institutions. The said loans are secured by first ranking pari-passu charge by way of mortgage 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 31 banks in its lending consortium as of March 31, 2018, with Union Bank of India as the lead bank of the consortium for credit facilities aggregating to ₹ 36,963.33 crore.

External Commercial Borrowings (ECBs)

During the financial year 2017-18, your Company has refinanced one of the existing ECB loan amounting to ₹ 784.25 crore (USD 125 Million) from Asian Development Bank (ADB), under Reserve Bank of India ECB Refinance Guidelines, with a new set of lenders in the form of syndicated loan facility maintaining the same maturity and interest payment schedule as that of the existing ECB facility with ADB. The refinance was successfully done to reduce the spread and to effectively bring down the cost of borrowing. According to the terms of RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal only swaps and LIBOR has been hedged by way of interest rate swaps.

During the financial year 2017-18, the principal amount for the ECB loans availed by your Company has been fully hedged, in accordance with the guidelines prescribed by Reserve Bank of India.

Refinancing from NHB

During the financial year 2017-18, an amount of ₹ 2,500.00 crore has been sanctioned to the Company under the NHB's refinancing schemes for HFCs. Documentation and formalities for availing the same are being completed.

Non-Convertible Debentures (NCDs)

Private Placement of Secured Redeemable NCDs

During the financial year 2017-18, your Company raised ₹ 1,309.00 crore through secured redeemable NCDs on a private placement basis. As on March 31, 2018, the outstanding NCDs stood at ₹ 28,819.76 crore (including premium accrued on Zero Coupon NCDs).

Private Placement of Perpetual Debt Instrument (PDI)

In order to augment your Company's capital base, your Company has raised ₹ 500.00 crore through issuance of Non-Convertible Perpetual Unsecured Debentures during the financial year 2017-18. The outstanding balance of such debentures as at March 31, 2018 amounts to ₹ 1,160.70 crore.

Private Placement of Subordinated Debt

As at March 31, 2018, your Company's outstanding subordinated debts were ₹ 1,331.80 crore. The debt is subordinated to present and future senior indebtedness of your Company. Further, in the month of April, 2018, your Company has issued on private placement basis Non-Convertible Subordinated Unsecured Debentures amounting to ₹ 1,000.00 crore.

Non-Convertible Debentures [NCDs] by way of public issue

The Board of Directors of your Company at their meeting held on April 30, 2018 have approved the raising of funds by way of public issue of Secured Redeemable Non-Convertible Debentures of face value ₹ 1,000 each, subject to the receipt of necessary approvals, for an amount upto ₹ 15,000 crore (Rupees Fifteen Thousand Crore only) (including the green shoe option), in one or more tranches, in terms of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Companies Act 2013 and other applicable laws.

Short Terms Borrowings

During the financial year 2017-18, your Company has availed short term borrowings in the form of Cash credit (including Working Capital Demand Loan) of ₹ 3,215.00 crore. The outstanding amount as on March 31, 2018 stood at ₹ 2,237.41 crore as against ₹ 1,110.14 crore as on March 31, 2017.

Commercial Paper

As a part of dynamic liquidity management, your Company issued commercial paper in tranches and placed them with investors at competitive rates of interest. With the growing balance sheet size, your Company raised additional ₹ 3,055.00 crore of commercial paper and the outstanding amount as on March 31, 2018, stood at ₹ 6,050.00 crore.

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.

During the financial year 2017-18, your Company mobilised/ renewed deposits of ₹ 6,453.00 crore, and repaid deposits of ₹ 3,678.00 crore. As on March 31, 2018, the total outstanding deposits stood at ₹ 10,243.11 crore, as compared with ₹ 6,768.65 crore in the previous financial year. 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.

Rupee Denominated Medium Term Note (MTN)

As a part of a strategy for diversification of its resources, your Company has successfully entered into international bond market and raised its first maiden Rupee Denominated Medium Term Note (MTN). Your Company has filed an Offering Circular for establishment of a Rupee Denominated MTN programme and on April 18, 2018 successfully raised an amount of ₹ 989.72 crore by issue of INR denominated USD settled 10,000,000,000, Notes having a tenure of 5 years under the approval route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India (RBI).This issuance opened new avenue for your Company to tap into a new source of fixed income investor base overseas.These bonds were listed on London Stock Exchange (LSE – International Securities Market (ISM) Segment).

Management Discussion and Analysis (Contd.)

Trade Payables

Trade payables as at March 31, 2018 were ₹ 50.82 crore as against ₹ 19.23 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 2017-18, your Company's gross block increased by 213.24% over the previous year. The additions on fixed assets were at ₹ 669.35 crore, as given below:

- Building amounting to ₹ 515.31 crore, which was capital work-in-progress till last financial year,
- Leasehold improvements and Furniture and Fixtures amounting to ₹ 65.66 crore,
- Office equipment amounting to ₹ 34.48 crore,
- Vehicle amounting to ₹ 2.67 crore
- Computer systems amounting to ₹ 45.15 crore,
- Software amounting to ₹ 6.08 crore.

Your Company also made investments towards intangible assets which are under development amounting to ₹ 129.05 crore towards IT system upgradation. The Company has no Capital work in progress as at March 31, 2018.

The Sanctions and Disbursements of housing/other property loans, during the financial year 2017-18 were ₹ 65,935.78 crore and ₹ 44,800.31 crore, respectively, vis-à-vis ₹ 39,846.28 crore and ₹ 28,581.90 crore, respectively, in the previous financial year. The cumulative loan disbursement of the Company since inception was ₹ 1,76,216.15 crore. As on March 31, 2018 the loan book grew by 27.51% and stood at ₹ 91,932.32 crore as compared to ₹ 72,096.18 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 ₹ 1,11,085.83 crore as against ₹ 83,559.92 crore in the previous financial year with 32.94% growth.

Securitisation/Direct Assignment of Loans

During the financial year 2017-18, your Company has sold/assigned multiple pools of Housing loans aggregating to ₹ 8,490.08 crore and other Non-Housing Loans aggregating to ₹ 3,005.11 crore. The aforesaid figures constitute 90% of the actual pools sold/assigned, with the balance 10% being retained by the Company, which is in line with Minimum Retention Requirement (MRR) and Minimum Holding Period ('MHP') commitments, as per the extant Guidelines on Securitisation and Assignment, prescribed by Reserve Bank of India. Such securitised 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.

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.There were no securitisation transactions by way of issue of Pass Through Certificates (PTCs) during the year.

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, 2018, the investment portfolio stood at ₹ 8,076.51 crore.

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, 2018, your Company has invested ₹ 650.29 crore in bank fixed deposits and NHB bonds and ₹ 652.45 crore in approved securities (book value-gross) which includes both Government securities and Government guaranteed bonds.

Subsidiary/Joint Ventures / Associate Companies

As of the date of this report, your Company has three (3) wholly owned subsidiary companies, DHFL Advisory & Investments Private Limited (DAIPL), DHFL Investments Limited (DIL) and DHFL Changing Lives Foundation, which were incorporated on February 12, 2016, February 13, 2017 and December 01, 2017, respectively.

During the financial year 2017-18, your Company made further investment of ₹ 1.20 crore by subscribing to 12,00,000 equity shares of ₹ 10 each issued by DIL on preferential basis.

During the financial year 2017-18, Aadhar Housing Finance Limited (AHFL) amalgamated into DHFL Vysya Housing Finance Limited (DVHFL) and the amalgamated entity's name was later changed to AHFL. Your Company holds 23,01,090 equity shares of ₹ 10 each which constitute 9.15% of the paid-up capital of AHFL.

During the financial year 2017-18, your Company further invested an amount of ₹ 77.36 crore in Avanse Financial Services Limited (Avanse) by subscribing to 70,53,197 equity shares pursuant to the Rights Issue of shares by Avanse. As on March 31, 2018 the percentage of shareholding of your Company stood at 32.49% of the paid-up equity share capital of Avanse.

Profit and Loss Statement

(₹ in crore)

Particulars	March 2018	March 2017
EQUITY AND LIABILITIES		
INCOME		
Revenue from Operations	10,450.16	8,851.76
Other Income	14.29	5.47
Total Revenue	**10,464.45**	**8,857.23**
EXPENSES		
Finance Cost	7,564.92	6,653.61
Employees Benefits Expenses	356.82	262.47
Administrative & Other Expenses	338.66	297.46
Depreciation & Amortisation	27.63	23.30
Provision for Contingencies	419.80	218.00
Total Expenses	**8,707.83**	**7,454.84**
Profit Before Tax and Exceptional Item	**1,756.62**	**1,402.39**
Exceptional items*	-	1,969.43
Profit Before Tax	**1,756.62**	**3,371.82**
Tax Expense (including Deferred Tax)	584.49	475.37
Profit For The Year	**1,1,72.13**	**2,896.45**

** During the last financial year, there was a gain of ₹ 1,969.43 crore on account of sale of investment (i.e. stake held in DHFL Pramerica Life Insurance Company Limited, a joint-venture entity), which was considered as an exceptional item.*

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 ₹ 8,851.76 crore in the financial year 2016-17 to ₹ 10,450.16 crore for the financial year 2017-18, registering a growth of 18.06%. The increase in income from operations was mainly due to increase in loan book. Your Company has also generated revenue from other miscellaneous receipts. Other revenues constitute ₹ 14.29 crore during the financial year 2017-18, as against ₹ 5.47 crore during the financial year 2016-17.

Interest and Finance Cost

Your Company's interest expenses increased by 13.70% from ₹ 6,653.61 crore in the financial year ended March 31, 2017 to ₹ 7,564.92 crore for the financial year ended March 31, 2018. The increase in interest expenses is due to the rising borrowings required to fund the disbursements.

Employee Remuneration & Benefits

Your Company continued to make substantial investments in human capital and information technology to meet its growth targets. Employee costs increased by 35.95% from ₹ 262.47 crore for the financial year 2016-17 to ₹ 356.82 crore for the financial year 2017-18, primarily due to the increase in head count from 2,881 to 3,582 to meet the business requirements on account of expansion in terms of geography and business volumes. Employee costs accounted for 51.31% of the entire operating expenses for the financial year 2017-18, which is slightly more compared to 46.88% for the financial year 2016-17.

Other Expenses

The administrative and other expenses increased by 13.85% from ₹ 297.46 crore for the financial year ended March 31, 2017 to ₹ 338.66 crore for the financial year ended March 31, 2018 owing to an increase in rent, rates, taxes, repairs & maintenance and other expenditure.

Depreciation & Amortisation

Depreciation charged on fixed assets was ₹ 27.63 crore in the financial year 2017-18 vis-à-vis ₹ 23.30 crore during the financial year 2016-17. 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 ₹ 14.33 crore (₹ 8.43 crore) as at year end.

Management Discussion and Analysis (Contd.)

Provision for Taxation

During the financial year 2017-18, your Company provided ₹ 584.49 crore i.e. 5.59% of total income for taxation (including deferred taxation) vis-à-vis ₹ 475.37 crore i.e. 5.37% of total income in the financial year 2016-17. The above tax provisions include ₹ 97.85 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 before charging depreciation, before exceptional item and tax amounted to ₹ 1,784.25 crore as against ₹ 1,425.69 crore in the previous financial year, showcasing a rise of 25.15%. The Profit Before Tax (PBT) before exceptional items for the financial year 2017-18, increased by 25.26% from ₹ 1,402.39 crore in the previous financial year to ₹ 1,756.62 crore in the current financial year.

Contribution and Expenses towards Corporate Social Responsibility (CSR)

Your Company is required to spend money on Corporate Social Responsibility (CSR) activity 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 2017-18, your Company has spent ₹ 23.81 crore on its flagship/ identified programmes as against ₹ 22.98 crore which was required to be spent for the financial year as per the provisions of the Companies Act, 2013. 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 Corporate Social Responsibility Committee of the Board oversees the initiatives undertaken by the Company and that the same meets 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 during the financial year 2017-18, 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, 2018 is as under:

(₹ in crore)

Particulars	March 2018	March 2017
Total Income	10,529.04	9,615.64
Net Profit for the period (before Tax and Exceptional Item)	1,738.69	1,420.80
Net Profit for the period before Tax (after Exceptional Item)*	1,738.69	3,276.25
Equity Share Capital	313.66	313.15
Reserves (excluding Revaluation Reserves) as shown in the Balance Sheet	8,246.18	7,417.45
Earnings per share of ₹ 10 each (Basic)	37.18	92.78
Earnings per share of ₹ 10 each (Diluted)	36.89	92.47

** During the last financial year, there was a gain of ₹ 1,969.43 crore on account of sale of investment (i.e. stake held in DHFL Pramerica Life Insurance Company Limited, a joint-venture entity), which was considered as an exceptional item.*

RISK MANAGEMENT

Your Company has a well-structured risk management policy to address the various risks it is exposed to, on account of being in the lending business. These include: credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. The Risk Management Policy of the Company seeks to identify, assess and monitor various risks.

The Company's risk management policy is steered 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 under the Head – Risk & Collections.

Liquidity Risk Management

The Asset Liability Committee (ALCO) of the Company monitors, on an ongoing basis, liquidity, interest rate and funding risks to which the Company is susceptible. Liquidity risk is caused by an asset-liability mismatch resulting from a difference in the maturity profile of the assets and liabilities. 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, are some of the triggers of this risk.

The liquidity risk among HFCs stems from the fact that the assets generated by HFCs have an average tenure of 10 to 12 years, while the liabilities have seven to ten 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 also strengthen its ability to consider investment opportunities as they arise. The Asset Liability Management Committee ("ALCO"), comprising Senior Management Team, lays down policies and quantitative limits, and also the Risk Management Committee, Audit Committee and the Board are periodically apprised in this regard.

With its diverse sourcing of liquidity to facilitate flexibility in meeting funding requirements, your Company funds its operations mainly by borrowings from banks, financial institutions and capital markets. It also obtains refinance from NHB and funds from Public (Fixed) Deposits.

Interest Rate Risk Management

Rate-sensitive asset-liability gap analysis is used to measure exposure to interest rate fluctuations, 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 in accordance with 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, indicates the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities.

In order to mitigate this risk, your Company strives to optimise its borrowings between short-term and long-term debt, and also between floating and fixed-rate instruments. It prepares interest rate risk reports periodically, and shares the findings with National Housing Bank. Further, to ensure that exposure to fluctuations in interest rates is kept within acceptable limits, your Company follows a prudent policy on the management of its assets and liabilities.

Interest rate swaps are used on a limited basis for hedging interest rate mismatches, the ALCO periodically reviews the treasury operations, as well as the pricing of products, at specific intervals.

Credit Risk Management

A credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. Lenders are exposed to default risk in virtually all forms of credit extensions. Default risk can change as a result of broader economic changes or changes in a Company's financial situation.

Certain credit norms and policies are being followed by your Company to manage credit risk, including a standard credit appraisal policy based on customer credit worthiness approved by the Board. These criteria change between loan products and typically include factors such as profile of applicant, income and certain stability factors such as the employment and dependency detail, other financial obligations of the applicant, Loan to value and the loan-to-cost ratio. Standardised credit approval process including a comprehensive credit risk assessment is in place 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 and considering factors such as exposure limits, segmented net interest margins (interest rates vis-a-vis default propensity in a segment) and its impacts tes vis-a-vo[i]TJ0.r)18(oce

Management Discussion and Analysis (Contd.)

early identification of problematic loans using various analysis and 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, the Company's branches act as a sourcing point while the Centralised Processing Units (CPUs) act as decision points for credit underwriting. These CPUs not only provide standardised decisioning but also enable the same at reduced cost and increased productivity.

Independent internal legal and technical evaluation teams in your Company help to make credit decisions more robust and in line to manage collateral risk. 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 Credit team conducts a credit check and verification procedure on each customer, ensuring consistent quality standards to minimize future losses.

Your Company also has in place a dedicated Risk Containment Unit (RCU), a team of fraud identification specialists, which ensures that all loan files are thoroughly checked for any fraud elements in profile, documentation, identity or property value before they are disbursed to the customers.

To review the adherence to laid down policies and quality of appraisal, your Company's independent internal audit team conducts a regular review of files on a sample basis. A dedicated collection and recovery team manages lifecycle of transactions and monitors the portfolio quality.

Your Company has developed high expertise in the entire loan lifecycle and has utilised the same very well not only in LMI segment, where credit risk is sometimes tough to assess, but also in Loan Against Property and SME loans which require a very specialised risk assessment.

Operational Risk Management

Operational risk management is defined as a continual cyclic process which includes risk assessment, risk decision making, and implementation of risk controls, which results in acceptance, mitigation or avoidance of risk.

To manage the Operational 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 operational 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.

As your Company deals with many external vendors on various sides of business, it has a well-defined Outsourcing Policy, approved by the Board, which clearly lays down the requirements and procedures for any such engagement. Such controls also help your Company in keeping a standard approach in such engagements.

Your Company has strengthened its technology platform across systems and processes and also has 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.

Any event or incident, which has the potential risk to your Company's brand name or reputation, is continuously watched out for and your Company has in place related risk controls to manage such risks, with a special focus on the ones which can cause any legal or compliance complications.

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 statues,

execution of transactions as per the authorisation and compliance with the internal policies of the Company.

Your Company's Management Assurance and Audit function is headed by a senior management personnel with reporting lines to the Audit Committee of the Board and a dotted line reporting to the Joint Managing Director and Chief Executive Officer. The head of management assurance and audit is accountable to the Board of Directors through the Chairman of the Audit Committee. The function is responsible for providing comprehensive audit coverage of all divisions within the Company and for assisting management in ensuring proper control over Company's assets and liabilities. It is an independent and objective assurance and consulting activity designed to add value and improve the Company's operations. It helps your Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The function adopts a risk-based audit approach and conducts an audit of all branches and functions and also proactively recommends improvements in operational processes and suggests streamlining of controls to mitigate various risks.

HUMAN RESOURCES

Your Company strives to build a culture based on the philosophy that 'Talent is and will be the key differentiator propelling our success'. It is your Company's constant endeavour to create an environment of continuous learning, earning and growth for its workforce.

Your Company remains focused on attracting the best talent in the industry, nurturing them through robust learning and development mechanisms, and retaining them through progressive employee-centric policies and practices. This is successfully done through effective amalgamation of the organisational objectives with individual aspirations.

During the financial year 2017-18, your Company reinforced the pre-trained manpower hiring channel, providing product and process training prior to on-boarding, in order to minimise loss of productive hours. Your Company is also tied up with renowned and tier 1 educational institutions of the country to curate end-to-end scholastic cycles for the youth of tomorrow. Your Company hosted several referral schemes to ensure cost-effective and quality hires. It also revamped its Employee Induction Programme, enabling alignment of the off-role staff to the organisational culture, while, at the same time, imparting to them the necessary product and process information.

Your Company, in the financial year 2016-17, had launched "Better Together" - its diversity and inclusion initiative. Your Company hired 150 female staff in financial year 2017-18, as against 44 in financial year 2016-17, reflecting a growth of 341% in absolute value terms. Your Company launched "Stronger Together" – the DHFL Women's Club, on the occasion of International Women's Day, facilitating knowledge sharing and empowerment among women employees, to achieve success. Your Company also organised several work-life sessions by renowned speakers, besides self-defence camps, as well as grooming and health awareness sessions. Your Company, as responsible partners in the corporate world, will continue to embrace diversity and strive to build a working environment conducive to women staff, marked by equal opportunities and merit-based approach for growth of all.

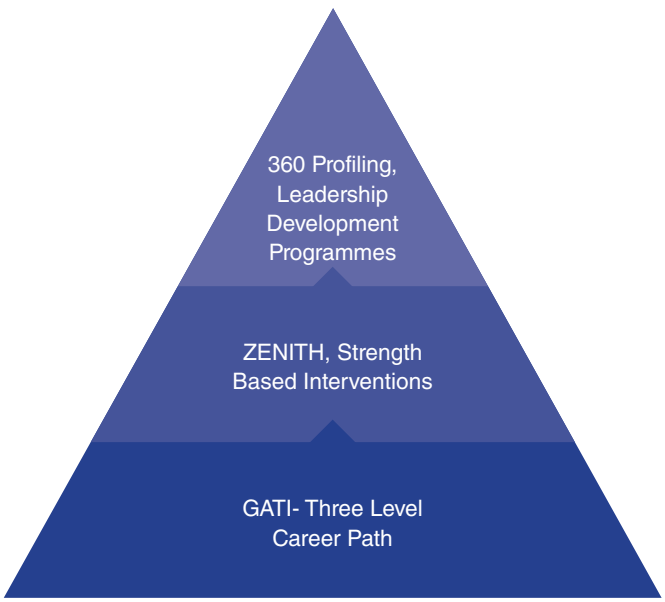
Your Company had launched GATI – Career Progression Plan for its off-role staff - in financial year 2015-16, under which approximately 3,500 frontline staff was distributed across three levels. In the last financial year, your Company on-boarded 10% proportion of its total hire from off-role source, optimising hiring cost and reducing performance lead time on hiring. Your Company also imparted "First Time Manager" training to employees to sharpen their managerial and team management skills to lead employees.

Your Company has also partnered with reputed educational institutions to provide higher education opportunities to employees and their families at subsidised rates. As part of this initiative, it received more than 100 nominations within 6 months of launch. Through this initiative, your Company intends to provide career growth opportunities to its human capital and foster higher studies amongst the extended DHFL Family, contributing to the cause of developing employable skills amongst the youth of the nation.

Your Company is on its way to building a futuristic organisation based on the strengths of its internal team members, so as to leverage the natural inclinations of any individual to achieve higher levels of productivity. For this, your Company had partnered with a renowned name in the Strength Management Field, Gallup, through their tool, Gallup Clifton Strength's Finder – an online assessment tool that identifies areas in which an individual has the greatest potential for building strengths. In the last financial year, your Company covered 330+ people managers under this programme and successfully implemented this concept, building strength-based approach into the innate fibre of the organisation and its internal processes. Your Company, in collaboration with Gallup, also structured a Leadership Enrichment Session based on the Strengths Philosophy, which involved the conception of Organisational and Functional Level Strength Maps that would help ascertain the overall organisational behaviour and areas of core strengths. The partnership is aimed at supporting the strategic growth charter of the Company and pinning down priority action areas to make your Company's future-ready.

Management Discussion and Analysis (Contd.)

Your Company respects talent and proactively builds growth-driven symbiotic relationships with its high potential employees. In line with this approach, your Company launched ZENITH – Accelerated High Potential Developmental Programme, wherein a pool of employees was identified through a series of stringent assessments to adjudge their abilities and aspirations. This group of employees will be undertaken through a blended learning model, thereby developing them to take up the baton for your Company in future. This initiative ensures a structured succession pipeline across your Company, enabling it to keep a ready pool of talent to take up critical projects for the organisation, and promotes home-grown leadership in parallel.



Band-based Interventions

Your Company also has in place a powerful internal reward and recognition mechanism - RACE (Recognise and Celebrate Excellence). Under this programme, your Company has, till date, recognised over 1500+ top performers quarter on quarter, amongst whom 42% were off-role awardees. The performance levers for identifying achievers every quarter are directly aligned to the overall mission of the organisation and thereby, through RACE, your Company promotes and wishes to clone behaviours that drive performance in order to achieve higher productivity levels. RACE operates across the board, covering over 65 unique roles in the organisation spanning varied departments against three major award categories – Miles Awards for frontline sales staff, Star Awards for back-end non-sales staff, and Hero Awards for employees at Area, Region and Zonal Roles. Through RACE, your Company also recognises employees who demonstrate people management skills, through the People Excellence Awards. Your Company fosters a culture of recognition and meritocracy through the platform of RACE, which additionally acts as a booster to employee productivity.

Your Company understands that in addition to building a performance oriented culture, it is also of paramount importance that employees are provided with an engaged work environment. Thus, to promote fun and joy at work, your Company introduced SHINE to Spread Happiness, Impact Lives and Nurture Excellence. Under this initiative, your Company organised DHFL Sports League – a pan India Carrom and Cricket Championship, wherein more than 1,500 employees participated. Tournaments were held at regional and zonal levels, and the finale was held at Mumbai in January 2018. Your Company also organised 33 Family Carnivals across the country, connecting approximately 7000 families. Through this annual gala celebration, your Company acknowledges and thanks the invisible efforts of the extended DHFL family members to promote the success of the organisation. Your Company is also focused on proactive wellness of its employees, and organised several health camps across the country. Besides, more than 500 employees participated in Stepathlon, and Marathons across major locations were also activated.

Your Company appreciates the importance of integrating modern technology, and enabling its seamless use by its employees, to strengthen the people management framework. Led by the vision, of connecting to the last mile of employees, your Company revamped the internal HR portal – DHFL Connect, and brought under one umbrella all the 9,000+ employees on DHFL and off-role employees rolls. Apart from employee lifecycle modules, DHFL Connect's top-notch features like blogs, polls, announcement section, news updates, live gallery and real time appreciation tools enable your Company to promote collaboration and communication across the rungs. DHFL Connect, accessible from a range of devices including mobiles and tablets, facilitates geo-attendance tagging, helping the employees mark their presence on-the-go. DHFL Connect is the starting point of HR digital transformation, automation of lifecycle processes and knowledge management, the derivative of which would be enriched internal customer experience for your Company.

In its continued efforts to build your Company as an employer brand of choice, your Company gave a makeover to its official

LinkedIn Page, showcasing the ethos, practices and spirit of a DHFL workplace. Your Company could achieve a significant growth in organic followers since the new page launch, reflecting increased traction and social presence for your Company on the web media.

Your Company also undertook proactive measures to ring-fence critical talent and keep attrition values well within the industry range. Employee productivity also moved up the curve through the financial year, and had a positive impact on business growth continuity.

As on March 31, 2018, your Company's total workforce was 3,582 as against 2,881 on March 31, 2017. The growth in manpower is in line with your Company's strategy of growing operations and expanding its geographical reach, especially in Tier II and Tier III cities, towns and peripheral suburbs.

OUTLOOK

India holds promising future to its vast population by facilitating widespread development that will ensure better quality of life and to maintain higher economic growth trajectory giving better income and employment opportunities. The country is also expected to witness a qualitative shift towards enhanced transparency in governance and greater thrust on inclusion by taking the benefits of development to the people across its length and breadth into hinterlands and rural areas; and fulfill the aspirations of the new India which transcends beyond the metros.

In fulfilling the dispersed growth objective, the Government is committed to build world-class infrastructure that links the hinterlands to the towns and cities and provide "Housing for All by 2022". There is also a sustained focus on ensuring that small and medium businesses have access to credit and support from the formal financial sector. These initiatives will go a long way towards ensuring that growth is built on a firm base and is, therefore, sound and sustainable.

The Indian real estate market is expected to touch USD 180 billion by 2020. Housing sector is expected to contribute around 11% to India's GDP by 2020. In the period of financial years 2008-20, the market size of this sector is expected to increase at a Compound Annual Growth Rate (CAGR) of 11.2%. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs.

Financial year 2018-19 is expected to be positive on the back of various policy initiatives undertaken by the Government like GST and RERA during the year gone by. Real estate sector will witness more corporate players expanding their area of operations while small focused players will continue to gain in smaller towns and new suburbs fanning out of major urban centers. Affordable home will witness better offerings with supply side realignment to potentials of demand, while new income opportunities in smaller towns will push demand side. Completion of existing projects will be the priority under the RERA regime over launching new ones, hence, 2019 looks promising for a good supply of houses on a time based delivery across major Indian markets. In order to achieve this, developers will be remodeling their business processes to streamline delivery and providing value propositions for home buyers.

The Government's efforts to boost "affordable housing" by conferring "infrastructure status" to this segment and announcing various tax incentives will continue to attract more prominent developers to realign their products to compete in this category. The Union Cabinet's decision to increase the carpet area of affordable units to 120 sq.m and 150 sq.m for MIG-I (income category ₹ 6-12 lakh per annum) and MIG-II (income category of ₹ 12-18 lakh per annum) segments respectively, coupled with an interest subsidy of upto 4%, will benefit both buyers and sellers as options increase for the former and inventories are cleared for the latter. Affordable housing will therefore become an important segment in every developer's portfolio in financial year 2018-19. Developers could also be focusing on their niche expertise, specialising in the various segments of real estate, e.g., plotted developments, residential projects, townships, and commercial spaces; and hence, specialist service providers could be emerging in each of these categories.

In terms of policy initiatives in the housing sector, the Government has increased its support to both developers as well as home buyers through the implementation of RERA and granting industry status to the affordable housing. At the same time, maintaining low interest rates and the Government's decision to establish a dedicated affordable housing fund under the National Housing Bank (NHB) bring the dream of home ownership closer to those in the Economically Weaker Sections (EWS) and Low Income Group (LIG) categories. Lastly, efforts to boost rural incomes through various programmes, including the endeavour to double farmer incomes by 2022 announced in the Union Budget – 2018 and credit-linked subsidy schemes under the Pradhan Mantri Awas Yojana to encourage MSMEs, will increase the propensity of rural India to own houses.

In support of the larger economic trends, and in continuation of its mission to contribute significantly to the creation of a nation of home owners, your Company continues to structure products that can match the needs of the emerging demand and innovate offerings to ever expanding population of home ownership aspirants on the periphery. With this intention, your Company endeavours to maintain its focus primarily on Tier-II and Tier III locations, where housing demand will flourish in the current economic scenario.

Financial year 2017-18 was yet another year in the building block of your Company as it deepened its presence in the housing finance sector and continued to strengthen its roots in SME lending, as well. Leveraging its key strengths, including its diverse sources of funding, its technological solutions and most importantly, its holistic approach towards lending has enabled your Company to maintain high quality assets portfolio, while its customer base increased considerably.

Your Company maintains a positive outlook, driven by its strong leadership position in the affordable housing finance industry and sharp competitive strengths. As all key business enablers are currently showing favourable signs, your Company is optimistic and expects another year of healthy growth in financial year 2018-19. Your Company has also invested into a new technology platform and a centralised processing set-up, with an aim to further embed the best business practices within each level of operation. With significant technology-led initiatives underway aimed at enhancing internal efficiencies as well as creating a differentiated customer experience model, your Company is indeed future ready. Your Company is already on course to build an enduring financial services business that continuously rewards investors with strong earnings growth.

Going ahead, your Company looks forward to furthering its mission of inclusion, with proactive and far-sighted initiatives across its business functions. While empowering large segments of the population, through a diversified portfolio, it will continue to facilitate stronger, higher, more sustainable growth for itself; and at the same time participate in the Nation building in a positive way.

Board's 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, 2018.

KEY FINANCIALS

The financial performance of the Company for the financial year ended March 31, 2018, is summarized below:

(₹ in crore)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Gross Income	10,464.45	8,857.23	10,529.04	9,615.64
Less: Interest	7,564.92	6,653.61	7,587.00	6,674.37
Overheads & Provisions	1,115.28	777.93	1,174.90	1,477.01
Depreciation	27.63	23.30	28.44	43.46
Profit before Tax and Exceptional item	**1,756.62**	**1,402.39**	**1,738.69**	**1,420.80**
Add: Exceptional item*	-	1,969.43	-	1,855.45
Profit Before Tax	**1,756.62**	**3,371.82**	**1,738.69**	**3,276.25**
Less: Provision for taxation	584.49	475.37	585.49	479.90
Profit after tax	**1,172.13**	**2,896.45**	**1,153.20**	**2,796.35**
Add: Net share of profit from Associates	-	-	12.45	9.95
Add: Balance brought forward from the previous year	1,552.46	643.68	1,283.80	731.91
Net Gains on dilution of Associate	-	-	35.88	3.45
Surplus available for appropriations	**2,724.59**	**3,540.13**	**2,485.33**	**3,541.64**
Appropriations				
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	275.00	580.00	275.00	580.00
Transferred to General Reserve	200.00	200.00	200.00	200.00
Transferred to Debenture Redemption Reserve (DRR)	-	1,170.00	-	1,170.00
Interim Dividend(s)	94.08	31.30	94.08	31.30
Equity Dividend (Final)	94.07	-	94.07	-
Tax on Dividends	38.30	6.37	38.30	6.37
Adjustment pursuant to capital reduction schemes in JV	-	-	-	270.18
Balance carried over to Balance Sheet	2,023.14	1,552.46	1,783.88	1,283.80
Total	**2,724.59**	**3,540.13**	**2,485.33**	**3,541.64**
Earnings Per Share				
Basic (in ₹)	37.39	95.76	37.18	92.78
Diluted (in ₹)	37.09	95.44	36.89	92.47

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

** During the last financial year there was a gain of ₹1,969.43 crore on account of sale of investment (i.e. stake held in DHFL Pramerica Life Insurance Company Limited, a joint venture entity) which was considered as an exceptional item.*

During the financial year ended March 31, 2018 and March 31, 2017, your Company made total loan disbursements of ₹ 44,800.31 crore and ₹ 28,581.90 crore, respectively.

TRANSFER TO RESERVES

During the financial year under review, your Company transferred ₹ 200.00 crore to the General Reserve and ₹ 275.00 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 ₹ 2,023.14 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, your Company has already adjusted its reserves towards deferred tax liability. Deferred Tax Liability on current year special reserve has been charged to Statement of Profit & Loss amounting to ₹ 97.85 crore.

PERFORMANCE

Your Company has always been the flag bearer of the Mission - Housing for All. Your Company since inception is conducting its business towards fulfilling a mission of enabling every Indian citizen more particularly those in Lower and Middle Income (LMI) and Economically Weaker Sections (EWS) to own a house for themselves and their families. Your Company's powerful communication and reach with this target segment has proved effective in seeding the thought of home ownership and in making them not merely our customers but partners in progress. Towards this your Company has been continuously increasing its footprints in Tier 2 & 3 cities and its peripheral suburbs and has ensured that it is one of the preferred lending partner in this category. This focused approach has ensured sustained growth of your Company to become one of the largest Housing Finance Company in India with an Assets Under Management (AUM) of more than ₹ 1 lakh crore.

By maintaining proactive communication with existing and potential customers and by leveraging on best in class technology and processes for enhanced efficiency, your Company is able to offer a robust customer centric business proposition. To expand business opportunities for growth and profitability your Company also offers other mortgage backed products like Loan Against Property, Loan to SME, Small Business enterprises and Self-employed. Your Company extends loans to developers for Residential Projects with thrust on affordable Home Projects.

The housing industry is showing augmented growth in the affordable housing segment, which has been mainly driven by the Government's vision of "Housing for All by 2022". This has also been led by industry building initiatives like Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana (PMAY) and doubling of the budget allocation for affordable housing to ₹ 8 billion. In the financial year under review, your Company was awarded the Best Performing Primary lending institution under CLSS for MIG by My Liveable City and knowledge partner National Housing Bank.

Standalone

During the financial year ended March 31, 2018 and March 31, 2017, your Company made total loan disbursements of ₹ 44,800.31 crore and ₹ 28,581.90 crore, respectively. As on March 31, 2018 and March 31, 2017, the Gross NPAs as a percentage of the outstanding loans were 0.96% and 0.94%, respectively. The net NPAs as a percentage of the outstanding loans were 0.56% and 0.58%, respectively, which are both substantially lower than industry benchmarks.

Total income for the year under review was ₹ 10,464.45 crore as against ₹ 8,857.23 crore during the previous financial year and total expenditure was ₹ 8,707.83 crore, compared to ₹ 7,454.84 crore during the previous financial year. Your Company's Assets Under Management (AUM) stood at ₹ 1,11,085.83 crore as on March 31, 2018, as against ₹ 83,559.92 crore in the previous financial year.

For the financial year under review, the Profit before taxes stood at ₹ 1,756.62 crore as against ₹ 1,402.39 crore (being the profit before exceptional items and taxes) in the previous financial year and Profit after Tax is at ₹ 1,172.13 crore as against ₹ 2,896.45 crore in the previous financial year (which included an exceptional income of ₹ 1,969.43 crore).

Consolidated

During the financial year under review, your Company's total revenue on consolidated basis stood at ₹ 10,529.04 crore, higher than 9.50% in the previous financial year. The overall operational expenses for the financial year under review was ₹ 8,790.35 crore, as against ₹ 8,194.84 crore in the previous year. Operating profit before tax and exceptional item improved to ₹ 1,738.69 crore as compared to ₹ 1,420.80 crore in previous financial year 2016-17. The year's Profit after Tax attributable to the Company stood at ₹ 1,165.65 crore against ₹ 2,806.30 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, 2018 and the date of this Board's report i.e. May 16, 2018 except as disclosed in this Board's Report.

DIVIDEND

Your Company has in place a Dividend Distribution Policy formulated 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 declaration/recommendation of dividend to the Members of the Company.

In terms of the Dividend Distribution Policy, your Directors at their meeting held on October 16, 2017 had declared interim dividend for the financial year 2017-18 of ₹ 3 per equity share on 31,36,06,352 fully paid up equity shares of ₹ 10 each of the Company. The Board of Directors at their meeting held on April 30, 2018 have also recommended a final dividend of ₹2.50 per equity share for the financial year ended March 31, 2018. Therefore, the total dividend for the financial year 2017-18 aggregates to ₹ 5.50 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 Wednesday, June 27, 2018. The total outgo on account of dividend (excluding dividend tax) will be ₹ 172.49 crore, for the current financial year 2017-18, as against ₹ 125.37 crore in the previous financial year.

The Dividend Distribution Policy is available on the website of the Company at the URL: https://www.dhfl.com/docs/default-source/investors/dividend-distribution-policy/dividend-distribution-policy-jan-2018.pdf and forms part of this Board's report as "Annexure - 1".

AMENDMENT TO THE ARTICLES OF ASSOCIATION

During the year under review, in order to comply with the provisions of SEBI circular no. CIR/IMD/DF-1/67/2017 dated June 30, 2017 and pursuant to and in terms of the provisions of Section 14 of the Companies Act, 2013, the Members of the Company vide a Special Resolution passed by means of postal ballot on November 27, 2017 approved the amendment in the Articles of Association of the Company by way of insertion of a new article for enabling consolidation and re-issuance of debt securities subject to the provisions of the Companies Act, 2013 and the applicable SEBI Regulations.

TRANSFER OF UNCLAIMED DIVIDEND/ DEPOSITS AND SHARES TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, rules made thereunder and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto, the amount of dividend/deposits remaining unpaid or unclaimed for a period of 7 (seven) years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) as constituted by the Central Government.

Further, as per the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven (7) consecutive years are required to be transferred by the Company to the designated Demat account of the IEPF Authority.

The details of the unpaid/unclaimed dividend/deposits and the shares due to be transferred to the IEPF, are also uploaded as per the requirements, on the website of the Company i.e. www.dhfl.com.

Unpaid/Unclaimed Dividend

During the financial year under review, your Company has transferred unclaimed final dividend of ₹ 0.07 crore pertaining to the financial year 2009-10 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 ₹ 0.17 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.

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.

Transfer of Shares to IEPF

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the rules made thereunder, the Company has transferred in aggregate 89,647 equity shares of ₹10 each to Investor Education and Protection Fund (IEPF) established by the Central Government in respect of which the dividend remained unpaid/unclaimed for a period of seven consecutive years i.e. from 2009-10 till the due date of November 15, 2017 after following the prescribed procedure.

In case your shares, unclaimed dividend or deposits etc. have been transferred to IEPF, you can claim the same by making an application directly to IEPF in the prescribed form under the IEPF Rules which is available on the website of IEPF i.e. www.iepf.gov.in.

LENDING OPERATIONS

The sanctions and disbursements of housing and other loans, during the financial year ended March 31, 2018, were ₹ 65,935.78 crore and ₹ 44,800.31 crore respectively, as against ₹ 39,846.28 crore and ₹ 28,581.90 crore, respectively, in the previous financial year. The Company's cumulative loan disbursement since inception was ₹ 1,76,216.15 crore.

Securitisation/Assignment of Loans

During the financial year under review, your Company has sold/assigned multiple pools of housing loans aggregating to ₹ 8,490.08 crore and other non-housing loans aggregating to ₹ 3,005.11 crore. Your Company will, however, continue to collect the Equated Monthly Installments (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.

Loan Book

As at March 31, 2018, the loan book stood at ₹ 91,932.32 crore, as against ₹ 72,096.18 crore in the previous financial year.

SHARE CAPITAL

(A) Authorized Share Capital

During the financial year under review, there has been no change in the authorized share capital of the Company. The Authorized share capital of the Company as at March 31, 2018 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 Share Capital

The Issued and paid up equity share capital of the Company as at March 31, 2018 was ₹ 313.66 crore divided into 31,36,58,847 equity shares of ₹ 10 each as compared to ₹ 313.15 crore divided into 31,31,52,205 equity shares of ₹ 10 each as at March 31, 2017. The increase was on account of allotment of 5,06,642 equity shares of ₹ 10 each, upon exercise of options (employee stock option plan and employee stock appreciation rights) by the eligible employees of the Company pursuant to the Employee Stock Option Scheme, 2009 (Plan III) and 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

No preference shares have so far been issued by the Company.

RESOURCE MOBILISATION

Your Company's borrowing policy is under the control of the Board. The Company has vide special resolution passed by the Members of the Company, under Section 180(1)(c) of the Companies Act, 2013, at the 33rd Annual General Meeting held on July 21, 2017, 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 ₹ 2,00,000 crore and the total amount so borrowed shall remain within the limits as prescribed by National Housing Bank. Your Company has maintained a well diversified borrowing mix comprising of borrowings from the Banks (43%), debt market instruments (40%), deposits (11%), refinance from National Housing Bank (3%) and External Commercial Borrowings (3%).

Your Company continued to raise resources at competitive rates from its lenders while ensuring proper asset liability match.

Your Company's total borrowings amounted to ₹92,715.45 crore as at March 31, 2018, as against ₹ 81,341.24 crore in the previous year. The Company's Asset-Liability Management 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 2017-18, as well. Another strategy adopted to keep a balanced asset liability management 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.

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 resolution passed by the Members of the Company and Policy for private placement of Non-Convertible Debentures (NCDs) of the Company formulated as per the Directions issued by National Housing Bank. The proceeds of the aforesaid issues were utilised for making disbursement to meet the housing finance requirements of the borrowers, repayment/prepayment of principal and interest of existing borrowers as well as for general corporate purposes.

Non-Convertible Secured Redeemable Debentures

During the financial year under review, your Company issued Non-Convertible Secured Redeemable Debentures on private placement basis amounting to ₹1,309.00 crore to banks and financial institutions. The outstanding balance of these Debentures including accrued premium on zero coupon NCDs as on March 31, 2018 amounts to ₹ 28,819.76 crore.

Non-Convertible Perpetual Unsecured Debentures

During the financial year under review, your Company has raised ₹ 500 crore through issuance of Non-Convertible Perpetual Unsecured Debentures. The outstanding balance of such debentures as at March 31, 2018 amounts to ₹ 1,160.70 crore.

Non-Convertible Subordinated Unsecured Debentures

As at March 31, 2018, your Company's outstanding subordinated debts were ₹ 1,331.80 crore. The debt is subordinated to present and future senior indebtedness of your Company. Further, in the month of April, 2018, the Company has issued on private placement basis Non-Convertible Subordinated Unsecured Debentures amounting to ₹ 1,000 crore.

Debenture Trustee Agreement(s) were executed in favour of Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) for NCDs issued during the year.

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 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 Debentures 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) Regulations, 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, 2018, DRR stands at ₹1,170 crore.

Non-Convertible Debentures [NCDs] by way of public issue

The Board of Directors of your Company at their meeting held on April 30, 2018 have approved the raising of funds by way of public issue of Secured Redeemable Non-Convertible Debentures of face value of ₹1,000 each, subject to the receipt of necessary approvals, for an amount upto ₹15,000 crore (Rupees Fifteen Thousand crore only) (including the green shoe option), in one or more tranches, in terms of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Companies Act, 2013 and other applicable laws. The NCD Public Issue Committee as authorised by the Board of Directors approved the Draft Shelf Prospectus for the same. Thereafter, the Shelf Prospectus and Tranche 1 Prospectus for an amount of ₹ 3,000 crore (Base Issue Size) with an option to retain over-subscription up to ₹ 9,000 crore aggregating up to ₹12,000 crore were also approved by the said Committee. The required approvals were duly received from BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Mumbai, Maharashtra.

Medium Term Notes (MTN) programme (Masala Bonds)

During the financial year under review, your Company has set up Medium Term Note (MTN) programme for raising of funds by way of issue of secured Rupee denominated Notes overseas to be settled in USD for an amount not exceeding USD 2 billion. Under the said MTN Programme, the Company has on April 18, 2018 successfully raised an amount of ₹ 989.72 crore by issue of INR denominated USD settled 10,000,000,000 Notes having a tenure of 5 years. These bonds were listed on London Stock Exchange (LSE – International Securities Market (ISM) Segment).

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

Your Company continued to leverage on its long-term relationship with banks and thus tied up fund based working capital limit to ₹3,215 crore as at the end of financial year. Your Company also raised additional term loans from banks to the extent of ₹ 10,750 crore during the financial year 2017-18 at competitive rates available in the market and continued its focus on domestic sources.

Deposits

Fixed deposits are an important source of borrowing for your Company, and the Company has taken several initiatives to grow the retail deposit book in the year under review. Your Company has a wide distribution network through which these deposits are made available to public, and the Company has been constantly trying to expand this distribution network by reaching out to newer cities and newer markets continuously. As a result, the fixed deposit portfolio of your Company has seen a robust growth during the financial year under review. The total deposits grew by 51% to ₹10,243.11 crore as on March 31, 2018.

As of March 31, 2018, there were 12,580 depositors who had not claimed their deposits (along with interest due thereon) aggregating to ₹103.41 crore. Your Company sends appropriate reminders to the depositors before the date of deposit maturity to, and that is also followed up by reminders after the date of maturity in case the deposit remains unclaimed, to renew or claim their maturity amount of deposits by submitting the necessary deposit receipt along with the necessary instructions.

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. The Fixed Deposits accepted by the Company are secured appropriately by the floating charge on the statutory liquid assets maintained in terms of Sub-Sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

Refinance from National Housing Bank (NHB)

During the financial year under review, an amount of ₹ 2,500 crore has been sanctioned to the Company under the NHB's refinancing schemes for HFCs. Documentation and formalities for availing the same are being completed.

Commercial Papers

As at March 31, 2018, Commercial Papers outstanding amount stood at ₹ 6,050 crore.

External Commercial Borrowings (ECBs)

During the financial year under review, your Company has refinanced External Commercial Borrowings (ECBs) amounting to ₹ 784.25 crore in the form of a syndicated loan facility. The ECB was raised under the RBI Refinance Guidelines for Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI) under the approval route.

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. 5 in the Notes to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2018.

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	CARE A1+	-	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	-	-
Innovative Perpetual Debt Instruments (IPDIs)	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

Your Company being a housing finance company, the disclosure regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business is exempted as per the provisions of Section 186(11) of the Companies Act, 2013.

Details of the investments made by the Company pursuant to the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2018.

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, 2016, 2017 and 2018:

Particulars	As on March, 31		
	2018	2017	2016
Capital Adequacy Ratio	15.29%	19.12%	16.74%

The Capital Adequacy Ratio (CAR) of your Company was at 15.29% as on March 31, 2018, 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 Housing Finance Companies (NHB) Directions, 2010 [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:

(₹ in crore)

Particulars	As of March 31		
	2018	2017	2016
Gross Non-Performing Assets	880.94	678.45	573.07
% of Gross NPA to Total Loan Portfolio	0.96%	0.94%	0.93%
Net Non-Performing Assets	514.65	419.43	361.02
% of Net NPA to Total Loan Portfolio	0.56%	0.58%	0.58%
Total cumulative provision- loans and other assets	974.08	714.19	583.02
Write-off	159.91	87.49	21.46

Recovery & Collections

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI Act) has been effectively utilised by your Company to initiate recovery action under the provisions of this Act, against the defaulting borrowers. Your 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. Your Company today has a very robust and comprehensive collections setup comprising of call centers, field agents, law firms and auctioneers to deal with various stages of default while adhering to NHB guidelines.

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 up to the approved limit delegated by the Board are taken by the Chairman & Managing Director, who is assisted by Senior Executives of the Company. The 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 ₹547.08 crore by way of income from mutual funds & other treasury operations and ₹413.25 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, 2018, your Company has invested ₹652.45 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 and NHB Bonds for ₹650.29 crore. It is being maintained within the limits prescribed by National Housing Bank.

During the financial year under review, your Company made a strategic investment of ₹21.57 crore in Social Worth Technologies Private Limited, which is engaged in the business of developing and providing technology related to consumer lending through the platform of Early Salary, being a mobile app extending a short term small amount loan to salaried individuals. The investment by the Company was made in two tranches i.e. ₹0.01 crore by way of subscribing to 10 equity shares alongwith ₹13.40 crore by way of subscribing to 13,706 Non-Cumulative, Compulsorily & Fully Convertible Preference Shares (Series A) and ₹8.16 crore by subscribing to 6,235 Non-Cumulative, Compulsorily & Fully Convertible Preference Shares (Series B), respectively.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

As on March 31, 2018, your Company has three (3) wholly owned subsidiaries, three (3) joint venture(s) and three (3) 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 forms part of this Board's report as "Annexure - 2". 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. 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 with the main object to, inter-alia, carry on the business of providing all kinds of advisory/ consultancy services and fee based intermediation activities.

DAIPL holds 32.88% stake in the equity share capital of the joint venture entity i.e. DHFL Pramerica Asset Managers Private Limited.

DAIPL earned an advisory fees of ₹ 0.05 crore during the financial year ended March 31, 2018 as against ₹ 0.05 crore for the financial year 2017.

DHFL Investments Limited (DIL)

DHFL Investments Limited was incorporated as a wholly owned subsidiary of the Company in the previous financial year with the main object to carry on the business of investment activities. 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 in the previous financial year. During the financial year under review, your Company made further investment of ₹1.20 crore by subscribing to 12,00,000 equity shares of ₹10 each issued by DIL on preferential basis.

DIL holds 50% stake in the equity share capital of the joint venture entity DHFL Pramerica Life Insurance Company Limited. DIL had during the previous financial year, by way of issue of Compulsory Convertible Debentures (CCDs), raised an amount of ₹1,901 crore from Wadhawan Global Capital Limited (formerly Wadhawan Global Capital Private Limited). The said CCDs are 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 on the expiry of 110 months.

As at March 31, 2018, the net worth of DIL stood at ₹99.78 crore and its loss for the period ended March 31, 2018 was ₹1.47 crore.

DHFL Changing Lives Foundation

During the year under review, your Company has established a wholly owned subsidiary 'DHFL Changing Lives Foundation', a Non-Profit Company, limited by guarantee, registered under Section 8 of the Companies Act, 2013 on December 1, 2017 to take forward the Company's CSR Vision and implement social programmes in a far more collaborative and participative way. DHFL Changing Lives Foundation has initiated implementing the Company's flagship CSR programme i.e. Early Childhood Care and Education (ECCE). It further proposes to invest in various capacity building initiatives to develop the programme, scale it to new geographies, foster partnership and use the learnings for creating a holistic approach to ECCE and make it an adaptable model in the National agenda for sustainable development goals.

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"). 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, during the financial year 2016-17, the entire equity stake held in DPLI representing 50% of the paid-up equity share capital of DPLI was sold to DIL, a wholly owned subsidiary.

As at March 31, 2018, the net worth of DPLI stood at ₹958.93 crore and its Profit before tax grew by 73% at ₹121.53 crore for financial year 2018 as against ₹70.42 crore for financial year 2017. The Assets Under Management of DPLI stood at ₹3,701.80 crore as at March 31, 2018 as against ₹2,732.70 crore as at March 31, 2017. DPLI has presence in 29 states.

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

Upon entering into a joint venture with PGLH of Delaware, (a wholly-owned indirect subsidiary of Prudential Financial Inc.) your Company 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.

As at March 31, 2018, 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, 2018, the net worth of DPAMPL stood at ₹ 138.16 crore with a Profit before tax of ₹ 9.75 crore for financial year 2017-18 as against ₹ 7.65 crore for financial year 2017.The Assets under Management of DPAMPL stood at ₹ 23,595.92 crore as at March 31, 2018 as against ₹ 26,117 crore as at March 31, 2017. DPAMPL has presence in 11 states.

Highlights of Performance of Associate Companies

Aadhar Housing Finance Limited (formerly DHFL Vysya Housing Finance Limited) (Aadhar)

During the year under review, the erstwhile Aadhar Housing Finance Limited (the Transferor Company) amalgamated with DHFL Vysya Housing Finance Limited (the Transferee Company) vide the order dated October 27, 2017 passed by the National Company Law Tribunal (NCLT) and the name of the amalgamated entity was subsequently changed to Aadhar Housing Finance Limited.

Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited) is a housing finance company registered with NHB and it focuses to cater to the lower and middle income segment.

As per the scheme of amalgamation approved by NCLT, 10 shares of the Transferee Company were allotted for every 119 shares held by the shareholders of Transferor Company. Your Company was holding 10,48,989 equity shares in Transferee Company and 1,49,00,000 equity shares in Transferor Company. Therefore, consequent to the amalgamation, 12,52,101, equity shares of ₹10 each of the Transferee Company were allotted to your Company for 1,49,00,000 equity shares held in transferor Company. As on March 31, 2018, your Company holds 23,01,090 equity shares i.e. 9.15% in the Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited).

As at March 31, 2018, the net worth of Aadhar Housing Finance Limited (formerly DHFL Vysya Housing Finance Limited) stood at ₹699.60 crore (including capital reserve on amalgamation) and its Profit before tax grew by 345% at ₹159.05 crore for financial year 2017-18 as against ₹35.76 crore for financial year 2016-17. The Assets Under Management of Aadhar stood at ₹7,966.41 crore as at March 31, 2018 as against ₹1,809.99 crore as at March 31, 2017. The financial figures as on March 31, 2018 are for the amalgamated entity, hence are not comparable. Aadhar has presence in 18 states.

Avanse Financial Services Limited (Avanse)

Avanse Financial Services Limited is a non-banking financial company registered with Reserve Bank of India. During the year under review, Avanse has embarked on its journey of getting transformed from an education focused NBFC to diversified NBFC and have launched new businesses viz., MSME loans and Commercial finance while keeping its core focus on education segment.

During the year under review, your Company invested further amount of ₹77.36 crore in Avanse by subscribing to 70,53,197 equity shares pursuant to the Rights Issue of shares by Avanse. As on March 31, 2018 the percentage of shareholding of your Company stood at 32.49% of the paid-up equity share capital of Avanse.

As at March 31, 2018, the net worth of Avanse stood at ₹485 crore and its Profit before Tax grew by 172% at ₹15.52 crore for financial year 2018 as against ₹ 5.72 crore for financial year 2017. The Assets under Management of Avanse stood at ₹ 2,187 crore as at March 31, 2018 as against ₹ 982.25 crore as at March 31, 2017. Avanse has presence in 15 states.

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 previous financial year, your Company had 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, 2018 the net worth of DHFL Ventures stood at ₹ 0.07 crore and its Profit before tax was ₹ 0.02 crore for financial year 2017-18. The total assets of DHFL Ventures stood at ₹ 0.094 crore as at March 31, 2018 as against ₹ 0.08 crore as at March 31, 2017.

INFORMATION TECHNOLOGY

Your Company is expanding technology landscape through advanced technology solutions as part of digital transformation program which comprises of technology enablers for business growth and operational efficiency along with a lot of emphasis on IT security.

The journey towards digital transformation is to enhance customer and employee experience by strengthening enterprise architecture and expanding the digital footprint to meet evolving business needs.

As part of this program, best-fit solutions are being implemented/ enhanced in the areas of (i) customer relationship management to achieve higher customer satisfaction and enhanced marketing and sales effectiveness; (ii) digital channels to provide for effective interaction between the Company and its customers and business partners/agents; (iii) enhancing deposits system; (iv) complete digitization of processes and document management to facilitate the centralization of processes; (v) mobility solutions for collections management ,customer on boarding and technical verifications; (vi) loan origination and management system (vii) middleware enhancements; (viii) Integration with fintech solutions for improving operational efficiency.

Your Company is also exploring technology innovations and intelligent analytics to draw meaningful insights to stay ahead of the curve.

HUMAN RESOURCES

Your Company is a valued employer brand with a compelling employee value proposition. Your Company consistently focuses on building people practices that ensures learning, earning and sustainable growth, while balancing business needs and individual aspirations. Your Company's Human Resource team is a strategic partner to the organization's growth charter. It has adopted cutting edge technology to facilitate collaboration and communication till the last mile.

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

You Company also has defined succession pathways for the employees for them to grow internally in the organization. Your Company proactively identifies high potential employees and ensures 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 to perform, grow and stay in the Company. Your Company has instituted a performance management process that operates bi-annually and appraises its staff not only on past performance but also on their future potential. Your Company works on the belief that every great workplace is marked by synergistic and gender diverse teams and thereby promotes diverse workforce to benefit with improved business performance, better corporate governance and stronger brand image.

Your Company conducts regular internal surveys to understand the pulse of the organization basis which action areas are pinned down. Through this your Company promotes a culture of feedback and strives to achieve continued higher levels of employee satisfaction.

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 & leadership development and best in class process and policies. The overriding objective is to foster a culture of excellence that is purpose driven, propelled by the discretionary efforts of its employees.

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 4584 on roll employees and 2626 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 4113 employees were covered, of which 3337 were on roll and 776 were off roll.

In keeping with its importance and in compliance with National Housing Bank norms, trainings on Know Your Customer (KYC) & Anti Money Laundering (AML) with a total coverage of 2801 employees were also imparted at all levels within the organization. External training programs and cross functional exposures were utilised 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 14.24% 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-3".

(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 OPTIONS (ESOP)/ 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, ESOP - 2008, ESOP - 2009 – Plan II and ESOP – 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 and the ESOP 2009 Plan III was completed on June 30, 2017 upon allotment of the balance 2,00,000 equity shares of ₹ 10 each under the said plan.

Pursuant to the resolution passed by the Board of Directors of the Company, at its meeting held on January 16, 2015 and the special resolution passed by the Members of the Company on February 23, 2015 through Postal Ballot, the DHFL Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR Plan 2015"/"the Plan") was approved in accordance with the provisions of SEBI (SBEB) Regulations, exercisable into not more than 51,46,023 fully paid-up equity shares in aggregate, having face value of ₹ 10 each. Consequent to the bonus shares issued by the Company to its Members in the ratio 1:1 during the financial year 2015-16, the total number of employee Stock Appreciation Rights (ESARs) also increased in the same ratio i.e. exercisable into not more than 1,02,92,046 fully paid up equity shares.

During the financial year under review, Nomination and Remuneration Committee on July 13, 2017 approved Grant III of 32,47,100 and Grant IV of 5,50,000 ESARs and thereafter, on October 16, 2017 and January 22, 2018 approved Grant V & VI of 1,50,800 ESARs and 71,900 ESARs respectively, 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. Nomination and Remuneration Committee on January 22, 2018 also approved the amendment to the vesting schedule in respect of the ESARs granted under Grants III, IV and V.

During the financial year under review, the Company allotted to the eligible employees from time to time 3,06,642 equity shares of ₹ 10 each on exercise of 5,25,394 ESARs, under Grant I and II of DHFL ESAR Plan 2015.

During the financial year under review, the Members of the Company, approved amendment to the DHFL ESAR Plan 2015, inter-alia, for increasing the number of equity shares that can be allotted thereunder to 2,67,82,046 equity shares from the earlier limit of 1,02,92,046 equity shares. Pursuant to the subject approval, the Nomination and Remuneration Committee on March 22, 2018 approved Grant VII of 1,17,35,600 ESARs to the eligible employees 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.

The Company has received a certificate from its auditors confirming that the Employee 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 2017-18, forms part of this Board's report as "Annexure-4" 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 utilisation and maximum possible saving of energy. During the financial year under review, your Company has made capital investment of approximately ₹ 8 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 (VRV), replacement of normal tube lights with LED lights at the National Office of the Company and other pan India branches. 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 National Housing Bank (NHB), in promoting energy efficient homes.

B. Technology Absorption

Your Company has taken positive steps towards digital transformation to enhance customer experience, provide superior customer service, improve operational efficiency to support evolving business needs.

By expanding digital footprint, your Company has embraced mobility solutions in a big way to improve productivity and efficiency in customer onboarding, collections and technical verification processes. In addition, your Company is doing continuous enhancement of the core technology architecture to provide a scalable future ready platform to support and enable the company's growth. The new technology platform covers all functions starting from sales to loan underwriting and management, customer relationship management, financial accounting and collections management.

Your Company is also adopting analytics solutions in a big way to provide better insights about its customers and internal operations, and take informed decisions based on advanced and predictive analytics. The various technology advancements that has been undertaken is aimed at serving the customers better, managing the processes efficiently and economically without compromising on security and controls.

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, 2018.

INSURANCE

Your Company has insured its various properties and facilities against the risk of fire, theft, risk of financial loss due to fraud 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. Also the Public Liability policy availed covers the legal liability arising out of third party bodily injury or third party property damage in Company premises.

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.

During the previous financial year, your Company registered with Insurance and Regulatory Development Autho.9(e 5(cendam)]TJ0
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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. During the year under review, the said policy was amended with a view to ensure better implementation of the policy.

The said policy is available on the website of the Company at the URL: https://www.dhfl.com/docs/default-source/investors/whistle-blower-policy/whistle-blower-policy-revised.pdf

PREVENTION, PROHIBITION & REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and has a robust mechanism to redress the complaints reported thereunder. An Internal Committee has been constituted, which comprises of internal members and an external member who has experience in the subject field.

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: Nil

(b) Number of complaints disposed of during the year: Nil

(c) Number of cases pending more than ninety days: Nil

(d) Number of workshops or awareness programme against sexual harassment carried out: Your Company on a regular basis sensitizes its employees on prevention of sexual harassment through various workshops, awareness programmes which are conducted at branch, regional, zonal and national level.

(e) Nature of action taken by the employer or district officer: Nil

RISK MANAGEMENT

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 amended in accordance with the notification issued by National Housing Bank.

NOMINATION (INCLUDING BOARDS' DIVERSITY) REMUNERATION & EVALUATION POLICY (NRE POLICY) & PERFORMANCE EVALUATION

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 Nomination (including Boards' Diversity), Remuneration & Evaluation Policy (NRE Policy) of the Company, 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.

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: https://www.dhfl.com/docs/default-source/investors/nomination-(including-boards-diversity)-remuneration-and-evaluation-policy-of-the-company/nomination-remuneration-evaluation-policy-revised.pdf

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. 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, Joint Managing Director & CEO, 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.

CORPORATE SOCIAL RESPONSIBILITY

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. During the year under review, the CSR Committee was reconstituted and Mr. Harshil Mehta, Joint Managing Director & Chief Executive Officer was appointed as a member of the said 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. During the year under review, your Company has established a wholly owned subsidiary 'DHFL Changing Lives Foundation', for implementing the Company's CSR programmes. The Annual Report on CSR activities forms part of this Board's report as "Annexure - 5".

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 2018-19 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) customer segment. Your Company believes in handholding the consumer in his journey 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, and in its various advertisements in these 3 years your Company touched upon various facets of buying a home & tried to build an emotional connect with its customers. In its latest communication, your Company has emphasized on its Founder Chairman's vision of giving India a home, by dreaming for a country where everyone owns a home (Aisa Desh Ho Mera).

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. In addition to this your Company also launched a country wide unique initiative called 'Griha Utsav – Property Expo and Home Loan Mela' wherein a market place was created for builders to display affordable properties and consumers who were looking for such properties were invited to visit the expo. Throughout the year your Company conducted 31 such exhibitions and touched millions of lives by enabling home ownership.

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 during the Financial Year 2017-18, as recognition at various award forums:

- DHFL awarded the marketing campaign of the year at the ET NOW BFSI Awards.
- DHFL won the 12th Indy's award for the most creative Ad on TV in the BFSI sector.
- DHFL awarded the Best Housing Finance Company of the year at the ET NOW BFSI award.
- Mr. Kapil Wadhawan, Chairman & Managing Director awarded as the Best CEO in Financial Service by Business Today.
- DHFL awarded as Leading Housing Finance Company in the National Awards for Best Housing Finance Companies organized by CMO Asia and World Federation of Marketing.
- DHFL awarded the marketing campaign of the year for the campaign 'Aisa Desh Ho Mera' at the Global Marketing Excellence presented by CMO Asia.
- DHFL awarded as Most Trusted Housing Finance Brand in the National Awards for Best Housing Finance Companies organized by CMO Asia and World Federation of Marketing.
- DHFL awarded "The Best Performing Primary Lending Institution under CLSS for MIG" by My Liveable City and knowledge partner National Housing Bank.
- The DHFL Griha Utsav initiative wins Gold at Asian Customer Engagement Forum for best use of BTL activities to drive financial inclusion.

- DHFL Home Loan Dilse campaign wins the Grand Prix Award for the marketing campaign of the year at the Asian Customer Engagement Forum.
- DHFL awarded as One of India's Dream Companies to Work in the Housing Finance Sector by the World HRD Congress.
- DHFL awarded the marketing campaign of the year for the campaign 'Home Loan Dilse' at the National Awards for Marketing Excellence presented by Times Network.
- DHFL won the Gold award for the CSR Campaign Delivering Hope at the Asia Pacific Customer Engagement Forum.
- DHFL won the Gold at the ACEF awards for the best use of Celebrity Endorsement for Home Loan Dil Se campaign.
- DHFL won the Golden Globe Tigers Award 2017 for the Most Admired Service Provider in the Financial Sector held in Kuala Lumpur, Malaysia.

DISTRIBUTION NETWORK

The distribution network of your Company is designed to reach out to the Lower and Middle Income (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 347 offices throughout India which includes 187 Branches, 135 Service Centers, 20 Zonal/Regional/CPU offices, 2 Disbursement hubs, 1 Collection center, 1 Corporate office and 1 National office as at March 31, 2018. Additionally, your Company has international representative offices located in London and Dubai.

Your Company's network is grouped into Zones and Regions located pan-India with significant presence in 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

The Board of Directors at its Meeting held on August 30, 2017 on the recommendations of the Nomination and Remuneration Committee and subject to the approval of the Members of the Company, appointed Mr. Harshil Mehta (DIN: 03038428) as the Whole Time Director (designated as Joint Managing Director & Chief Executive Officer) with effect from September 1, 2017, for a period of five years and that his office shall be liable to retire by rotation. The Members of the Company by way of postal ballot on November 27, 2017, approved the said appointment.

Dr. Rajiv Kumar (DIN:02385076) an Independent Director on the Board of the Company since August 7, 2015, expressed his desire to resign from the position of an Independent Director due to his appointment as the Vice Chairman of NITI Aayog, a National Institution for Transforming India. The Board of Directors accepted his resignation with effect from September 11, 2017. The Board of Directors places on record their appreciation for the invaluable contribution and services rendered by Dr. Rajiv Kumar during his tenure as a Director with the Company.

Pursuant to the approval of the Members of the Company by way of postal ballot on November 27, 2017, terms of appointment and remuneration of Mr. Kapil Wadhawan (DIN: 00028528) – Chairman and Managing Director of the Company, were revised with effect from November 1, 2017 including that his office shall not be liable to retire by rotation, for the remaining term.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association, Mr. Dheeraj Wadhawan (DIN: 00096026), Non-Executive Director being the longest in office among directors who are liable to retire by rotation, retires by rotation and being eligible; offers himself for re-appointment 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 Fourth (34th) 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 Promoter Directors or Independent Directors of the Company except that 11,67,200 ESARs were granted to Mr. Harshil Mehta, Joint Managing Director and Chief Executive Officer.

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. In case of urgent matters, additional Board meetings are held in between the quarterly meetings.

During the financial year 2017-18, six (6) 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 the Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors have constituted 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. During the year under review, pursuant to a circular issued by National Housing Bank, the Board constituted a special committee i.e. "Review Committee" for identification of the wilful defaulters as per the NHB circular/ notification. The Board of Directors of your Company at their meeting held on April 30, 2018 have constituted another special committee i.e. "NCD Public Issue Committee" to take all decisions in connection with the issue of Non-convertible Debentures by way of public issue, in one or more tranches and allotment thereunder.

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.

PARTICULARS OF CONTRACTS AND AGREEMENTS WITH RELATED PARTIES

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.

The Company 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.

All related party transactions entered during the financial year were largely in ordinary course of business and on an arm's length basis.

There was no material related party transaction entered by the Company with any related party during the financial year under review. Thus, the disclosure of related party transaction as per Section 134(3)(b) of the Companies Act, 2013 in the prescribed Form AOC – 2 is not applicable.

The details of the 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, 2018.

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 rules under the Companies Act, 2013.

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 - 6". The said policy is available on the website of the Company at URL https://www.dhfl.com/docs/default-source/investors/related-party-transaction-policy-of-the-company/related-party-transaction-policy.pdf

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 a Management Assurance and Audit Department, which provides comprehensive audit coverage 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.

Management Assurance and Audit is an independent and objective assurance and consulting activity designed to add value and improve the Company's operations. Management Assurance and Audit function is accountable to the Board of Directors through the Chairman of the Audit Committee. Management Assurance and audit also assist the management in identifying operational opportunities for revenue leakage, cost savings and revenue enhancements; ensures working within the regulatory and statutory framework and facilitate early detection and prevention of frauds.

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 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018, forms part of this Board's report as "Annexure – 7". The said report does not contain any qualification, reservation or adverse remark.

STATUTORY AUDITORS

Based on the recommendation of the Audit Committee, the Board of Directors, at their meeting held on May 16, 2018, have appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018) commencing from the financial year 2018-19, as the Joint Statutory Auditors of the Company, subject to the approval of the Members of the Company to audit its financial statements along with the existing Statutory Auditors, M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W). M/s. Deloitte Haskins & Sells LLP, shall hold office for the first term of five years, from the conclusion of the Thirty Fourth (34th) Annual General Meeting until the conclusion of the Thirty Ninth (39th) Annual General Meeting of the Company. The proposal for their appointment as the Joint Statutory Auditors of the Company is included in the Notice of the ensuing Annual General Meeting for approval of Members of the Company. M/s. Deloitte Haskins & Sells LLP has furnished written consent and a confirmation to the effect that they are not disqualified to be appointed as the Joint Statutory Auditors of the Company in terms of the provisions the Companies Act, 2013 and Rules framed thereunder. In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

Further, 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, in accordance with the provisions of the Companies Act, 2013 and will continue to be Joint Statutory Auditors of the Company till their term expires.

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 2017-18 does not contain any qualification, reservation or adverse remark.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform that the audited financial statements for the financial year ended March 31, 2018 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, 2018, 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, 2018 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 the 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 the 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 - 8". The said certificate for the financial year 2017-18 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: https://www.dhfl.com/docs/default-source/investors/annual-reports/2017-2018/business-responsibility-report-fy-2017-18.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, 2018, in the prescribed form MGT 9, forms part of this Board's report as "Annexure - 9".

FUTURE OUTLOOK

With the Government's thrust on "Housing for All" by year 2022 followed by the initiatives taken thereunder viz., funding massive construction activities, lower GST rates etc., it clearly indicates that housing construction and housing finance are the two main industry segments that will see a phenomenal growth in the years ahead. Adding to the same, the Government in its Budget for 2018-19 had announced establishment of a dedicated affordable housing fund under National Housing Bank's supervision through various funding measures. The two major reforms like demonetisation and Real Estate (Regulation and Development) Act, 2016 (RERA) have also left a positive impact on the housing sector.

Your Company has developed a business model on attractive suite of products to cater to the lower and middle income groups, which are concentrated in tier two and three cities from where higher demand for affordable housing is foreseen. Your Company expects the financial year 2018-19 to be another year of growth for the housing finance sector.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their gratitude for the continued support of various authorities including 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; and also for support and faith reposed in the Company by the Customers, Bankers and other Lenders, Members, Debenture holders, Trustees, Depositors and others. The Board also places on record its deep appreciation for the significant contributions made by its employees at all levels and for the dedication and commitment of the employees as a result of their hard work, co-operation and support, the Company has been able 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
Date: May 16, 2018

Annexure - 1

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.

v. Under any other circumstances as may be specified by the Companies Act, 2013 or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders

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, as per the regulatory provisions 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. Manner of Declaration and Payment of Interim Dividend.

The Board of Directors of the Company may declare Interim Dividend during any financial year or at any time during the period from closure of financial year till the holding of the Annual General Meeting.

The Board shall consider the financial results of the Company for the period for which Interim Dividend is to be declared and shall be satisfied that the financial position of the Company justifies and supports the declaration of such Dividend.

The financial results shall take into account the following-

a) Depreciation for the full year;

b) Tax on profits of the Company including deferred tax for full year;

c) Other anticipated losses for the Financial Year;

d) Dividend that would be required to be paid at the fixed rate on preference shares;

e) The Losses incurred, if any, during the current financial year up to the end of the quarter, immediately preceding the date of declaration of Interim Dividend;

In case, where the Company has incurred losses during the current Financial Year up to the end of the quarter immediately preceding the date of declaration of Interim Dividend, such Dividend shall not be declared at a rate higher than average Dividend declared during the immediately preceding three financial years.

5. 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) 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 - 2

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 subsidiaries	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	7,50,10,000	10,12,50,000
	- Amount (₹ in lakh)	7,501	10,125
6	Reserves & Surplus (₹ in lakh)	(4,358)	(147)
7	Total Assets (₹ in lakh)	30,030	2,00,081
8	Total Liabilities (₹ in lakh)	26,887	1,90,104
9	Investments (₹ in lakh)	30,000	2,00,052
10	Turnover (₹ in lakh)	5	-
11	Profit before taxation (₹ in lakh)	(2,209)	(34)
12	Provision for taxation (₹ in lakh)	-	-
13	Profit after taxation (₹ in lakh)	(2,209)	(34)
14	Proposed Dividend	-	-
15	Extent of shareholding (in percentage)	100%	100%

Notes:

1 *Names of subsidiaries which are yet to commence operations - NIL.*

2 *Names of subsidiaries which have been liquidated or sold during the year – NIL.*

3 *During the previous year, Company had incorporated wholly owned subsidiary DHFL Investments Limited ("DIL"). As on March 31, 2018, Company has an investment of ₹ 10,125 lakh in equity shares of DIL representing 100% of its equity share capital. DIL has also issued Compulsory Convertible Debentures to Wadhawan Global Capital Ltd. (WGC) (formerly Wadhawan Global Capital Pvt. Ltd.) a promoter entity of the Company. Company's intention is to liquidate investments in DIL, subject to the favourable 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.*

4 *In the month of December, 2017, the Company incorporated a wholly-owned subsidiary viz., DHFL Changing Lives Foundation, a Section 8 Company, to take forward the Company's CSR vision and implement its social programmes. The first annual financial statements of the subject company shall be prepared for the financial year ending March 31, 2019, as per the provisions of Section 2(41) of the Companies Act, 2013.*

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	Avanse Financial Services Limited	Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	DHFL Ventures Trustee Company Private Limited [b]	DHFL Pramerica Life Insurance Company Limited	DHFL Pramerica Asset Managers Private Limited	DHFL Pramerica Trustee Private Limited
1	Latest audited Balance Sheet Date	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018
2	Date on which Associate or joint venture was associated or acquired	23-09-2012	02-07-2003	23-02-2006[a]	18-12-2013[c]	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	1,92,50,719	23,01,090	22,500	18,70,30,931	5,42,46,918[f]	50,000
	- Amount of Investment in Associates or Joint Venture (₹ in lakh)	12,724	1,805	2[b]	3,107[C]	33,770[f]	5
	- Extent of Holding (%)	32.49%[e]	9.15%	45%[b]	50%[d]	50%[f]	50%
4	Description of how there is significant influence	Shareholding exceeding 20% of paid up share capital	Influence in decision making	Shareholding exceeding 20% of paid up share capital through 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 "h"	Refer Note "h"	Refer Note "g"	Refer Note "g"
6	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in lakh)	15,757	6,401	3	47,947	6,908	6
7	Profit/(Loss) for the year (₹ in lakh)	1,025	9,973	1	10,589	776	5
	i. Considered in Consolidation (₹ in lakh)	333	913	-	-	388	3
	ii. Not Considered in Consolidation (₹ in lakh)	692	9,060	1	10,589	388	2

Notes:

a *DHFL Ventures Trustee Company Private Limited became 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 previous year, the Company sold its investments held in DHFL Ventures Trustee Company Private Ltd. 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 *DHFL Pramerica Life Insurance Company Limited ("DPLICL") became Joint Venture of your Company on December 18, 2013 due to acquisition of shares. Further on March 31, 2017 the said shares were sold by the Company 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, 2018, DPLICL continues to be a joint venture of your Company 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 Avanse Financial Services Limited, which was not subscribed to by the Company.*

f *Out of the 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 3 of Part A above and note number 2.2 of notes to the consolidated financial statements for the financial year ended March 31, 2018.*

For Chaturvedi & Shah
Chartered Accountants
ICAI FRN : 101720W

Jignesh Mehta
Partner
ICAI MN : 102749

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

Harshil Mehta
Joint Managing Director & Chief Executive Officer
(DIN – 03038428)

Santosh R. Sharma
Chief Financial Officer
(FCA – 112258)

Niti Arya
Company Secretary
(FCS – 5586)

G. P. Kohli
(DIN – 00230388)
Director

M. Venugopalan
(DIN – 00255575)
Director

Dheeraj Wadhawan
(DIN – 00096026)
Director

V. K. Chopra
(DIN – 02103940)
Director

Vijaya Sampath
(DIN – 00641110)
Director

Place: Mumbai
Date: April 30, 2018

Annexure - 3

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:

Sr. No.	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2017-18.	**Executive Director**
		Mr. Kapil Wadhawan – Chairman & Managing Director - 72.48x
		Mr. Harshil Mehta – Joint Managing Director and Chief Executive Officer – 71.72x
		Non-Executive Directors
		Mr. Dheeraj Wadhawan – 2.95x
		Mr. G.P. Kohli – 3.91x
		Mr. V.K. Chopra – 3.05x
		Mr. M. Venugopalan – 2.58x
		Ms. Vijaya Sampath – 2.31x
		Dr. Rajiv Kumar – 0.90x
II	The percentage increase/(decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year.	**Executive Director**
		Mr. Kapil Wadhawan -Chairman & Managing Director – 22.67%
		Mr. Harshil Mehta – Joint Managing Director and Chief Executive Officer – 10.22%
		Non-Executive Directors
		Mr. Dheeraj Wadhawan – (17.04%)
		Mr. G.P. Kohli – (8.04%)
		Mr. V.K. Chopra – (0.47%)
		Mr. M. Venugopalan- (8.58%)
		Ms. Vijaya Sampath – (2.76%)
		Dr. Rajiv Kumar - (56.45%)
		Key Managerial Personnel other than Directors
		Mr. Santosh Sharma – Chief Financial Officer – 17.29%
		Mrs. Niti Arya -Company Secretary – 18.13%
III	The percentage increase in the median remuneration of employees in the financial year.	6.46%
IV	The number of permanent employees on the rolls of the Company.	3,582
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 average percentage increase made in the salaries of employees other than the Key Managerial Personnel was 9.50% (approx) while the average percentage increase in the salaries of Key Managerial Personnel was 17.08% (approx.) 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.

Notes:

1. *The Non-Executive Directors and the Independent Directors are paid only the sitting fees and commission.*
2. *Mr. Harshil Mehta [DIN: 03038428] was appointed as a Whole-time Director of the Company designated as the "Joint Managing Director and Chief Executive Officer" w.e.f. September 1, 2017.*
3. *Dr. Rajiv Kumar resigned as an Independent Director w.e.f. September 11, 2017 due to his appointment as the Vice-Chairman of NITI Aayog, therefore the percentage decrease in the current financial year as stated at point II, is proportionately higher.*
4. *The percentage increase in the salaries as calculated above, does not include the value of stock options exercised during the year and is basis the payout during the financial year.*

For and on behalf of the Board

Kapil Wadhawan
Chairman & Managing Director
DIN: 00028528

Place: Mumbai
Date: April 30, 2018

Annexure - 4

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 the Financial Year 2017-18.

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 ₹ 37.09.

A. The details of employee stock options as on March 31, 2018 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 ESOP Scheme 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 ESOP 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 of 30:30:40. Vesting of Options was a function of continued employment with the Company.	Options Granted under ESOP 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 of 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 grant price was re-priced as on March 31, 2009 with the approval of the Members of the Company and the exercise price was ₹ 53.65 per option. Consequent to the Bonus issue, the exercise price was ₹ 26.83 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 was ₹ 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 was ₹ 70.50 per option

Sl. No.	Particulars	ESOP Scheme 2008	ESOP Scheme 2009 (PLAN II) (*)	ESOP Scheme 2009 (PLAN III) (#)
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	No variations, except as mentioned at point 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	32,380	-	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	2,000	-	-
5	Number of options Vested during the year	-	-	2,00,000
6	Number of options Exercised during the year	-	-	2,00,000
7	Number of shares arising as a result of exercise of options	-	-	2,00,000
8	Money realised by exercise of options (₹ in lakh)	-	-	141
9	Loan Repaid to Trust	NA	NA	NA
10	Number of options outstanding at the end of the year	30,380	-	-
11	Number of options exercisable at the end of the year	30,380	-	-

(*) 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.

(#) DHFL Employee Stock Option Scheme 2009- Plan – III became effective from October 22, 2010 and as per the terms of the said scheme, all the options granted thereunder have been exercised and shares have been allotted to the eligible employees and thus, the scheme has completed w.e.f. May 12, 2017.

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	Exercise Price (₹)	Exercise Price (₹)
NA	NA	NA	

Diluted Earnings Per Share pursuant to issue of shares on exercise of options/SAR calculated in accordance with Accounting Standard (AS 20)	₹ 37.09

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)	1,17,213.00
Add - Intrinsic Value Cost (₹ in lakh)	Nil
Less - Fair Value Cost (₹ in lakh)	Nil
Profit as adjusted (₹ in lakh)	1,17,213.00
Earning per share (Basic) as reported	37.39
Earning per share (Basic) adjusted	36.82
Earning per share (Diluted) as reported	37.09
Earning per share (Diluted) adjusted	36.53

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

A. The details of Employee Stock Appreciation Rights as on March 31, 2018 pursuant to DHFL Employee Stock Appreciation Rights Plan 2015 are given below:

	Particulars	ESAR Plan 2015 (Grant I)	ESAR Plan 2015 (Grant II)	ESAR Plan 2015 (Grant III)	ESAR Plan 2015 (Grant IV)	ESAR Plan 2015 (Grant V)	ESAR Plan 2015 (Grant VI)	ESAR Plan 2015 (Grant VII)
1	Date of Shareholder(s) Approval	February 23, 2015	February 23, 2015	February 23, 2015	February 23, 2015	February 23, 2015	February 23, 2015	February 23, 2015 and March 3, 2018
2	Total Number of ESARs approved	The Members of the Company had 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 1,02,92,046 ESARs. The Members of the Company vide the special resolution passed on March 3, 2018 through Postal ballot, increased the number of ESARs that can be granted to the eligible employees to 2,67,82,046 ESARs.						
3.	Vesting requirement	ESARs granted under Grant I would Vest after One (1) year from the date of grant of such ESARs over a period of 5 years in the ratio 20: 20: 20.:20:20	ESARs granted under Grant II would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 10: 20: 30:40	ESARs granted under Grant III would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20: 30: 20:30 (During the Financial Year 2017-18, the vesting schedule for Grant III was changed from 10:20:30:40 to 20:30:20:30.)	ESARs granted under Grant IV would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20: 30: 20:30 (During the Financial Year 2017-18, the vesting schedule for Grant IV was changed from 10:20:30:40 to 20:30:20:30.)	ESARs granted under Grant V would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20: 30: 20:30 (During the Financial Year 2017-18, the vesting schedule for Grant V was changed from 10:20:30:40 to 20:30:20:30.)	ESARs granted under Grant VI would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20: 30: 20:30	ESARs granted under Grant VII would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 25: 25: 25:25
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.	ESAR price: ₹ 434.90 (Rupees Four Hundred Thirty Four and Ninety 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 July 12, 2017 by the Nomination & Remuneration Committee.	ESAR price: ₹ 300.08 (Rupees Three Hundred and Eight Paise only) per ESAR's, being calculated after a discount of 31% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on July 12, 2017 by the Nomination & Remuneration Committee.	ESAR price: ₹ 434.90 (Rupees Four Hundred and Thirty four and Ninety Paise only) per ESAR being calculated after a discount of 18.25% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on October 13, 2017 by the Nomination & Remuneration Committee.	ESAR price: ₹ 434.02 (Rupees Four Hundred and Thirty four and Two Paise only) per ESAR being calculated after a discount of 29.14% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on January 19, 2018 by the Nomination & Remuneration Committee.	ESAR price: ₹ 520.20 (Rupees Five Hundred twenty and twenty paise only) per ESAR being the closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on March 21, 2018 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.	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.	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.	To be exercised within a maximum period of 3 years from the date of vesting of such ESARs.

	Particulars	ESAR Plan 2015 (Grant I)	ESAR Plan 2015 (Grant II)	ESAR Plan 2015 (Grant III)	ESAR Plan 2015 (Grant IV)	ESAR Plan 2015 (Grant V)	ESAR Plan 2015 (Grant VI)	ESAR Plan 2015 (Grant VII)
6	Method of Settlement	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company	Equity Shares of the Company
7	Choice of Settlement	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors	Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors
8	Source of shares	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance	Primary issuance
9	Variation in terms of ESOP	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
10	ESAR's granted	The Nomination & Remuneration Committee granted 15, 50,100 ESARs under Grant I during the 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 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 & Remuneration Committee granted 20,81,545 ESARs under Grant II during the financial year 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 Nomination & Remuneration Committee granted 32,47,100 ESARs under Grant III during the current financial year i.e. 2017-18 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 Nomination & Remuneration Committee granted 5,50,000 ESARs under Grant IV during the current financial year i.e. 2017-18 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 Nomination & Remuneration Committee granted 1,50,800 ESARs under Grant V during the current financial year i.e. 2017-18 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 Nomination & Remuneration Committee granted 71,900 ESARs under Grant VI during the current financial year i.e. 2017-18 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 Nomination & Remuneration Committee granted 1,17,35,600 ESARs under Grant VII during the current financial year i.e. 2017-18 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 and as amended. ("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	ESAR Plan 2015 (Grant – I)	ESAR Plan 2015 (Grant – II)	ESAR Plan 2015 (Grant – III)	ESAR Plan 2015 (Grant – IV)	ESAR Plan 2015 (Grant – V)	ESAR Plan 2015 (Grant – VI)	ESAR Plan 2015 (Grant – VII)
1	Number of ESARs outstanding at the beginning of the year	19,57,960	20,11,592	0	0	0	0	0
2	Number of ESARs granted during the year	0	0	32,47,100	5,50,000	1,50,800	71,900	1,17,35,600
3	Number of ESARs issued due to Bonus during the year	0	0	0	0	0	0	0
4	Number of ESARs forfeited/lapsed during the year	3,19,760	4,48,964	3,98,500	0	0	0	0
5	Number of ESARs vested during the year	3,26,320	1,64,684	0	0	0	0	0
6	Number of ESARs exercised/settled during the year	4,40,200	85,200	0	0	0	0	0
7	Total number of shares arising as a result of exercise of options	2,54,147	52,495	0	0	0	0	0
8	Money realised by exercise of options (in ₹)	25,41,470.00	5,24,950.00	0.00	0.00	0.00	0.00	0.00
9	Number of ESARs outstanding at the end of the year	11,98,000	14,77,428	28,48,600	5,50,000	1,50,800	71,900	1,17,35,600
10	Number of ESARs exercisable at the end of the year	4,95,320	87,984	0	0	0	0	0

B. Employee-wise details of ESAR'Ss granted (during the year) to:

(i) Key Managerial Personnel

Name	Designation	No. of ESAR's granted	Weighted Avg. Grant Price (₹)
Mr. Harshil Mehta	Joint Managing Director & CEO	11,67,200	500.67
Mr. Santosh Sharma	Chief Financial Officer	2,59,500	500.64
Mrs. Niti Arya	Company Secretary	2,50,800	502.92

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

Name	Designation	No. of ESAR's granted	Weighted Avg. Grant Price (₹)
Mr. Harshil Mehta	Joint Managing Director & CEO	11,67,200	500.67
Mr. Santosh Gopalkrishnan Nair	President & Chief Business Officer	8,10,000	364.42

(iii) Identified employees who were granted ESAR's, 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	No. of ESAR's granted
N.A.	N.A.	N.A.

C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options/ESARs calculated in accordance with Accounting Standard (AS 20) ₹ 37.09

D. Method used for Accounting of ESAR'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)	1,17,213.00
Add - Intrinsic Value Cost (₹ in lakh)	355.41
Less - Fair Value Cost (₹ in lakh)	3,103.92
Profit as adjusted (₹ in lakh)	1,14,464.49
Earning per share (Basic) as reported	37.39
Earning per share (Basic) adjusted	36.82
Earning per share (Diluted) as reported	37.09
Earning per share (Diluted) adjusted	36.53

E. Weighted average exercise price of ESARs whose

(a) Exercise price equals market price	₹ 520.20
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	₹ 416.44

Weighted average fair value of ESARs whose	
(a) Exercise price equals market price	₹ 211.61
(b) Exercise price is greater than market price	NA
(c) Exercise price is less than market price	₹ 198.76

F. 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:

Date of grant	
1. Risk Free Interest Rate	7.05%
2. Expected Life (years)	4.13
3. Expected Volatility	40.91%
4. Dividend Yield	36.60%
5. Price of the underlying share in market at the time of the option grant	502.46

1. Other details

1) Weighted Average Market Price on the date of Exercise is ₹ 486.48

2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2018

Particulars ESAR	ESAR Plan 2015 (Grant – I)	ESAR Plan 2015 (Grant – II)	ESAR Plan 2015 (Grant – III)	ESAR Plan 2015 (Grant – IV)	ESAR Plan 2015 (Grant – V)	ESAR Plan 2015 (Grant – VI)	ESAR Plan 2015 (Grant – VII)
Remaining Contractual life for unvested ESARs outstanding at the end of the year	3.68	4.74	4.89	4.89	5.15	5.42	5.48
Remaining Contractual life for ESARs exercisable at the end of the year	2.56	2.64	-	-	-	-	-

for and on behalf of the Board

Kapil Wadhawan
Chairman & Managing Director
(DIN-00028528)

Place: Mumbai
Date: April 30, 2018

Annexure - 5

to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FINANCIAL YEAR 2017-18

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 was initially formulated in October 2012, and last revised and approved on April 30, 2014 by the Company's Board of Directors. The Policy 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 Company's motto of *changing lives* is extended to its Corporate Social Responsibility. The Company is committed to delivering sustainable solutions to equip and encourage equal opportunity, maximise human development and leverage the aspirations of youth, women and vulnerable populations.

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 flagship programmes focus on Early Childhood Care and Education (ECCE), Skills Development for sustainable livelihoods, Rural Development with focus on drought mitigation and Economic empowerment through financial Literacy and inclusive growth. The Company has also made significant investments in sports, art and culture. Through these programmes, the Company seeks to bring forth sustainable changes in communities across diverse geographies.

The Company has established 'DHFL Changing Lives Foundation' as approved by the Board of Directors of the Company to take forward the Company's CSR Vision and implement social programmes in a far more collaborative and participative way. Details of the DHFL Changing Lives Foundation are as follows - DHFL CHANGING LIVES FOUNDATION ("the Foundation") was incorporated on December 1, 2017 as a wholly owned subsidiary under Section 8 of the Companies Act, 2013 under Corporate Identity Number (CIN) U85320MH2017NPL302380 and it is limited by guarantee. Registered Address of the Foundation is Unit No. 1001, 10th Floor, TCG Financial Centre, Plot-C-53, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai, Mumbai City, Maharashtra, India, 400051.

The Foundation has been implementing the Company's flagship CSR programme under Early Childhood Care & Education and provide monitoring support to other programmes.

The Company's flagship CSR programmes are detailed hereunder:

i. Early Childhood Care and Education (ECCE)

ECCE covers programmes for children 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), run as part of the Integrated Child Development Services (ICDS) by the Ministry of Women and Child Development.

The Company has implemented this programme in partnership with the Department of Women and Child Development (WCD), District Administration in Palghar District of Maharashtra and Bokaro District of Jharkhand in 2017-18.

The programme covers 1886 Anganwadis in Palghar, Vasai. Dahanu and Talasari Talukas of Palghar District and 465 Anganwadis in Bokaro District and reaches out to over 1,20,000+ children and mothers.

The ECCE programme has the below four components:

- **Education:** Build the capacity of Child Development Project Officers (CDPO), Supervisors, Anganwadi Workers and Sevikas to deliver pre-school education
- **Health & Nutrition:** Create awareness on health and nutrition among pregnant mothers, lactating mothers and adolescent girls in the community, strengthening community monitoring systems and empowering frontline workers to deliver preventive healthcare services
- **Model Anganwadis:** Construct child centric anganwadis with locally available implements and using innovative design models under 'Snehangans'

- **Stakeholder Empowerment:** Create financial safety net for frontline workers through formation of Self Help Groups and facilitating forward and backward linkages

During the financial year 2017-18, the Company collaborated with National Association of Students of Architecture (NASA) and launched a grand challenge to deliver 'model' child friendly anganwadis; the models will be implemented as a part of the programme across geographies.

ii. Skills Development for sustainable livelihoods

The Company delivers skill development 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, across 23 locations in 5 States viz. Maharashtra, Madhya Pradesh, Jharkhand, Assam and Meghalaya.

This programme trained youth for the following job roles in financial year 2017-18:

- Business Correspondent (653)
- Loan Approval Officer (554)
- Microfinance Executive (539)
- Mason (329)
- Carpenter (342)
- Electrician (1108)
- Plumber (486)
- Refrigeration & Air Conditioning (RAC) (189)
- Automotive (70)
- Food and Beverages Steward (125)
- Hospitality (150)
- Welding (100)

The programme also extended to deliver up-skilling for Construction Workers (1500).

The Company has trained 6145+ youth in the above trades in financial year 2017-18.

The programme includes on-job trainings (OJTs) and ensures a minimum of 80% placement of the trained youth and post placement assistance for 6 months. The programme also creates linkages to 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.

The programme has established a hub-n-spoke model with sub-centres and satellite centres to reach out to youth in interior locations. The programme has also innovated with community-live projects to instill a feeling of giving back to the community and has been recognised as the 'Best Institute for Innovation in Skills' by Assocham. The Company was also recognised as the 'Ideal Service Organisation' by Kruti Foundation, Kolhapur.

iii. Village Transformation with focus on drought mitigation

In response to the droughts in Aurangabad, Maharashtra, the Company started this holistic programme for water conservation and prevention of soil erosion in 2016. The programme has evolved as a comprehensive village transformation mission, 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 implemented the programme in five villages namely Babhulgaon, Chincholi, Daregaon Dari, Nandra and Waghola in the Phulambri block of Aurangabad, Maharashtra 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

In financial year 2017-18, the Company introduced a series of interventions to make these five villages tobacco-free. 20,000+ villagers are impacted through this programme.

iv. Economic empowerment through 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 GOI welfare schemes.

The programme is implemented in 4 urban slum communities and reaches 40,000+ households.

To further generate awareness on basics of finance and government welfare schemes, the Company has designed a radio programme with All India Radio (AIR) for 9 stations, under 'Sharmaji ke Sawal. Vinodji ke Jawab.'

Note: The Company has appointed a professional Project Management Unit named Samhita Social Ventures Ltd. to support programme implementation as a project management unit for flagship programmes.

The CSR Policy of the Company has been outlined and uploaded on the Company's website and can be accessed at URL- https://www.dhfl.com/docs/default-source/csr-docs/revised-csr-policy.pdf. The details of the Company's CSR Projects/Programmes are available at URL https://www.dhfl.com/corporate-social-responsibility.

2. Composition of CSR Committee of the Board of Directors

The CSR Committee of the 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)
Mr. Harshil Mehta*	Member (Joint Managing Director & Chief Executive Officer)

**Appointed as a member w.e.f. October 16, 2017.*

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 programmes. The Chairman & Managing Director oversees the working of this management committee.

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

Financial Year	Net Profits (₹ crore) (As per Section 135 of the Companies Act, 2013)
FY15	943.62
FY16	1,101.45
FY17	1,402.33

The average net profit of the Company for the past 3 years was ₹ 1,149.13 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 2017-18 was ₹ 22.98 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 2017-18 was ₹ 22.98 crore.

b. Amount unspent: The Company has, in the financial year 2017-18, spent an amount of ₹ 23.81 crore on its flagship/identified programmes as against ₹ 22.98 crore which was required to be spent as per the provisions of the Companies Act, 2013. The total amount spent also includes ₹ 0.96 crore towards administrative expenses which is well within the limits as prescribed under the Companies Act, 2013.

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

Sr No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY17-18 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2018 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
1	**Early Childhood Care and Education (ECCE)** A system strengthening programme to build the capacity of frontline workers to deliver effective services for children, pregnant mothers, lactating mothers and adolescent girls in the community.	Early Childhood Care and Education	Local Area	Maharashtra – Palghar Jharkhand – Bokaro	9.34 crore	9.34 crore	11.90 crore	Implementation Partner: Grammangal, Aroehan, Operation Asha, DHFL Changing Lives Foundation, CORO for Literacy
2	**Skill Development** The program trains and empowers youth from under resourced communities across diverse job roles in BFSI, Construction, Automotive and Hospitality.	Skill Development	Local Area	Maharashtra- Kolhapur and Chandrapur Assam - Tinsukia, Golaghat, Silchar, Sonapur, Barnihat Jharkhand - Ranchi, Dumka, Ghatsila, Lalgnaj Madhya Pradesh – Sagar, Bina, Khandwa, Macronya, Bhopal Meghalya – Shillong, Tura	5.57 crore	5.51 crore	8.54 crore	Implementation Partner: SEED CSR, DB Tech, Edubridge, Teamlease, DEED

Sr No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY17-18 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2018 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
3	**Village Transformation** 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	Rural Development	Local Area	Maharashtra - Aurangabad	1.94 crore	1.93 crore	4.31 crore	Implementation Partner: DIlasa Jhanavikas Pratishthan, Salaam Bombay, Projects
4	**Livelihood support** Goat rearing activity including distribution of goats to distressed farmers in the five villages was introduced to provide alternate source of livelihoods in the drought situation.	Rural Development	Local Area	Maharashtra – Aurangabad	0.44 crore	0.44 crore	0.44 crore	Implementation Partner: Dilasa
5	**Financial Literacy & Inclusive Growth** 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	Rajasthan - Jaipur, Rajasthan Uttar Pradesh – Varanasi Jharkhand – Ranchi Chhattisgarh – Raipur	1.57 crore	1.41 crore	2.22 crore	Implementation Partner: Saath Livelihood, FM Production, Haqdarshaq

Sr No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY17-18 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2018 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
6	**R K Wadhawan – Sasakawa India Leporosy Foundation** Support to Nursing Scholars from leprosy affected communities across India between year 2017 and 2024, to get into mainstream jobs and overcome stigma related to leprosy.	Education	Local Area	Uttar Pradesh, Madhya Pradesh, West Bengal, Chattisgarh, Delhi, Bihar, Maharashtra, Tamil Nadu	0.38 crore	0.38 crore	0.38 crore	Implementation Partner: Sasakawa India Leporosy Foundation
7	**Akshay Patra Foundation** The mission of this program is to ensure that every child attends school and is provided with 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	Assam – Guwahati	1.90 crore	1.90 crore	4.90 crore	Implementation Partner: Akshay Patra Foundation
8	**AIM for Seva** 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.	Education	Local Area	Nandayal in Andhra Pradesh and Anaikatti-Coimbatore in Tamil Nadu	0.02 crore	0.02 crore	0.64 crore	Implementation Partner: AIM for Seva
9	**Yusuf Meherally Centre** 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.	Education	Local Area	Maharashtra - Raigad	0.20 crore	0.20 crore	0.52 crore	Implementation Partner: Yusuf Meherally Centre

Sr No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY17-18 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2018 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
10	**Connect Ed** 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.	Education	Local Area	Maharashtra – Palghar	0.09 crore	0.09 crore	0.91 crore	Implementation Partner: ConnectEd Technologies
11	**Olympic Gold Quest** Encouraged talent in individual sports to represent India & win Gold at the Olympics & other International Tournaments Support would be provided to the mission for a period of four years till the Tokyo Oylmpics 2020. Created a pool of sports talent & coaches who would further deliver trainings to 25 national level athletes/ sportsmen pan-India.	Sports	Local area	Pan India	0.50 crore	0.50 crore	0.50 crore	Implementation Partner: Olympic Gold Quest
12	**YMCA** Supported for Teraflex synthetic floor to cover 12 Table Tennis tables in the new campus facility of YMCA Alappuzha	Sports	Local Area	Kerela – Alappuzha	0.07 crore	0.07 crore	0.07 crore	Implementation Partner: YMCA, MSN
13	**Pragatee Foundation 'Just for Kicks'** Support to 2 teams, one boys' and one girls' team, which would be provided to train for football. Students were from marginalised communities from outskirts in Pune.	Sports	Local Area	Maharashtra - Pune	0.01 crore	0.01 crore	0.01 crore	Implementation Partner: Pragatee Foundation

Sr No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY17-18 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2018 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
14	**Fine Arts Centre** Supported to develop infrastructure – artist/student accommodation at the Fine Arts Centre, Mumbai	Art and Culture	Local Area	Maharashtra - Mumbai	0.15 crore	0.15 crore	0.20 crore	Implementation Partner: Fine Arts Centre
15	**Annamitra Food for Life** Provision of mid-day meals for school children in Palghar	Education	Local Area	Maharashtra - Palghar	0.05 crore	0.05 crore	0.05 crore	Implementation Partner: Annamitra Food for Life
16	**Other Education initiatives** Promoting education through awareness initiatives, forums and scholarships	Education	Local Area	Maharashtra – Mumbai, Rajasthan – Jodhpur	0.57 crore	0.57 crore	0.57 crore	Implementation Partner: AVPN, Save the Children, Acquakraft, United Way of Mumbai, Padmashali Shikshan Sanstha, Basant Education Society, Roshni Trust, Light of life Trust, SKVMS NMIMS, Bespoke
17	**Environment Awareness and Protection** Creation of bio diversity gardens and awareness campaigns on environment	Environment	Local Area	Maharashtra - Mumbai	0.02 crore	0.02 crore	0.38 crore	Implementation Partner: Sankalptaru, Philip Raulte, Jadhav C, Craftsman
18	**Health & Medicine** -Health & Nutrition training/workshops in Palghar -Support through ambulance	Health & Medicine	Local area	Maharashtra – Palghar & Delhi	0.26 crore	0.26 crore	0.73 crore	Collective Good Foundation/ Indian Naval Benevolent Association

Sr No.	CSR project or activity identified along with the details therein	Sector in which the Project is covered	Projects or Programmes		Amount outlay (budget) project or programmes wise (₹)	Amount spent on the projects or programmes in FY17-18 (₹)	Cumulative expenditure upto the reporting period ending March 31, 2018 (₹)	Amount spent: Direct or through implementing agency
			Local Area or Others	Specify the State and District where projects or programmes were undertaken				
19	**CSR management expenses** - M/s Samhita - Project Management Unit for our CSR projects. -Other support for legal services for registration of the DHFL Changing Lives Foundation from specialist. -Administrative & overheads	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, creative and printing of CSR Reports	0.96 crore	0.96 crore	1.42 crore	Samhita Social Ventures, B. Suhandani, Merging Layers, SAGA, Bhawani Sharma & Co., Rite Knowledge, Parksons
	Total spent and commitments as at the end of March 2018				**24.04 crore**	**23.81 crore**	**38.69 crore**	

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:**
The Company was able to spend more than the required prescribed amount of the CSR expenditure during the financial year 2017-18. The Company has, in the financial year 2017-18, spent an amount of ₹ 23.81 crore on its flagship/identified programmes as against ₹ 22.98 crore which was required to be spent as per the provisions of the Companies Act, 2013. The total amount spent also includes ₹ 0.96 crore towards administrative expenses which is well within the limits as prescribed under the Companies Act, 2013.

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
(Independent Director)
Chairman of CSR Committee
DIN: 00230388

V. K. Chopra
(Independent Director)
Member of CSR Committee
DIN: 02103940

Kapil Wadhawan
(Chairman & Managing Director)
Member of CSR Committee
DIN:00028528

Harshil Mehta
(Joint Managing Director & Chief Executive Officer)
Member of CSR Committee
DIN: 03038428

Place: Mumbai
Date: April 30, 2018

Annexure - 6
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" means any person as defined in Section 2(51) of the Companies Act, 2013.

"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 body corporate 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; or an investing company or the venturer of the Company

   Explanation: For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.
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. e.g. 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 or, as the case may be of the shareholders 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 - 7
to the Board's Report

Date: April 30, 2018.

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 records 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 check 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 Books 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 check 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, 2018

[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, 2018 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, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) & the Rules made there under and to the extent applicable; and circulars, notifications, clarifications, Removal of Difficulties Orders or such other relevant statutory material issued by the 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 dated July 1, 2014 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 and RBI/2017-18/43 dated August 10, 2017 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;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and

   (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

6. Based on the nature of business activities of the Company, the following specific Acts / Laws / Rules / Regulations are applicable to the Company:

   (a) The National Housing Bank Act, 1987 and all the Rules, Regulations, Circulars, Directions and Guidelines prescribed thereunder 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. 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) as applicable from time to time.

It may please be noted that the compliance of applicable financial laws including Direct and Indirect Tax Laws; maintenance of Financial Records and Books of Accounts etc. by the Company has not been reviewed by us for the purpose of this Audit since the same has been subject matter of review by the Statutory Auditors and / or other designated professionals. Further, we have also relied upon the certificates / reports/ legal opinions, as the case may be, issued by the Statutory Auditors and / or other designated professionals, wherever applicable.

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 & Committee 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.

As per the Minutes of the Meetings recorded and signed by the Chairman, the decisions of the Board as well as the Committees thereof were unanimous as no dissenting views have been recorded.

We further report that based on the review of the compliance reports and the certificates of the Company Secretary & Compliance Officer, Joint Managing Director & CEO and Chairman & Managing Director and taken on record by the Board of Directors of the Company, in our opinion, 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. referred to hereinabove.

For Jayshree Dagli & Associates
Company Secretaries
Unique Code: S1995MH013400

Place : Mumbai
Date : April 30, 2018

Jayshree S. Joshi
F.C.S.1451 C.P.487

Annexure - I

Observations

1. 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 5 (Five) complaints all of which were resolved.

2. During the year under review, there was an Inspection carried out by the NHB for the financial year ended March 31, 2017. However, their report thereon (dated April 5, 2018) was received after the year under audit seeking clarifications / explanation / information / documents on certain compliance issues.

   However, from the records of the Company provided to us for examination / audit purpose, it is observed that the Company has provided with the 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.

3. The Company had received in aggregate 1,402 Investors' Complaints namely 40 Complaints w.r.t. Equity Shares, 1,334 w.r.t. Debentures and 28 w.r.t. Fixed Deposits, during the year under Audit and that all of those complaints were resolved within the time prescribed under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

4. On Site Inspection was conducted by Insurance Regulatory Authority of India (IRDAI) during 1st to 3rd March, 2017 and Report dated September 12, 2017 was issued in respect of the Inspection carried out by them, seeking clarifications / explanation / information / documents on certain compliance issues. From the records of the Company provided to us for examination / audit purpose, it is observed that the Company has provided with required documents / information/ clarification / explanation to the (IRDAI) indicating / conveying that the required compliances were duly 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 IRDAI during the year under review.

5. Investment in Class 'B' units of the Alternative Investment Fund of Arthveda Fund Management Private Limited, a Related Party, was falling under the category of Material Related Party Transaction (Material RPT) as per SEBI (LODR) Regulations, 2015. Therefore, prior approval of the Audit Committee was obtained. However, before the Company could take any steps to approach the Shareholders for their approval, the said Arthveda Fund Management Private Limited conveyed cancellation of the said transaction within 7 days, since the conditions subject to which the investment was made were not met. The amount thus paid by the Company towards the investment was refunded to the Company.

   We are given to understand that the Company was advised by their Legal Advisors that as the said transaction was cancelled and not completed in totality, the approval of shareholders for the said RPT was not required to be obtained.

Annexure - II

TABLE SHOWING SPECIFIC EVENTS AND ACTIONS OF DEWAN HOUSING FINANCE CORPORATION LIMITED FOR THE FINANCIAL YEAR 2017-18.

Sr. No.	Particulars of Events and Actions	Date of Board or Committee Resolution	Date of General Meeting / Postal Ballot Resolution
Board Meetings			
1	Annual Commission payable to CMD of the Company for FY 2016-17 of ₹ 1.40 crore	03/05/2017	-
2	The release of commission to all the Non- Executive and Independent Directors of the Company for the financial year 2016-17 of ₹ 10.00 lakh each	03/05/2017	-
3	Incorporation of Section 8 Company in the name of "DHFL Changing Lives Foundation" (Incorporated on 01/12/2017)	10/07/2017 Cir. Reso. of Board	-
4	Resignation of Dr. Rajiv Kumar [DIN – 02385076], Independent Director from the Board of the Company	13/09/2017 Cir. Reso. of Board	-
5	Approval to become a Corporate Agent of DHFL General Insurance Limited for distribution of General Insurance products	16/10/2017	-
6	Approval for fund raising by way of public or private issue of secured or unsecured bonds in USD/INR (Masala Bond)	09/01/2018	-
Audit Committee			
1	Prior Approval of the Related Party Transaction for making an Investment of ₹ 2,000 crore in Arthveda Fund Management Private Limited.	Circular Resolution passed by the Audit Committee dated 03/08/2017. Noted at the Audit Committee Meeting 12/09/2017	-
Finance Committee Meeting			-
1	Allotment of 2,00,000 Equity Shares of ₹ 10 each under the DHFL Employee Stock Option Scheme, 2009	12/05/2017	-
2	Allotment of 1,98,432 Equity Shares of ₹ 10 each under the DHFL – Employee Stock Appreciation Rights Plan 2015	08/06/2017	-
3	Allotment of 1,500 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 150 crore.	23/06/2017	-
4	Allotment of 1,750 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 175 crore.	17/07/2017	-
5	Allotment of 1,250 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 125 crore.	26/07/2017	-
6	Allotment of 5,000 Perpetual, Non-Convertible unsecured Debentures of ₹ 10 lakh each aggregating to ₹ 500 crore.	03/08/2017	-
7	Allotment of partly paid-up 5,000 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 500 crore.	27/09/2017	-
8	Allotment of 2,000 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 200 crore.	24/10/2017	-
9	Allotment of 55,715 Equity Shares of ₹ 10 each under the DHFL – Employee Stock Appreciation Rights Plan 2015	24/10/2017	-

Sr. No.	Particulars of Events and Actions	Date of Board or Committee Resolution	Date of General Meeting / Postal Ballot Resolution
10	Allotment of 52,495 Equity Shares of ₹ 10 each under the DHFL – Employee Stock Appreciation Rights Plan 2015- Grant II	22/12/2017	-
11	Allotment of 840 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 84 crore.	22/12/2017	-
12	Allotment of 2,500 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 250 crore.	14/03/2018	-
13	Allotment of 3,000 Secured, Redeemable, Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 300 crore.	22/03/2018	-
Annual General Meeting			
1	Approval to Increase in borrowing powers of the Board of Directors of the Company upto ₹ 2,00,000 crore	03/05/2017	AGM 21/07/2017
2	Authority to Create Charge / hypothecation / mortgage etc. on all or any of the movable and/or immovable properties of the Company.	03/05/2017	AGM 21/07/2017
3	Issue of following Securities on Private Placement basis: 1) Non-convertible Secured / Unsecured debentures upto ₹ 20,000 crore. 2) Non Convertible Subordinated unsecured debentures – ₹ 1,000 crore. 3) Non Convertible Perpetual Unsecured Debentures – ₹ 1,000 crore.	03/05/2017	AGM 21/07/2017
Postal Ballot			
1	Appointment of Mr. Harshil Mehta as a Director of the Company.	30/08/2017	27/11/2017
2	Appointment of Mr. Harshil Mehta as a Whole Time Director of the Company.	30/08/2017	27/11/2017
3	Revision in terms of Appointment and Remuneration of Mr. Kapil Wadhawan as Chairman and Managing Director of the Company.	30/08/2017	27/11/2017
4	Alteration in Articles of Association of the Company.	16/10/2017	27/11/2017
5	Approval to keep the Register and Index of Members and Debenture holders along with the copies of Annual Return filed under the section 92 of the Companies Act, 2013, at a place other than Registered office of the Company.	16/10/2017	27/11/2017
6	Approval to amend DHFL Employee Stock Appreciation Rights Plan 2015	22/01/2018	03/03/2018

Annexure - 8
to the Board's Report

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
Dewan Housing Finance Corporation Limited

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

This certificate is issued in accordance with the terms of our engagement with Dewan Housing Finance Corporation Limited ('the Company').

We have examined the compliance of conditions of Corporate Governance by the Company, for the financial year ended on March 31, 2018 as stipulated in Regulation 17 to Regulation 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D, E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

MANAGEMENTS' RESPONSIBILITY

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

AUDITOR'S RESPONSIBILITY

Our responsibility is limited to examining 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.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V of the SEBI Listing Regulations during the financial year ended March 31, 2018.

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

Place: Mumbai
Date: April 30, 2018

Annexure - 9

to the Board's Report

FORM NO. MGT - 9

Extract of Annual Return

as on the financial year ended March 31, 2018
[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 email: 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 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
		For Debentures issued on public issue basis Karvy Computershare Pvt. Ltd. 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:-

Sl 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 DHFL House, 3rd – 7th Floor, 19 Sahar Road, Off Western Express Highway, Vile Parle (E), Mumbai - 400099	U67190MH2016PTC273074	Subsidiary	100.00	2(87)
2.	DHFL Investments Limited DHFL House, 3rd – 7th Floor, 19 Sahar Road, Off Western Express Highway, Vile Parle (E), Mumbai - 400099	U74999MH2017PLC291108	Subsidiary	100.00	2(87)
3.	DHFL Changing Lives Foundation Unit No. 1001, 10th Floor, TCG Financial Centre Plot-C-53, G-Block, Bandra Kurla Complex Bandra East, Mumbai - 400051 (Section 8 Company)	U85320MH2017NPL302380	Subsidiary	Limited by Guarantee	2(87)
4.	Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited) 2nd Floor, No. 3, JVT Towers, 8th A Main Road, Sampangi Rama Nagar, Hudson Circle, Bengaluru -560027	U66010KA1990PLC011409	Associate	9.15	2(6)
5.	Avanse Financial Services Limited DHFL House, 1st Floor, 19 Sahar Road, Off Western Express Highway, Vile Parle (E), Mumbai – 400 099	U67120MH1992PLC068060	Associate	32.49	2(6)
6.	DHFL Ventures Trustee Company Private Limited HDIL Towers, Ground Floor, Anant Kanekar Marg, Bandra East, Mumbai – 400051	U65991MH2005PTC153886	Associate	45.00 (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	50.00 (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	50.00 (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. Share Holding 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 01/04/2017 i.e. as per shareholding pattern of 31/03/2017)				No. of Shares held at the end of the year (as on 31/03/2018 i.e. as per shareholding pattern of 31/03/2018)				% Change during the year i.e. Increase/ (Decrease)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
(a) Individual/HUF	60,00,000	-	60,00,000	1.92	60,00,000	-	60,00,000	1.91	(0.01)
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	11,70,49,714	-	11,70,49,714	37.38	11,70,49,714	-	11,70,49,714	37.32	(0.06)
(e) Banks/FI	-	-	-	-	-	-	-		-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**12,30,49,714**	**-**	**12,30,49,714**	**39.30**	**12,30,49,714**	**-**	**12,30,49,714**	**39.23**	**(0.07)**
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**12,30,49,714**	**0**	**12,30,49,714**	**39.30**	**12,30,49,714**	**0**	**12,30,49,714**	**39.23**	**(0.07)**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	1,23,61,092	39,000	1,24,00,092	3.96	2,28,48,193	39,000	2,28,87,193	7.30	3.34
(b) Banks/FI	1,00,77,339	400	1,00,77,739	3.22	69,57,648	400	69,58,048	2.22	(1.00)
(c) Central Govt	2,000	0	2,000	0.00	2,000	0	2,000	0.00	0.00
(d) State govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	**2,24,40,431**	**39,400**	**2,24,79,831**	**7.18**	**2,98,07,841**	**39,400**	**2,98,47,241**	**9.52**	**2.34**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	4,10,33,831	4,702	4,10,38,533	13.10	4,55,21,784	3,838	4,55,25,622	14.51	1.41
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2,02,87,105	10,97,132	2,13,84,237	6.83	2,44,11,148	9,24,896	2,53,36044	8.08	1.25

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01/04/2017 i.e. as per shareholding pattern of 31/03/2017)				No. of Shares held at the end of the year (as on 31/03/2018 i.e. as per shareholding pattern of 31/03/2018)				% Change during the year i.e. Increase/ (Decrease)
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,07,42,202	92,000	2,08,34,202	6.65	2,19,91,670	92,000	2,20,83,670	7.04	0.39
c) Others - Hindu Undivided family	14,44,954	0	14,44,954	0.46	10,42,378	0	10,42,378	0.33	(0.13)
- Clearing Members	19,75,670	0	19,75,670	0.63	24,45,620	0	24,45,620	0.78	0.15
Investor Education and Protection Fund Authority	0	0	0	0	89,647	0	89,647	0.03	0.03
- Foreign Nationals	500	0	500	0.00	0	0	0	0.00	0.00
FII-Foreign Portfolio Investor	7,92,83,015	0	7,92,83,015	25.32	6,24,96,367	0	6,24,96,367	19.92	(5.40)
Non Resident Indians (REPAT)	12,64,529	0	12,64,529	0.40	13,01,041	0	13,01,041	0.41	0.01
Non Resident Indians (NON REPAT)	3,94,033	0	3,94,033	0.13	4,18,521	0	4,18,521	0.13	0.00
- Trust	2,987	0	2,987	0.00	7,982	0	7,982	0.00	0.00
Alternate Investment Funds	0	0	0	0.00	15,000	0	15,000	0.00	0.00
Sub-total (B)(2):-	**16,64,28,826**	**11,93,834**	**16,76,22,660**	**53.52**	**15,97,41,158**	**10,20,734**	**16,07,61,892**	**51.25**	**(2.27)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**18,88,69,257**	**12,33,234**	**19,01,02,491**	**60.70**	**18,95,48,999**	**10,60,134**	**19,06,09,133**	**60.77**	**0.07**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0.00**
Grand Total (A+B+C)	**31,19,18,971**	**12,33,234**	**31,31,52,205**	**100.00**	**31,25,98,713**	**10,60,134**	**31,36,58,847**	**100.00**	**0.00**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01/04/2017 i.e. as per shareholding pattern of 31/03/2017)			Shareholding at the end of the year (as on 31/03/2018 i.e. as per shareholding pattern of 31/03/2018)			% 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	0.57	-	18,00,000	0.57	-	0.00
2	Mr. Dheeraj Wadhawan	18,00,000	0.57	-	18,00,000	0.57	-	0.00
3	Mrs. Aruna Wadhawan	24,00,000	0.77	-	24,00,000	0.77	-	0.00
4	Wadhawan Global Capital Limited (formerly Wadhawan Global Capital Pvt. Ltd.)	11,70,49,714	37.38		11,70,49,714	37.32	-	(0.06)
	Total	**12,30,49,714**	**39.30**	**-**	**12,30,49,714**	**39.23**	**-**	**(0.07)**

Note –

(a) There was no change in the 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 ESOPs/ESARs by the eligible employees of the Company on account of various ESOP/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 (01/04/2017)		Date	Increase (No. of shares)	Decrease (No. of shares)	Reason	Cumulative Shareholding at the end of the year (31/03/2018)	
		No. of shares	% of total shares of the company					No. of shares	% of total shares of the company
1	Mr. Kapil Wadhawan	18,00,000	0.57	-	-	-	-	18,00,000	0.57
2	Mr. Dheeraj Wadhawan	18,00,000	0.57	-	-	-	-	18,00,000	0.57
3	Mrs. Aruna Wadhawan	24,00,000	0.77	-	-	-	-	24,00,000	0.77
4	Wadhawan Global Capital Limited (formerly Wadhawan Global Capital Private Limited)	11,70,49,714	37.38			-		11,70,49,714	37.32

Note –

(a) *There was no change in the 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 ESOPs/ESARs by the eligible employees of the Company on account of various ESOP/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 01/04/2017 i.e. as per shareholding pattern of 31/03/2017		Transactions during the year			Cumulative Shareholding at the end of the year (31/03/2018) i.e. as per shareholding pattern of 31/03/2018	
		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	3.42					
	At the end of the year						1,07,17,778	3.42
2	Galaxy Infraprojects and Developers Pvt. Ltd.	1,04,35,404	3.33					
	At the end of the year						1,04,35,404	3.33
3	Silicon First Realtors Private Limited	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	3.19					
	At the end of the year						1,00,00,000	3.19
5	Life Insurance Corporation of India	96,70,472	3.09	07 Apr 2017	(1,03,00,00)	Market Sale	86,40,472	2.75
				14 Apr 2017	(1,70,000)	Market Sale	84,70,472	2.70
				23 Mar 2018	(12,04,846)	Market Sale	72,65,626	2.32
				31 Mar 2018	(10,87,000)	Market Sale	61,78,626	1.97
	At the end of the year						61,78,626	1.97
6	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Enhanced Arbitrage Fund	30,30,536	0.97	05 May 2017	(3,78,360)	Market Sale	26,52,176	0.85
				12 May 2017	15,000	Market Purchase	26,67,176	0.85
				19 May 2017	(1,75,000)	Market Sale	24,92,176	0.79
				26 May 2017	(1,46,976)	Market Sale	23,45,200	0.75
				02 Jun 2017	2,25,000	Market Purchase	25,70,200	0.82
				09 Jun 2017	(5,41,000)	Market Sale	20,29,200	0.65
				30 Jun 2017	25,500	Market Purchase	20,54,700	0.66

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2017 i.e. as per shareholding pattern of 31/03/2017		Transactions during the year			Cumulative Shareholding at the end of the year (31/03/2018) i.e. as per shareholding pattern of 31/03/2018	
		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
				14 Jul 2017	1,00,000	Market Purchase	21,54,700	0.69
				21 Jul 2017	1,86,000	Market Purchase	23,40,700	0.75
				28 Jul 2017	2,42,000	Market Purchase	25,82,700	0.82
				04 Aug 2017	35,000	Market Purchase	26,17,700	0.83
				18 Aug 2017	30,000	Market Purchase	26,47,700	0.84
				25 Aug 2017	1,09,500	Market Purchase	27,57,200	0.88
				01 Sep 2017	1,48,500	Market Purchase	29,05,700	0.93
				08 Sep 2017	(10,000)	Market Sale	28,95,700	0.92
				15 Sep 2017	(20,000)	Market Sale	28,75,700	0.92
				22 Sep 2017	(15,000)	Market Sale	28,60,700	0.91
				06 Oct 2017	8,86,500	Market Purchase	37,47,200	1.19
				20 Oct 2017	37,500	Market Purchase	37,84,700	1.21
				27 Oct 2017	(46,535)	Market Sale	37,38,165	1.19
				03 Nov 2017	20,000	Market Purchase	37,58,165	1.20
				10 Nov 2017	(70,000)	Market Sale	36,88,165	1.18
				08 Dec 2017	(1,50,000)	Market Sale	35,38,165	1.13
				22 Dec 2017	22,500	Market Purchase	35,60,665	1.14
				05 Jan 2018	50,000	Market Purchase	36,10,665	1.15
				02 Feb 2018	(3,50,000)	Market Sale	32,60,665	1.04
				09 Feb 2018	1,00,000	Market Purchase	33,60,665	1.07
				16 Feb 2018	3,02,900	Market Purchase	36,63,565	1.17
				16 Mar 2018	50,000	Market Purchase	37,13,565	1.18
				31 Mar 2018	(1,52,900)	Market Sale	35,60,665	1.14
	At the end of the year						35,60,665	1.14
7	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	25,44,606	0.81	07 Apr 2017	42,946	Market Purchase	25,87,552	0.83
				28 Apr 2017	81,111	Market Purchase	26,68,663	0.85
				05 May 2017	31,520	Market Purchase	27,00,183	0.86
				12 May 2017	9,850	Market Purchase	27,10,033	0.86
				19 May 2017	21,276	Market Purchase	27,31,309	0.87
				02 Jun 2017	8,668	Market Purchase	27,39,977	0.87
				07 Jul 2017	13,790	Market Purchase	27,53,767	0.88
				14 Jul 2017	83,614	Market Purchase	28,37,381	0.90
				28 Jul 2017	1,44,073	Market Purchase	29,81,454	0.95
				04 Aug 2017	8,668	Market Purchase	29,90,122	0.95
				11 Aug 2017	11,426	Market Purchase	30,01,548	0.96
				25 Aug 2017	3,25,208	Market Purchase	33,26,756	1.06
				01 Sep 2017	14,184	Market Purchase	33,40,940	1.07
				08 Sep 2017	20,094	Market Purchase	33,61,034	1.07
				15 Sep 2017	18,124	Market Purchase	33,79,158	1.08
				06 Oct 2017	11,820	Market Purchase	33,90,978	1.08
				13 Oct 2017	12,214	Market Purchase	34,03,192	1.09
				20 Oct 2017	9,062	Market Purchase	34,12,254	1.09
				27 Oct 2017	8,274	Market Purchase	34,20,528	1.09
				22 Dec 2017	(4,030)	Market Sale	34,16,498	1.09
				25 Jan 2018	14,570	Market Purchase	34,31,068	1.09
				02 Feb 2018	13,020	Market Purchase	34,44,088	1.10
				31 Mar 2018	(16,800)	Market Sale	34,27,288	1.09
	At the end of the year						34,27,288	1.09

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2017 i.e. as per shareholding pattern of 31/03/2017		Transactions during the year			Cumulative Shareholding at the end of the year (31/03/2018) i.e. as per shareholding pattern of 31/03/2018	
		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
8	Lazard Emerging Markets Small Cap Equity Trust	30,67,639	0.98	28 Apr 2017	(4,44,287)	Market Sale	26,23,352	0.84
				09 Jun 2017	2,35,648	Market Purchase	28,59,000	0.91
				15 Sep 2017	(5,36,922)	Market Sale	23,22,078	0.74
				09 Feb 2018	5,59,777	Market Purchase	28,81,855	0.92
				16 Mar 2018	1,39,512	Market Purchase	30,21,367	0.96
	At the end of the year						30,21,367	0.96
9	Copthall Mauritius Investment Limited	34,78,982	1.11	14 Apr 2017	(2,240)	Market Sale	34,76,742	1.11
				05 May 2017	42,000	Market Purchase	35,18,742	1.12
				26 May 2017	(2,04,163)	Market Sale	33,14,579	1.06
				02 Jun 2017	(2,62,137)	Market Sale	30,52,442	0.97
				30 Jun 2017	(14,555)	Market Sale	30,37,887	0.97
				14 Jul 2017	23,775	Market Purchase	30,61,662	0.98
				21 Jul 2017	24,055	Market Purchase	30,85,717	0.98
				11 Aug 2017	5,660	Market Purchase	30,91,377	0.99
				18 Aug 2017	15,185	Market Purchase	31,06,562	0.99
				25 Aug 2017	10,470	Market Purchase	31,17,032	0.99
				06 Oct 2017	(33,965)	Market Sale	30,83,067	0.98
				13 Oct 2017	(4,560)	Market Sale	30,78,507	0.98
				20 Oct 2017	(3,33,550)	Market Sale	27,44,957	0.88
				27 Oct 2017	(28,987)	Market Sale	27,15,970	0.87
				03 Nov 2017	(93,025)	Market Sale	26,22,945	0.84
				15 Dec 2017	1,500	Market Purchase	26,24,445	0.84
				22 Dec 2017	100	Market Purchase	26,24,545	0.84
				12 Jan 2018	(2,850)	Market Sale	26,21,695	0.84
				25 Jan 2018	(9,000)	Market Sale	26,12,695	0.83
				09 Feb 2018	21,038	Market Purchase	26,33,733	0.84
				09 Mar 2018	11,300	Market Purchase	26,45,033	0.84
				31 Mar 2018	(1,838)	Market Sale	26,43,195	0.84
	At the end of the year						26,43,195	0.84
10	Blue Daimond Properties Private Limited	0	0.00	01 Sep 2017	30,50,744	Market Purchase	30,50,744	0.97
				22 Sep 2017	(50,744)	Market Sale	30,00,000	0.96
				29 Sep 2017	(1,00,000)	Market Sale	29,00,000	0.92
				27 Oct 2017	(66,416)	Market Sale	28,33,584	0.90
				10 Nov 2017	(50,000)	Market Sale	27,83,584	0.89
				17 Nov 2017	(34,860)	Market Sale	27,48,724	0.88
				29 Dec 2017	(1,00,500)	Market Sale	26,48,224	0.84
				19 Jan 2018	(98,224)	Market Sale	25,50,000	0.81
				23 Mar 2018	25,000	Market Purchase	25,75,000	0.82
				31 Mar 2018	25,000	Market Purchase	26,00,000	0.83
	At the end of the year						26,00,000	0.83
11	Templeton Institutional Funds - Foreign Smaller Companies Series	33,60,423	1.07	07 Apr 2017	(17,127)	Market Sale	33,43,296	1.07
				14 Apr 2017	(1,80,972)	Market Sale	31,62,324	1.01
				28 Apr 2017	(1,55,439)	Market Sale	30,06,885	0.96

Sl. No.	Name	Shareholding at the beginning of the year as on 01/04/2017 i.e. as per shareholding pattern of 31/03/2017		Transactions during the year			Cumulative Shareholding at the end of the year (31/03/2018) i.e. as per shareholding pattern of 31/03/2018	
		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
				12 May 2017	(42,790)	Market Sale	29,64,095	0.95
				23 Jun 2017	(34,434)	Market Sale	29,29,661	0.93
				30 Jun 2017	(11,852)	Market Sale	29,17,809	0.93
				07 Jul 2017	(93,600)	Market Sale	28,24,209	0.90
				14 Jul 2017	(2,91,949)	Market Sale	25,32,260	0.81
				21 Jul 2017	(95,189)	Market Sale	24,37,071	0.78
				04 Aug 2017	(1,18,372)	Market Sale	23,18,699	0.74
				22 Sep 2017	(91,349)	Market Sale	22,27,350	0.71
				06 Oct 2017	(34,766)	Market Sale	21,92,584	0.70
				03 Nov 2017	(96,377)	Market Sale	20,96,207	0.67
				10 Nov 2017	(49,592)	Market Sale	20,46,615	0.65
				24 Nov 2017	51,617	Market Purchase	20,98,232	0.67
	At the end of the year						20,98,232	0.67
12	Morgan Stanley Mauritius Company Limited	37,33,619	1.19	07 Apr 2017	(2,47,357)	Market Sale	34,86,262	1.11
				14 Apr 2017	(5,28,339)	Market Sale	29,57,923	0.94
				28 Apr 2017	(6,81,000)	Market Sale	22,76,923	0.73
				05 May 2017	(84,000)	Market Sale	21,92,923	0.70
				19 May 2017	(3,000)	Market Sale	21,89,923	0.70
				26 May 2017	(1,21,500)	Market Sale	20,68,423	0.66
				02 Jun 2017	(1,500)	Market Sale	20,66,923	0.66
				09 Jun 2017	(1,500)	Market Sale	20,65,423	0.66
				16 Jun 2017	(3,000)	Market Sale	20,62,423	0.66
				23 Jun 2017	(22,051)	Market Sale	20,40,372	0.65
				30 Jun 2017	(946)	Market Sale	20,39,426	0.65
				04 Aug 2017	(1,87,805)	Market Sale	18,51,621	0.59
				25 Aug 2017	(6,77,996)	Market Sale	11,73,625	0.37
				01 Sep 2017	(84,410)	Market Sale	10,89,215	0.35
				08 Sep 2017	(8,227)	Market Sale	10,80,988	0.34
				15 Sep 2017	(10,475)	Market Sale	10,70,513	0.34
				22 Sep 2017	(36,763)	Market Sale	10,33,750	0.33
				29 Sep 2017	(4,11,350)	Market Sale	6,22,400	0.20
				05 Jan 2018	(57,066)	Market Sale	5,65,334	0.18
				12 Jan 2018	(15,852)	Market Sale	5,49,482	0.18
				19 Jan 2018	(12,477)	Market Sale	5,37,005	0.17
				25 Jan 2018	(1,68,243)	Market Sale	3,68,762	0.12
				02 Feb 2018	(2,75,481)	Market Sale	93,281	0.03
				16 Feb 2018	(11,871)	Market Sale	81,410	0.03
				23 Feb 2018	(54,781)	Market Sale	26,629	0.01
				02 Mar 2018	(10,288)	Market Sale	16,341	0.01
	At the end of the year						16,341	0.01
13	Acacia Partners, LP	32,64,000	1.04	29 Sep 2017	(17,64,000)	Market Sale	15,00,000	0.48
				06 Oct 2017	(6,00,000)	Market Sale	9,00,000	0.29
				13 Oct 2017	(9,00,000)	Market Sale	0	0.0000
	At the end of the year						0	0.0000

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. 01/04/2017		Date	Increase (No. of shares)	Decrease (No. of shares)	Reason	Shareholding At the end of the year i.e. 31/03/2018	
	No. of shares	% of total shares of the Company					No. of shares	% of total shares of the Company
At the beginning of the year								
1. Mr. Kapil Wadhawan	18,00,000	0.57	-	-	-	-	18,00,000	0.57
2. Mr. Dheeraj Wadhawan	18,00,000	0.57	-	-	-	-	18,00,000	0.57
3. Mr. Harshil Mehta (*)	5,110	0.00	-	-	-	-	5,110	0.00
4. Mr. G. P. Kohli	6,800	0.00	-	-	-	-	6,800	0.00
5. Mr. V. K. Chopra	-	-	-	-	-	-	-	0.00
6. Mr. M. Venugopalan	1,000	0.00	-	-	-	-	1,000	0.00
7. Ms. Vijaya Sampath	4,000	0.00	23/02/2018	1000	-	Market Purchase	5,000	0.00
8. Dr. Rajiv Kumar (**)	-	-	-	-	-	-	-	-

(*) Mr. Harshil Mehta (DIN:03038428) was appointed as Whole Time Director of the Company, designated as Joint Managing Director & Chief Executive Officer w.e.f. September 1, 2017.

(**) Dr. Rajiv Kumar resigned as an Independent Director w.e.f. September 11, 2017 due to his appointment as Vice-Chairman of NITI Aayog.

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. 01/04/2017		Date	Increase of shares	Decrease of shares	Reason	Cumulative Shareholding during the year i.e. 31/03/2018	
		No. of shares	% of total shares of the Company					No. of shares	% of total shares of the Company
1.	Mr. Santosh Sharma – Chief Financial Officer	2	0.00	12.05.2017	50,000	-	Allotted under ESOP Scheme of the Company	50,002	0.01
				23.05.2017	-	(20,000)	Market Sale	30,002	0.01
				26.05.2017	-	(5,000)	Market Sale	25,002	0.01
				31.05.2017	-	(11,200)	Market Sale	13,802	0.00
				08.06.2017	7,162	-	Allotted under ESAR Scheme of the Company	20,964	0.01
				16.06.2017		(23)	Market Sale	20,941	0.01
2.	Mrs. Niti Arya – Company Secretary	14,039	0.00	02.06.2017	-	(4,300)	Market Sale	9,739	0.00
				08.06.2017	1,342		Allotted under ESAR Scheme of the Company	11,081	0.00
				08.06.2017	-	(5,700)	Market Sale	5,381	0.00
				22.12.2017		(200)	Market Sale	5,181	0.00
				22.12.2017	2,271		Allotted under ESAR Scheme of the Company	7,452	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
Indebtedness at the beginning of the financial year				
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	8,032	28,247	1,64,894
Total (i+ii+iii)	**70,63,128**	**5,30,778**	**6,76,865**	**82,70,771**
Change in Indebtedness during the financial year				
Addition	18,00,354	31,15,732	7,18,787	56,34,873
Reduction	13,44,124	27,65,351	3,71,341	44,80,816
Net Change	**4,56,229**	**3,50,381**	**3,47,446**	**11,54,057**
Indebtedness at the end of the financial year				
i) Principal Amount	73,83,345	8,63,888	9,83,227	92,30,460
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,36,013	17,271	41,084	1,94,368
Total (i+ii+iii)	**75,19,357**	**8,81,159**	**10,24,311**	**94,24,827**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager: The Company has one Managing Director, Mr. Kapil Wadhawan and one Joint-Managing Director & Chief Executive Officer, Mr. Harshil Mehta

(In ₹) (Gross)

Sl. No.	Particulars of Remuneration	Mr. Kapil Wadhawan (Chairman & Managing Director)	Mr. Harshil Mehta (Joint-Managing Director and Chief Executive Officer)*
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,32,91,665	3,74,78,044
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(i) Perquisites w.r.t to exercise of Stock Options	0	0
	(ii) Other Perquisites	0	3,48,300
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0	0
2	Stock Option		
	(a) ESAR Grant III (No. of options)	0	2,67,200
	(b) ESAR Grant VII (No. of options)	0	9,00,000
3	Sweat Equity	0	0
4	Commission/Annual Performance Bonus#	1,50,00,000	1,25,00,000
5	Provident Fund	15,75,000	16,20,000
	Total (A)	**3,98,66,665**	**5,19,46,544**
	Ceiling 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.	The remuneration paid to Mr. Harshil Mehta, Joint-Managing Director and Chief Executive Officer 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	11,50,000	10,00,000	21,50,000
2.	Mr. V. K. Chopra	6,78,000	10,00,000	16,78,000
3.	Mr. M. Venugopalan	4,18,000	10,00,000	14,18,000
4.	Dr. Rajiv Kumar (**)	45,000	4,49,315	4,94,315
5.	Ms. Vijaya Sampath	2,70,000	10,00,000	12,70,000
	Total (B)(1)	**25,61,000**	**44,49,315**	**70,10,315**
B2. Other Non Executive Director				
1.	Mr. Dheeraj Wadhawan	6,21,000	10,00,000	16,21,000
	Total(B) (2)	**6,21,000**	**10,00,000**	**16,21,000**
	Total (B)=(B)(1)+(B)(2)	**31,82,000**	**54,49,315**	**86,31,315**
	Total Managerial Remuneration: Total remuneration to Chairman & Managing Director, Joint Managing Director and other Directors (being the total A and B)			**8,79,44,324**
	Overall Ceiling as per the Act	1. 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 Companies Act, 2013. 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. 2. The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.		

** Mr. Harshil Mehta, was appointed as a Whole-time Director, designated as Joint Managing Director & Chief Executive Officer w.e.f. September 1, 2017.*
*** Dr. Rajiv Kumar resigned as an Independent Director w.e.f. September 11, 2017 due to his appointment as Vice-Chairman of NITI Aayog.*
 # As a practice, Commission/Annual Performance Bonus will be paid to the Directors after the financial statements are adopted by the Members at the ensuing AGM. However, the Gross salary of Mr. Harshil Mehta includes annual performance payout for the financial year 2016-17, paid during the financial year 2017-18.

C. Remuneration to Key Managerial Personnel other than Managing Director/Joint Managing Director/Manager/WTD

(in ₹)

Sr. No.	Particulars of Remuneration	Mr. Santosh Sharma (Chief Financial Officer)	Ms. Niti Arya (Company Secretary)	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,12,51,688	1,03,43,881	2,15,95,569
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(i) Perquisites w.r.t to exercise of Stock Options	2,12,22,067	19,09,610	2,31,31,677
	(ii) Other Perquisites	1,00,762	9,19,057	10,19,819
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act,1961	0	0	0
2	(a) Stock Option (No. of Options)	0	0	0
	(b) ESAR Grant III (No. of Options)	59,500	50,800	1,10,300
	(c) ESAR Grant VII (No. of Options)	2,00,000	2,00,000	4,00,000
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	-as % of profit,	0	0	0
	-others, specify…	0	0	0
5	Others, please	0	0	0
	specify:	0	0	0
	Employer contribution to PF	5,69,255	4,38,480	10,07,735
	Total	**3,31,43,772**	**1,36,11,028**	**4,67,54,800**

Note: *The total of remuneration is without stock options*

VII. Penalties/Punishment/Compounding of Offences

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			None		
Compounding					
B. Directors					
Penalty					
Punishment			None		
Compounding					
C. Other Officers in Default					
Penalty			None		
Punishment					

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 the Financial Year 2017-18 is presented below:

1. DHFL'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance encompasses a set of principles, systems, and practices through which the Board of Directors of the Company ensures integrity, transparency, fairness and accountability in the Company's relationship with all its stakeholders, viz. regulators, shareholders, creditors, government agencies, bankers, employees, among others. The code of corporate 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. A good corporate governance framework incorporates a system of robust checks and balances between key players; namely, the Board, the management, auditors and various stakeholders.

We at DHFL, have been continuously strengthening the governance practices and have followed a trustworthy, transparent, moral and ethical conduct, both internally and externally, and are committed towards maintaining the highest standards of corporate governance practices and quality of disclosures thereunder, 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 to provide all its stakeholders an access to clear, adequate and factual information relating to the Company. It promotes accountability of its management; and the Board of Directors of the Company acknowledges its responsibility towards all the stakeholders for creation and safeguarding their wealth.

The Company is also in compliance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 [hereinafter referred as "NHB CG Directions"].

2. BOARD OF DIRECTORS

DHFL's Board of Directors are committed towards upholding the highest standards of governance. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws.

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. 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. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

The Board of Directors ensures proper delegation of appropriate authority and oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of all the stakeholders of the Company.

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 Directors of the Board of the Company are from diverse backgrounds. The Board comprises of total seven (7) Directors, out of which two (2) are Executive Directors - one designated as the Chairman & Managing Director, who acts as the Chairperson of the Board and the other designated as Joint Managing Director & Chief Executive Officer of the Company, one (1) is a Non – Executive Director and four (4) 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, 2018, is as follows:

Name of the Director	Category of Director	DIN	No. of equity shares[1] 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. Harshil Mehta[2]	Executive Director	03038428	5,110
Mr. G.P. Kohli	Independent Non-Executive Directors	00230388	6,800
Mr. V.K. Chopra		02103940	-
Mr. Mannil Venugopalan		00255575	1,000
Ms. Vijaya Sampath		00641110	5,000
Dr. Rajiv Kumar[3]		02385076	-

1. None of the Directors hold any convertible instruments of the Company.

2. Mr. Harshil Mehta was appointed as a Whole Time Director of the Company, designated as Joint Managing Director & Chief Executive Officer for a term of five years w.e.f. September 1, 2017.

3. Dr. Rajiv Kumar resigned as an Independent Director w.e.f. September 11, 2017 due to his appointment as the Vice Chairman of NITI Aayog- a National Institution for Transforming India.

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 Memberships 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 Chairperson of more than five Committees across all listed entities in which he/she is a Director.

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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. However, in case 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. Additional Board Meetings are held by the Company as and when the Company needs merit oversight and guidance.

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 and also as per Secretarial Standards 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 are communicated to the respective 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 2017-18, six (6) Board meetings were held on May 3, 2017, July 21, 2017, August 30, 2017, October 16, 2017, January 9, 2018 and January 22, 2018. The details of the Board meetings along with the attendance of each Director at the respective Board meetings and at the Annual General Meeting are tabled below:38(y)]TJl 2Td[3.65 re3.906 re443.952 449.81 58.65Td(3.906 ref /Sp)]TJ3.906 re443.9

Familiarization Programmes 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 also ensures that regular updates are provided to all 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 the URL: https://www.dhfl.com/docs/default-source/aboutus/familiarization-program.pdf

3. COMMITTEES OF THE BOARD

The Board Committees constitute an important element of the governance process of the Company and are an integral arm of the Board to carry out its wide and diverse functions. The Board of Directors have constituted few committees namely – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Finance Committee and Corporate Social Responsibility Committee.

During the year as per the requirements of National Housing Bank (NHB), the Board at its meeting held on January 22, 2018 has constituted a special committee i.e. Review Committee for taking decisions with respect to the wilful defaulters.

The Board at its meeting held on April 30, 2018 constituted another special committee i.e. NCD Public Issue Committee for undertaking necessary decisions in relation to the proposed public Issue of Non-Convertible Debentures.

The Committees of the Board enable it 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 decision 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 possess 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 (Management Assurance & Audit Function) along with the Joint Managing Director & 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. 33rd Annual General Meeting of the Company.

Terms of Reference

During the year 2017-18, the terms of reference of the Audit Committee was amended by the Board of Directors on May 3, 2017.

The Terms of Reference of the Audit Committee are as follows:

- 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 any Related Party Transaction(s);

- 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 utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation 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 Practice 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 2017-18, Six (6) Audit Committee meetings were held on May 3, 2017, July 21, 2017, September 12, 2017, October 16, 2017, January 22, 2018 and February 15, 2018. The composition and the attendance thereat of the members of the Committee are given herein below:

Composition	Category	Meetings attended
Mr. M. Venugopalan (Chairman of the Committee)	Independent	5
Mr. G.P. Kohli	Independent	6
Mr. V.K Chopra	Independent	6

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 the Companies Act, 2013 and SEBI Listing Regulations.

The Chairman of the Nomination and Remuneration Committee was present at the last i.e. 33rd Annual General Meeting of the Company.

During the year 2017-18, Six (6) Nomination and Remuneration Committee meetings were held on May 2, 2017, July 13, 2017, August 30, 2017, October 16, 2017, January 22, 2018 and March 22, 2018. 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	6
Mr. G.P. Kohli	Independent	6
Ms. Vijaya Sampath	Independent	5

Nomination, Remuneration and Evaluation 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. The NRE Policy was last amended on April 30, 2018 pursuant to Ministry of Corporate Affairs (MCA) Notification No. S.O. 630(E) dated February 9, 2018 regarding notification of few Sections of the Companies (Amendment) Act, 2017. The said policy is available on the website of the Company at the URL: https://www.dhfl.com/docs/default-source/investors/nomination-(including-boards-diversity)-remuneration-and-evaluation-policy-of-the-company/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, fit and proper criteria, 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 at least 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 fee is paid to the Non-Executive Directors and the Independent Directors within the limits as prescribed under the 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, and 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 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 and Nomination (including Boards' Diversity), Remuneration and Evaluation 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

As per the provisions of the 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 April 30, 2018 based on the criteria for evaluation/assessment of the Directors (including the Independent Directors) of the Company and the Board as a whole (including the Board Committees) as laid down by the Nomination and Remuneration Committee. 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 its 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 April 30, 2018. Basis the said evaluation, the Nomination and Remuneration Committee made recommendations for the re-appointment of Mr. Dheeraj 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 & Managing Director and Joint Managing Director & Chief Executive Officer, in addition to the above, were also evaluated on their achievements against various key performance parameters (financial/non-financial) for the financial year 2017-18.

Details of remuneration including commission and other payments to the Directors

Executive Director(s)

1. Mr. Kapil Wadhawan (Chairman & Managing Director)

Mr. Kapil Wadhawan was re-appointed as the Managing Director (designated as Chairman & Managing Director) of the Company for a period of five years w.e.f. October 4, 2015, vide Service Agreement executed on October 4, 2015, the appointment and terms and conditions of which were approved by the Members of the Company at the 31st Annual General Meeting held on July 23, 2015.

Considering the rich experience and contribution of Mr. Kapil Wadhawan to the growth and performance of the Company, the Members of the Company approved the revision in terms of appointment and remuneration of Mr. Kapil Wadhawan vide Postal Ballot Resolution dated November 27, 2017. The revised terms and conditions as set out in the supplemental agreement dated December 4, 2017, entered into with the Company, are listed below:

Remuneration: Revised Remuneration payable to Mr. Kapil Wadhawan, Chairman & Managing Director (w.e.f. November 1, 2017) is as under:

(₹ lakh)

Particulars	Amount (p.a.)
Basic Salary	175
Perquisites/Allowances	125
Total	**300**
Commission	As may be decided by Nomination and Remuneration Committee/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 Company's 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.

Commission: Commission per annum shall be equivalent to such sum as may be 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 and Remuneration Committee and/or the Board of Directors of the Company.

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 or any statutory modification(s) or re-enactment(s) thereof. 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. The office of Mr. Kapil Wadhawan shall not be liable to retire by rotation.

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, 2018 is as follows:-

(Amount in ₹)

Name	Salary	Contribution to Provident Fund	Commission*
Mr. Kapil Wadhawan (Chairman & Managing Director)	2,32,91,665	15,75,000	1,50,00,000

** Commission will be paid after the financial statements for FY 2017-18 are adopted by the Members of the Company at the ensuing Annual General Meeting.*

2. Mr. Harshil Mehta (Joint Managing Director & Chief Executive Officer)

Mr. Harshil Mehta was appointed as the Chief Executive Officer (CEO) and Whole Time Key Managerial Personnel of the Company pursuant to the provisions of the Companies Act, 2013 by the Board w.e.f. January 17, 2015.

The Board of Directors of the Company appointed him as the Whole Time Director of the Company (designated as Joint Managing Director & Chief Executive Officer) for a period of five years with effect from September 1, 2017. The Members of the Company approved the same vide Postal Ballot resolution dated November 27, 2017. The brief terms and conditions of appointment of Mr. Harshil Mehta as the Joint Managing Director & Chief Executive Officer as mentioned in his Appointment Letter, are listed below:

Basic Salary: Basic Salary shall be ₹ 1,35,00,000 p.a., with an annual increment not exceeding 15% of the basic salary, as may be decided by the Nomination and Remuneration Committee of the Board of Directors of the Company.

Perquisites: Perquisites shall be ₹ 1,22,30,650 p.a. which shall include (a) House Rent Allowance, (b) Medical Reimbursement, (c) Leave Travel Allowance, as per the policy of the Company and as may be approved by the Nomination and Remuneration Committee of the Board of Directors of the Company.

Other Perquisites: Other perquisites shall include (a) Chauffeur driven Company's car for both business and personal use. Fuel cost, repairs, maintenance and operating and running expenses of the car (on actual basis), (b) Travelling expenses: As per the policy of the Company (c) Leave Encashment: As per the policy of the Company, (c) Club membership of two clubs [annual membership fee]- one time entrance/admission fee to be in Company's name/ cost. [up to an amount of ₹ 5,00,000 p.a.], (d) Medical Expenses through medical insurance covering compressively all facilities including Dental and ophthalmic for self and family [premium amount to be capped at ₹ 1,00,000 p.a.], (e) Maintenance cost of own residence including Taxes, Gas and electricity, telephone and broad band charges or rent free furnished accommodation maintained by Company [upto an amount of ₹ 2,50,000 per annum], (f) Soft furnishing once a year if in own accommodation, Furniture and Fixtures at own accommodation [once during the contract period, up to an amount of ₹ 15,00,000.]

One-time expenses shall be amortised over the life of the contract to arrive at annual perquisite value or as per the Income Tax Act, as is relevant. Mr. Harshil Mehta shall be given other allowance and reimbursement of expenses including expenses incurred for business of the Company and such other perquisites and allowance in accordance with the rules and policy of the Company and as may be approved by the Nomination and Remuneration Committee of the Board of Directors of the Company.

Contribution to Provident Fund: 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.

Annual Performance Bonus: Mr. Harshil Mehta shall be given an annual performance bonus up to a maximum of 100% of the basic salary subject to the Company's policy, as applicable from time to time. The performance criteria and the amount of performance bonus shall be decided by the Nomination and Remuneration Committee of the Board of Directors.

Grant of ESARs under Dewan Housing Finance Corporation Limited –Employee Stock Appreciation Rights Plan 2015: Up to a maximum of 200% of basic salary subject to the Company's policy as applicable from time to time. The criteria and the grant size shall be decided by the Nomination and Remuneration Committee of the Board of Directors. The value of pay out at the time of vesting would be linked to the then prevailing price of the Company's share and hence may be different.

Retirals: (a) Provident Fund (Employers' Contribution) shall be paid at the rate of 12% of basic salary. (b) Gratuity shall be paid as per the Payment of Gratuity Act.

Other Terms: No sitting fees shall be paid to the Joint Managing Director & CEO for attending meetings of the Board of Directors or any Committee thereof of which he is a Member. The Joint Managing Director & Chief Executive Officer shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company. There is no provision for payment of any severance fee to the Joint Managing Director & Chief Executive Officer. The office of Mr. Harshil Mehta shall be liable to retire by rotation.

Notice period: The office of the Joint Managing Director & Chief Executive Officer may be terminated either by the Company or by him, by way of giving 3 (three) months' prior notice in writing.

The compensation paid to Mr. Harshil Mehta- Joint Managing Director & Chief Executive Officer for the year ended March 31, 2018 is as follows:

Name	Salary (in ₹)	Contribution to funds (in ₹)	Other Perquisites (in ₹)	Stock Options (No. of options)	Annual Performance Bonus* (in ₹)
Mr. Harshil Mehta (Joint Managing Director & Chief Executive Officer)	3,74,78,044	16,20,000	3,48,300	11,67,200	1,25,00,000

* *Annual Performance Bonus will be paid after the financial statements for FY 2017-18 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 22, 2018, approved the payment of Commission of ₹ 10,00,000 p.a. per director to Non–Executive Directors (Independent and Non–Independent) for the Financial Year 2017-18 with effect from April 1, 2017, 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 Directors and Independent Directors of the Company.

The compensation paid/payable by the Company to the Non-Executive and Independent Directors as at March 31, 2018 is as given below:

(Amount in ₹)

Name	Sittings Fees	Commission[1]
Mr. G. P. Kohli	11,50,000	10,00,000
Mr. V. K. Chopra	6,78,000	10,00,000
Mr. Dheeraj Wadhawan	6,21,000	10,00,000
Mr. Mannil Venugopalan	4,18,000	10,00,000
Ms. Vijaya Sampath	2,70,000	10,00,000
Dr. Rajiv Kumar[2]	45,000	4,49,315

1 *Commission will be paid to the directors after the financial statements for FY 2017-18 are adopted by the Members of the Company at the ensuing Annual General Meeting.*

2. *Resigned as an Independent Director w.e.f. September 11, 2017.*

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

The Terms of Reference of the Stakeholders' Relationship Committee is as follows:

- 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 dematerialisation 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 dematerialised 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 Exchanges 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. 33rd 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 2017-18, four (4) Stakeholders' Relationship Committee meetings were held on May 2, 2017, July 21, 2017, October 16, 2017 and January 22, 2018. The Stakeholders' Relationship Committee was reconstituted at the Meeting of the Board of Directors held on October 16, 2017, to include therein Mr. Harshil Mehta- Joint Managing Director & CEO as a Member of the Committee. 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
Mr. Harshil Mehta*	Executive	1

** Inducted as a Member w.e.f. October 16, 2017.*

Details of shareholders complaints/grievances received

During the year, the Company has received 40 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 except one which was received in the month of March, 2018 and remained unresolved at the end of the financial year.

The Company received 28 complaints from the fixed deposit holders of the Company and all the complaints stand resolved as on the financial year ended March 31, 2018. During the year 2017-18, Company received 1,334 complaints relating to non-receipt of securities, electronic credit, refund order, etc. from its debenture holders and all the complaints stand 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 are as follows:

- 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 Risk Management Committee was reconstituted at the Meeting of the Board of Directors held on October 16, 2017, to include therein Mr. Harshil Mehta- Joint Managing Director & CEO as a Member of the Committee. The Head of Risk Department is a permanent invitee to the Committee.

During the year 2017-18, two (2) Risk Management Committee meetings were held on September 12, 2017 and February 15, 2018. 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	1
Mr. V.K. Chopra	Independent	2
Mr. Mannil Venugopalan	Independent	1
Mr. Harshil Mehta*	Executive	1

** Inducted as a Member w.e.f. October 16, 2017.*

e. Finance Committee

The terms of reference of the Finance Committee was last amended on April 30, 2018 by the Board of Directors of the Company.

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 authorisation 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 authorisation(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 authorisation(s) to operate the same;
- To consider and approve the buyout and sell down of pool of loan portfolio by way of securitisation and/or assignment and the matters relating thereto and to authorize Director(s) or the official(s) of the Company for the purpose;
- To approve the terms and execution of the agreements, documents, undertakings, contracts, deeds with respect to the transactions approved by the Board or any Committee thereof.

Composition and Meetings

During the year 2017-18, the Committee met twenty seven [27] times on April 27, 2017, May 5, 2017, May 12, 2017, May 18, 2017, June 8, 2017, June 23, 2017, June 30, 2017, July 17, 2017, July 26, 2017, August 3, 2017, September 1, 2017, September 18, 2017, September 21, 2017, September 27, 2017, October 24, 2017, November 28, 2017, December 7, 2017, December 22, 2017, December 28, 2017, January 17, 2018, January 23, 2018, January 31, 2018, March 5, 2018, March 14, 2018, March 22, 2018, March 28, 2018 and March 30, 2018.

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	25
Mr. G.P. Kohli	Independent	26
Mr. Dheeraj Wadhawan	Non - Executive	27

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 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

The Corporate Social Responsibility Committee was reconstituted at the Meeting of the Board of Directors held on October 16, 2017, to include therein Mr. Harshil Mehta- Joint Managing Director & CEO as a Member of the Committee. During the year 2017-18, the Committee met three (3) times on May 2, 2017, October 16, 2017 and February 15, 2018. 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	3
Mr. V. K. Chopra	Independent	3
Mr. Kapil Wadhawan	Executive	2
Mr. Harshil Mehta*	Executive	1

** Inducted as a Member w.e.f. October 16, 2017.*

g. Special Committees of the Board

(i) Review Committee

The composition of the Review Committee constituted at the Board Meeting held on January 22, 2018, pursuant to NHB Circular No. NHB(ND)/DRS/Policy Circular No. 83/2017-18 dated December 5, 2017, is as follows:

Composition	Category	Meetings attended
Mr. Harshil Mehta (Chairman of the Committee)	Executive	Since the constitution of the Committee(s), no meeting(s) have been held thereof.
Mr. Mannil Venugopalan	Independent	
Mr. V. K. Chopra	Independent	
Any 2 Members from Identification Committee (comprising of Joint Managing Director & CEO, Chief Operating Officer, Head – Risk, Collections & Recoveries, Head – Project Finance and Head – Management Assurance & Audit Function)		

(ii) NCD Public Issue Committee

The Board of Directors at their meeting held on April 30, 2018 constituted a NCD Public Issue Committee to undertake necessary decisions in relation to the proposed public Issue, inter- alia (i) to approve the Shelf Prospectus (Draft/Final) (ii) deciding from time to time the tenure of the NCDs; (iii) coupon/interest offered; (iv) schedule of payment of interest/coupon and the principal; (v) details of the security/charge to be created in favour of the NCD holders; (vi) details of redemption of the NCDs; (vii) approval of Tranche I Prospectus and (viii) allied matters in relation to the issue of NCDs, at the time of the issue of the relevant tranche prospectus(es).

Composition	Category
Mr. Kapil Wadhawan (Chairman of the Committee)	Executive
Mr. G.P. Kohli	Independent
Mr. V. K. Chopra	Independent

4. GENERAL BODY MEETINGS

i Details of past three Annual General Meetings held by the Company

Meeting	Date and Time	Location	Details of Special Resolution(s) passed
33rd AGM	July 21, 2017 at 12.00 Noon	M. C. Ghia Hall, Bhogilal Hargovindas Building, 4th Floor, 18/20 K. Dubash Marg, Kala Ghoda, Mumbai 400 001.	1. Increase in borrowing powers of the Board of Directors of the Company. 2. Authority to create charge and/or mortgages on the assets of the Company. 3. Issuance of Non-Convertible Debentures on Private Placement Basis.
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.

ii Details of Postal Ballots conducted by the Company

During the year 2017-18, the Company has conducted two (2) 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 sent the Postal Ballot Notice(s) together with Postal Ballot Form to the Members of the Company for seeking their approval to the businesses listed therein. The Company has also 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).

The Company has complied with the procedure for Postal Ballot in terms of the provision of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

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 along with the voting pattern in respect of the Special Resolutions passed are mentioned below:

I. The Board of Directors approved the Postal Ballot notice dated October 16, 2017, containing the below mentioned resolutions for the approval of the Members, which was passed with the requisite majority on November 27, 2017.

a. Details of Resolution:

Item No. 1: To appoint Mr. Harshil Mehta (DIN: 03038428) as a Director of the Company. (Ordinary resolution).

Item No. 2: To approve the appointment of Mr. Harshil Mehta (DIN: 03038428) as the Whole Time Director (designated as Joint Managing Director & Chief Executive Officer) of the Company. (Ordinary resolution).

Item No. 3: To approve the revision in terms of appointment and remuneration of Mr. Kapil Wadhawan (DIN: 00028528) - Chairman and Managing Director of the Company (Ordinary resolution).

Item No. 4: To approve the alteration in the Articles of Association of the Company (Special resolution).

Item No. 5: Approval to keep the Register and Index of Members and Debenture holders along with the copies of Annual Return filed under Section 92 of the Companies Act, 2013, at a place other than the Registered Office of the Company (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	%
To approve the Alteration in the Articles of Association of the Company	20,99,26,883	20,99,23,181	99.9982	3,702	0.0018
Approval to keep the Register and Index of Members and Debenture holders along with the copies of Annual Return filed under Section 92 of the Companies Act, 2013, at a place other than the Registered Office of the Company.	20,99,34,771	20,99,26,262	99.9959	8,509	0.0041

II. The Board of Directors further approved the Postal Ballot notice dated January 22, 2018, containing the below mentioned resolution for the approval of the Members, which was passed with the requisite majority on March 3, 2018.

a. Details of Resolution:

Item No. 1: To approve amendment to the Dewan Housing Finance Corporation Limited Employee Stock Appreciation Rights Plan 2015 by way of increasing the number of equity shares that can be allotted thereunder upon exercise of options. (Special resolution)

b. Details of voting pattern of the Special Resolution passed:

Details of Special Resolution	No. of Votes Polled	Votes cast in favour		Votes cast against	
		No. of Votes	%	No. of Votes	%
To approve amendment to the Dewan Housing Finance Corporation Limited Employee Stock Appreciation Rights Plan 2015 by way of increasing the number of equity shares that can be allotted thereunder upon exercise of options.	20,21,47,393	18,01,22,763	89.1047	2,20,24,630	10.8953

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.

5. SUBSIDIARY COMPANIES

As at March 31, 2018, the Company has three (3) unlisted wholly owned subsidiaries, namely DHFL Advisory & Investments Private Limited, DHFL Investments Limited and DHFL Changing Lives Foundation (Section 8 Company).

During the year 2017-18, the Company has incorporated DHFL Changing Lives Foundation ("Foundation") as stated above, a Non-Government Company registered under Section 8 of the Companies Act, 2013 on December 1, 2017. The primary objective of the Foundation is to undertake CSR activities of the Company and to take forward the Company's CSR vision and implement social programmes in a far more collaborative and participative way.

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 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, none of the Company's subsidiaries are material subsidiaries. The Board has approved a Policy on determining material subsidiary(ies) in terms of the SEBI Listing Regulations which was last amended on April 30, 2018 pursuant to Ministry of Corporate Affairs (MCA) Notification No. S.O. 630(E) dated February 9, 2018 regarding notification of few Sections of the Companies (Amendment) Act, 2017 and the same is available on the website of the Company at the URL: https://www.dhfl.com/docs/default-source/investors/policy-on-determining-material-subsidiary/policy-on-determining-of-material-subsidiary.pdf

6. OTHER POLICIES AND CODES ADOPTED BY THE COMPANY

a. Policy on Disclosure of Material Events and Information

The Company has in place Board approved Policy on Disclosure of Material Events and Information, formulated in accordance with SEBI Listing Regulations to determine the events and information which are material in nature and are required to be disclosed to the Stock Exchanges. The said policy was last amended on April 30, 2018 pursuant to Ministry of Corporate Affairs (MCA) Notification No. S.O. 630(E) dated February 9, 2018 regarding notification of few Sections of the Companies (Amendment) Act, 2017 and the same is available on the website of the Company at the URL: https://www.dhfl.com/docs/default-source/investors/policy-on-disclosure-of-material-events-and-information/policy-on-disclosure-of-material-events-and-information1.pdf

b. Policy on Preservation of Documents and Records

The Company has in place Board approved Policy on Preservation of Documents and Records formulated in accordance with SEBI Listing Regulations. 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. The Policy was amended during the year under review pursuant to the revision in the Secretarial Standard on the meetings of the Board of Directors (SS-1), Secretarial Standard on General Meetings (SS-2) and issue of Secretarial Standard on Dividend (SS-3) by ICSI and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

c. Code of Conduct for Prohibition of Insider Trading

The Company has in place a Code of Conduct for Prohibition of Insider Trading formulated in accordance with SEBI Listing Regulations, which lays down the process of dealing with unpublished price sensitive information, 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. The said policy was last amended on April 30, 2018 pursuant to Ministry of Corporate Affairs (MCA) Notification No. S.O. 630(E) dated February 9, 2018 regarding notification of few Sections of the Companies (Amendment) Act, 2017.

d. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

The 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: https://www.dhfl.com/docs/default-source/investors/dhfl-code-of-practices-procedures-for-fair-disclosure-of-unpublished-price-sensitive-information/dhfl-code-of-practices-procedures-for-fair-disclosure-of-upsi.pdf

e. Policy on Fit and Proper Criteria for the Directors

The Company has formulated and adopted a Policy on Fit and Proper Criteria for the Directors, in accordance with NHB CG Directions which inter-alia, lays down the fit and proper criteria of the Directors at the time for their appointment/reappointment and on a continuing basis.

f. Internal Guidelines on Corporate Governance

During the financial year under review, the Company has formulated and adopted the Internal Guidelines on Corporate Governance in accordance with NHB CG Directions, 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 was last amended on April 30, 2018 and the same is available on the website of the Company at the URL: https://www.dhfl.com/docs/default-source/investors/internal-guidelines-on-corporate-governance/internal-guidelines-on-corporate-governance.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. 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, corporate governance report, investor's 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 debenture holders 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

i.	**Date , Time and Venue of the 34th Annual General Meeting**	The 34th Annual General Meeting of the Company will be held on Wednesday, June 27, 2018, at 11.00 a.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, 4th Floor, K. Dubash Marg, Mumbai- 400 001.	
ii.	**Financial Year**	The financial year of the Company is April to March.	
iii.	**Dividend Payment date**	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.	
iv.	**Name and address of the Stock Exchanges on which the securities i.e. Equity and Debentures of the Company are listed**	**National Stock Exchange of India Ltd. (NSE)** Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai 400 051. Stock Code – DHFL	**BSE Limited (BSE)** Phiroze Jeejebhoy Towers Dalal Street, Fort, Mumbai 400 001 Stock Code – 511072
		The Annual Listing fees have been paid to both the Stock Exchanges for the Financial Year 2017-18.	
v.	**ISIN Number for Equity Shares in NSDL & CDSL**	INE202B01012	
vi.	**Date of Book Closure**	Thursday, June 21, 2018 to Wednesday, June 27, 2018 (both days inclusive)	

vii. Market Price Data

The monthly high and low closing prices during the Financial Year 2017-18 along with the volume of shares traded at BSE and NSE are as follows:-

(Price in ₹)

Month	BSE-Price				NSE-Price			
	High	Low	Average Price	Quantity Traded	High	Low	Average Price	Quantity Traded
Apr-17	451.00	367.25	409.13	46,95,608	441.15	367.50	404.33	4,33,91,035
May-17	455.20	387.40	421.30	66,65,636	454.90	387.20	421.05	5,21,85,487
Jun-17	468.45	411.20	439.83	50,39,109	468.70	410.25	439.48	4,63,24,565
Jul-17	479.00	428.70	453.85	43,78,653	478.65	428.30	453.48	4,21,77,796
Aug-17	507.40	391.80	449.60	53,20,105	507.90	391.20	449.55	6,95,21,935
Sep-17	651.30	502.95	577.13	83,35,115	618.00	502.15	560.08	12,65,80,598
Oct-17	653.50	520.05	586.78	1,25,16,645	653.30	520.50	586.90	17,47,92,592
Nov-17	677.85	608.70	643.28	80,27,843	679.00	608.05	643.53	10,05,71,999
Dec-17	635.45	570.50	602.98	43,80,916	635.50	570.25	602.88	4,60,00,472
Jan-18	637.10	565.15	601.13	56,04,699	638.00	565.55	601.78	6,50,54,686
Feb-18	596.00	459.50	527.75	74,21,995	595.75	468.80	532.28	9,01,11,111
Mar-18	553.25	480.50	516.88	63,19,155	553.05	480.45	516.75	8,82,77,587

*(Sources: **www.bseindia.com** and **www.nseindia.com**)*

viii. Medium Term Notes (MTN) programme (Masala Bonds)

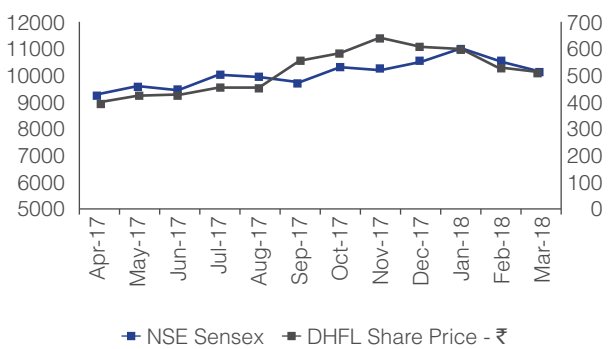
During the financial year under review, the Company has set up Medium Term Note (MTN) programme for raising of funds by way of issue of secured Rupee denominated Notes overseas to be settled in USD for an amount not exceeding USD 2 billion. Under the said MTN Programme, the Company has successfully raised an amount of ₹ 989.72 crore by issue of INR denominated USD settled Notes having a tenure of 5 years on April 18, 2018. These bonds are listed on London Stock Exchange (LSE – International Securities Market (ISM) Segment).

ix. Fund raising by way of Public Issue of Non- Convertible Debentures (NCDs)

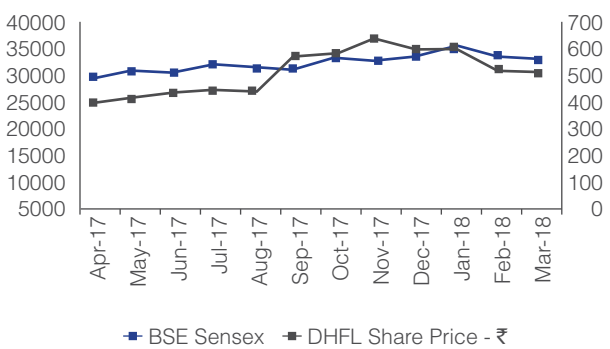
The Board of Directors of the Company at their meeting held on April 30, 2018, approved the raising of funds by way of public issue of Secured Redeemable Non-Convertible Debentures of face value ₹ 1,000 each, subject to the receipt of necessary approvals, for an amount upto ₹ 15,000 crore (Rupees Fifteen Thousand crore only) (including the green shoe option), in one or more tranches, in terms of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Companies Act, 2013 and other applicable laws.

x. Performance in comparison to broad-based indices

Performance - Comparison with NSE Sensex



Performance - Comparison with BSE Sensex



xi. Registrar and Share Transfer Agents

For Equity Shares and Debentures (Private Placement)	For Debentures (Public Issue)
Link Intime India Private Ltd. C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083 Tel: +91 22- 49186000 Fax: +91 22- 49186060 email - rnt.helpdesk@linkintime.co.in website:www.linkintime.co.in	**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

xii. Secretarial Audit for Financial Year 2017-18

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, 2018 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.

xiii. Share Transfer System

All activities in relation to both physical share transfer facility (includes transmission/splitting and consolidation of share certificates/dematerialisation/rematerialisation) 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.

In terms of Regulation 40 (2) of Sndia)

xiv. Distribution of Shareholding as on March 31, 2018

Shareholding of nominal Value of	Shareholders		Share Amount	
In ₹	Number	% to Total	In ₹	% to Total
1	2	3	4	5
Upto 5,000	1,40,535	92.68	12,53,35,690	3.99
5,001 to 10,000	5,848	3.86	4,53,61,040	1.45
10,001 to 20,000	2,620	1.73	3,93,96,660	1.26
20,001 to 30,000	805	0.53	2,04,37,380	0.65
30,001 to 40,000	377	0.25	1,36,06,100	0.43
40,001 to 50,000	280	0.18	1,30,68,780	0.42
50,001 to 1,00,000	489	0.32	3,54,37,010	1.13
1,00,001 and above	675	0.45	2,84,39,45,810	90.67
Total	**1,51,629**	**100**	**3,13,65,88,470**	**100**

xv. Shareholding Pattern of the Company as on March 31, 2018

Category	No. of Shares	% of Shareholding
Promoters and Persons acting in concert with promoters	12,30,49,714	39.23
Bodies Corporate	4,55,25,622	14.51
Government Companies	91,647	0.03
Mutual Funds	2,28,87,193	7.30
FIIs	1,90,418	0.06
Foreign Portfolio Investor (Corporate)	6,23,05,949	19.86
Alternate Investment Fund	15,000	0.00
NRI	17,19,562	0.55
Financial Institutions/Banks	69,58,048	2.22
Individual	4,74,06,914	15.11
Directors (other than Promoters)	12,800	0.00
Trusts	7,982	0.00
Others- Clearing Members	24,45,620	0.78
Hindu Undivided Family	10,42,378	0.33
Total	**31,36,58,847**	**100.00**

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. However, 2,12,30,070 equity shares of ₹ 10 each issued pursuant to conversion of warrants are locked in for a period upto November 2, 2019 as per SEBI Regulations.

xvi. 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, 2018, 99.66% of the total issued share capital of the Company representing 31,25,98,713 equity shares were held in dematerialised form and the balance 0.34% representing 10,60,134 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.

xvii. Outstanding GDR or ADR or warrants or Convertible instruments, conversion date and likely impact on equity.

As at March 31, 2018, the Company does not have any outstanding GDR or ADR.

xviii. Commodity price risk or foreign exchange risk and hedging activities

The Company is not exposed to any commodity price risk. However, the Company has made borrowings 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 entered into Principal/Interest rate Swap transactions for hedging foreign exchange risk. The details of the foreign currency exposure are disclosed at Note No. 5 of the audited (standalone) financial statements.

xix. 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 Regulations.

xx. 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.

During the financial year 2017-18, SEBI vide its Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2018/58 dated March 26, 2018, inter-alia suggested that the complainant may also use SCORES to submit the grievance directly to companies/intermediaries and the complaint will be forwarded to the concerned entity for resolution. The complainant will be able to file the complaint on the SCORES within 3 years from the date of cause of complaint in case of rejection of the complaint or non-receipt of any communication from the concerned entity or if the complainant is not satisfied with the reply. However, the same would become effective from August 1, 2018.

xxi. 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	**Mr. P. K. Kumar**	**Mr. Vijay Tambe**
Company Secretary and Compliance Officer	Sr. Chief Manager - Secretarial,	Sr. Manager - Secretarial,
DHFL House, 3rd-7th Floor, 19 Sahar Road,	DHFL House, 3rd-7th Floor, 19 Sahar Road,	DHFL House, 3rd-7th Floor, 19 Sahar Road,
Off Western Express Highway,	Off Western Express Highway,	Off Western Express Highway,
Vile Parle (East), Mumbai- 400 099.	Vile Parle (East), Mumbai- 400 099.	Vile Parle (East), Mumbai- 400 099.
Tel: 91-22- 7158 3333	Tel: 91-22- 7158 3333	Tel: 91-22- 7158 3333
email: secretarial@dhfl.com	email: pkkumar@dhfl.com	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	**IDBI Trusteeship Services Limited**
(formerly GDA Trusteeship Limited)	Asian Building, Ground Floor,
GDA House, 94/95, Plot No. 85, Bhusari Colony(Right),	17, R Kamani Marg, Ballard Estate
Paud Road, Pune – 411 038	Mumbai – 400 001.
Telephone No. +91 20-25280081	Telephone No. – +91 22 4080 7000
Fax No. +91 20- 25280275	Fax No. – +91 22 66311776
Email id – dt@ctltrustee.com	Email id - itsl@idbitrustee.com
Website: www.catalysttrustee.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.

There were no materially significant related party transactions i.e. transactions of material nature, with all the related parties including the promoters, directors or senior management, or their relatives etc., that may have potential conflict with the interest of the Company at large.

Transactions entered with related parties as defined under the Companies Act, 2013 and SEBI Listing Regulations during the financial year 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 NHB CG Directions, Related Party Transaction Policy is being made part of this Annual Report as an Annexure to the Board's Report. The Policy was last amended on April 30, 2018 pursuant to Ministry of Corporate Affairs (MCA) Notification No. S.O. 630(E) dated February 9, 2018 regarding notification of few Sections of the Companies (Amendment) Act, 2017 and has also been uploaded on the Company's website and is available at the URL: https://www.dhfl.com/docs/default-source/investors/related-party-transaction-policy-of-the-company/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. The said policy is available on the website and is available at the URL: https://www.dhfl.com/docs/default-source/investors/whistle-blower-policy/whistle-blower-policy-revised.pdf

It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee during the financial year 2017-18.

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.

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 Joint Managing Director & Chief Executive Officer forms part of this Annual Report.

The said code has been posted on the Company's website and is available at the URL: https://www.dhfl.com/docs/default-source/investors/code-of-conduct-for-board-and-senior-management-personnel/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 the 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 2017-18, 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 two (2) Executive Directors. The Managing Director acts as the Chairman of the Board and the Joint Managing Director also assumes the responsibility of 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/regional/zonal & other offices and head office functions of the Company. The Chief Audit Executive – Audit & Management Assurance 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 2017-18.

Harshil Mehta
Joint Managing Director & Chief Executive Officer
(DIN : 03038428)

Place: Mumbai
Date: April 30, 2018

Business Responsibililty 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 initiated journey of developing the Business Responsibility Report (BRR) as part of Annual Report from FY 2016-17 onwards 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 & Medium 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 monitoring and reporting 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 **NHB Registration Number:** 01.004.01

3 **Name of the Company:** Dewan Housing Finance Corporation Limited

4 **Registered address:** Warden House, 2nd Floor, Sir P. M. Road, Fort, Mumbai - 400001

5 **Website:** www.dhfl.com

6 **E-mail id:** secretarial@dhfl.com

7 **Financial Year reported:** 2017-18

8 **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)

9 **List three key products/services that the Company manufactures/provides (as in balance sheet)**

- Housing Loans
- Other property Loans

10 **Total number of locations where business activity is undertaken by the Company**

a. Number of International Locations (Provide details of major 5) – 2 Representative offices (London and Dubai)

b. Number of National Locations – The business operation takes place in 347 locations throughout India which includes 187 Branches, 135 Service Centers, 20 Zonal/Regional/CPU offices, 2 Disbursement hubs, 1 Collection center, 1 Corporate office and 1 National office as on March 31, 2018.

11 **Markets served by the Company**

DHFL has a pan-India network 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)**

₹ 313.66 crore

2 **Total Turnover (INR)**

₹ 10,464.45 crore

3 **Total profit after taxes (INR)**

₹ 1,172.13 crore

4 **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

In the financial year 2017-18, the Company has spent an amount of ₹ 23.81 crore on its flagship/identified programmes as against ₹ 22.98 crore which was required to be spent for the financial year as per the provisions of the Companies Act, 2013.

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 Early Childhood Care and Education
2 Economic empowerment through Financial literacy programs

3 Health care and Preventive Health Care
4 Village Transformation through focus on Drought Mitigation
5 Skill development for sustainable livelihood
6 Child care programs
7 Promoting education and sports among children
8 Supporting art & culture
9 Environmental awareness and protection initiatives

Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the Annual Report for the financial year ending March 31, 2018.

Section C: Other Details

1 Does the Company have any Subsidiary Company/Companies?

The Company has three wholly owned subsidiaries viz, DHFL Advisory & Investments Private Limited, DHFL Investments Limited and DHFL Changing Lives Foundation (Section 8 Company).

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)

During the reporting period, DHFL has established 'DHFL Changing Lives Foundation', a Non-Profit Company, limited by guarantee, registered under Section 8 of the Companies Act, 2013 on December 1, 2017 to take forward the Company's CSR Vision and implement social programmes in a more collaborative and participative way. The subsidiary drives Company's flagship CSR Programme "Early Childhood Care and Education (ECCE)" by focusing on areas e.g. Education, Health & Nutrition, Model Anganwadis and Stakeholder empowerment with an objective to make it an adaptable model in the National agenda for sustainable development goals.

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 entities participate 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	Designation
Mr. Kapil Wadhawan		

b) Details of the BR head

Particulars	

1. DIN Number (if applicable

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*	Y*	Y*	Y*	Y*	Y*	Y*	Y*	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+	Y+	Y+	Y+	Y+	Y+	Y+	Y+	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 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 2016-17, 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	NOT APPLICABLE								
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)									

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?

The Company has started publishing Business Responsibility Report from FY 2016-17 onwards along with the annual report and the report is uploaded on the website of the Company at URL: https://www.dhfl.com/docs/default-source/investors/annual-reports/2017-2018/business-responsibility-report-fy-2017-18.pdf

Section E: Principle-wise performance

Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Ethics is fundamental to the way we do business and DHFL is committed to uphold highest standards of integrity and transparency. As a responsible corporate we are cognizant of being accountable for the way we impact the society, economy and environment at large. At DHFL, we stand steadfast to ensure strict compliance to laws of the land and our employees, directors and value chain partners adhere to the norms of the Company.

The Company has in place the Code of Business Ethics (COBE) which aims at driving ethical behavior, acts as a guideline for ethical decision-making, enhances reputation, prevents negative legal consequences, encourages positive relationships, and prevents discrimination or harassment.

The COBE is a summary of certain policies which all employees are expected to adhere by and failure of which can result in stringent 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 in the securities of the Company
- 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?**

Yes, it requires each employee, director, and business associate to abide by the various policies as outlined in the COBE so that reputation of the Company remains intact and we deliver as per the expectations of our stakeholders. Code of Conduct for Board and Senior Management as well as the Fair Practice Code and Whistle Blower Policy ensure that highest standards of personal and professional integrity are maintained within the organization. The Model Code of Conduct for Distributors, Brokers and Intermediaries is a mechanism to ensure that all distributors, brokers and other third party partners comply with the norms of the Company.

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 has received 40 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 except one which was received in the month of March, 2018 and remained unresolved at the end of the financial year. The Company also received 28 complaints from fixed deposit holders and 1,334 complaints from its debenture holders and all the complaints stand resolved at the end of the financial year. 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

As a leading brand in Housing Finance, DHFL is taking concerted efforts in the realm of sustainable products in terms of providing housing loans for the LMI segment. These products are customized to cater to the needs, aspirations and limitations of the low and middle income group, thus making housing affordable for these sections of the society.

1 **List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

DHFL is based on the principles of social inclusion and welfare, where our founder Chairman Late Shri Rajesh Kumar Wadhawan dreamt of housing for all in 1984. Since inception, the core focus segment of the Company has been the lower and middle income group. Even today, majority of our home loan portfolio is below ₹ 30 Lakh. This highlights the Company's desire to serve the weaker section of the society and thereby contribute towards social upliftment and inclusion.

In line with the Government's initiative "Housing for all by 2022", the Company has introduced 'Jan Awas Home Loans' exclusively for economically weaker sections of society, under the Credit Linked Subsidy Scheme (CLSS) which aims at making the dream of owning a house a reality for thousands of Indians. Apart from this, DHFL actively participates in various schemes of National Housing Bank, such as the Golden Jubilee Rural Housing Refinance Scheme and Pradhan Mantri Awas Yojana (PMAY). The Company received an award for the Best Performing Primary Lending Institution under CLSS for MIG by My Liveable City and knowledge partner National Housing Bank.

Another major area of activity especially in Mumbai is slum-rehabilitation projects. DHFL is a pioneer and has expertise in handling Slum Rehabilitation Authority (SRA) projects for funding, which are fundamental in providing a more hygienic environment and infrastructure.

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 implementation phase, 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)?**
The Company has taken multiple initiatives in order to reduce resource use. It has 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. Apart from this, the Company has taken note-worthy initiatives like making use of online/digital platforms for the application process, reducing the size of the diaries/calenders given to employees, thereby saving paper on a large scale.

The Company has also digitalized the operational process which enables the disbursement pay-outs without any manual intervention and helps to do bulk automated NEFT/RTGS as disbursal mode.

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 are 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, 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 has moved its National office to a new IGBC Certified Green Building that provides a more comfortable and conducive environment for the employees with improved air quality, excellent daylighting and excellent health & well-being facilities.

During construction phase of Green Buildings renewable materials were used and majority of the resulting construction waste was recycled and reclaimed while the rest was sent to disposal facilities without harming the environment. Similarly, post construction, effective solid waste management ensures that whatever waste is generated will be disposed in a responsible manner.

Principle 3 (P3): Businesses should promote the wellbeing of all employees

We being in the service industry, employees are our key assets and are significant in driving business growth. Well-being programs lead to a significant increase in overall productivity of employees.

DHFL conducts multiple initiatives towards improving working conditions, providing a safe workplace, protecting their interests & human rights, and developing skillset both on a personal and professional level to ensure employees are motivated and high-performing thereby sustaining the business in the long run.

Workforce

1 **Please indicate the Total number of employees.**
As on March 31, 2018, there were 3,582 permanent employees who are employed 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 6,185 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 358 women employed in the Company as on March 31, 2018.

4 **Please indicate the Number of permanent employees with disabilities**
There are currently 3 employees with disabilities.

5 **Do you have an employee association that is recognised by management?**
No such associations exist.

6 **What percentage of your permanent employees is members of this recognised employee association?**
This is not applicable.

Employee grievance handling mechanism

An effective grievance handling mechanism not only ensures a cordial work environment by redressing the grievance to mutual satisfaction, but also helps the management in framing policies and procedures acceptable to the employees. It offers a platform for the employees to express feelings, discontent and dissatisfaction in a formal way and guarantees a resolution or response to their concerns. As per the current grievance handling mechanism, employees can make use of the intranet to disclose their grievances. Moreover, the Company has formulated a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee has been constituted thereunder.

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	NIL	NIL
3	Discriminatory employment	NIL	NIL

Training and Development

Training & Development is crucial for Company's sustainable growth as it supports professional development and empowers employees to deliver improved quality of service through its training intervention and motivating them to perform with renewed vigor and enthusiasm. Continuous training also helps to keep employees updated on cutting edge development in the industry. Employees who are competent and on the 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 has nurtured in-house training expertise in the form of dedicated trainers, facilitators, content developers as well as subject matter experts from business teams. During the reporting period, training topics included a wide range of functional areas including sales skill development programs, credit analytical skills, appraisal techniques, fraud & risk management. We also organize external training programs which foster continuous and better performance through learning and job experience. The Company also provides a number of skill-based trainings along with mandatory trainings on KYC and AML and also COBE, Anti-Fraud and Ethics and Prevention of Sexual Harassment as part of the employee induction program.

DHFL'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.

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	55.5%	7.6%
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 strongly believes that its stakeholders (both internal and external) play a pivotal role in the success and growth of the organization. DHFL identifies its stakeholders and understands the importance of engaging and communicating with them in order to recognize and cater 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 products and the relevant processes, are specially crafted by the Company to provide access to the LMI segment 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 started a holistic programme for water conservation and prevention of soil erosion in 2016. The programme has evolved as a comprehensive village transformation programme, supporting initiatives in multi cropping and village infrastructure development. During the reporting period, the Company has developed 3 year roadmap covering around 20,000+ villagers to make these villages tobacco-free through series of interventions.

The Company's flagship program "Early Childhood Care and Education"(ECCE) has been implemented in partnership with the Department of Women and Child Development (WCD), District Administration in Palghar District of Maharashtra and Bokaro District of Jharkhand in 2017-18. The programme covers 1886 Anganwadis in Palghar, Vasai, Dahanu and Talasari Talukas of Palghar District and 465 Anganwadis in Bokaro District and reaches out to over 1,20,000+ children and mothers. The ECCE programme has the below four components:

- **Education:** Capacity building of Child Development Project Officers (CDPO), Supervisors, Anganwadi Workers and Sevikas to deliver pre-school education.
- **Health & Nutrition:** Create awareness on health and nutrition among pregnant mothers, lactating mothers and adolescent girls in the community, strengthening community monitoring systems and empowering frontline workers to deliver preventive healthcare services.
- **Model Anganwadis:** Construct child centric anganwadis with locally available implements and using innovative design models. During the financial Year 2017-18, the Company collaborated with National Association of Students of Architecture (NASA) and launched a grand challenge to deliver 'model' child friendly anganwadis; the models will be implemented as a part of the programme across geographies.

- **Stakeholder Empowerment:** Create financial safety net for frontline workers through formation of Self Help Groups and facilitating forward and backward linkages.

Principle 5 (P5): Businesses should respect and promote human rights

Respecting human rights is fundamental in DHFL's business operations and is closely linked to advancing the long-term, sustainable development of the organization. DHFL is committed to respecting and safeguarding human rights of the employees as well as business associates. This is instrumental to achieving the Company's goals of employee satisfaction, increased productivity, and economic growth. Human rights is considered to be a key aspect in all relevant business decision making process; and appropriate steps are taken to ensure that no discrimination takes place either during the recruitment process or in the due course of employment at DHFL. The Company is committed to provide equal opportunities to all employees and qualified applicants without consideration to their race, caste, religion, color, ancestry, marital status, sex, age, nationality, disability and veteran status. The Company strives to create and maintain a work environment free of harassment, whether physical, verbal or psychological and its employees are treated with dignity, decency and respect.

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 the principle of protecting human rights across value chain. The Company adheres to all statutes which embodies the principles of human rights such as prevention of child labour, forced labour, woman empowerment etc.

2 **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
The Company encourages its stakeholders to report on any concern relating to human rights and makes every effort to resolve all the complaints it receives. However, no stakeholder complaints with regard to human rights were received in the reporting year.

Principle 6 (P6): Businesses should respect, protect, and make efforts to restore the environment

In today's world, it is imperative to consider the impact of business operations on the environment, DHFL is also aware of harmful effects of climate-change and environmental degradation and stakeholders are equally concerned about it. The Company is committed to conduct its business operations responsibly by identifying environmental and social risk at an early stage and mitigate the risk by employing innovative and efficient technology solutions focusing on areas e.g. renewable energy utilisation and waste minimization.

The Company also encourages its employees and stakeholders to use electronic medium of communication and reduce usage of paper as far as possible.

DHFL believes that protecting the environment is crucial to ensuring that the current and future generations, can 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?**
The Company's Sustainable Development Policy provides guidance to safeguard the environment and support economic growth by continually improving sustainability performance across value chain. The Policy outlines expectations from employees, the external business associates and other relevant stakeholders to ensure environmental integrity of business operations.

2 **Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.?**
Being in the financial services sector, the Company's direct impact on the environment may not be very significant, however, we still have a role to play in ensuring that the indirect impact of our activities does not harm the environment. DHFL believes climate change related issues are not only of concern to the community but also to the Company's long-term growth and sustainability.

In our continuous endeavor to integrate environmental aspects into business operations, projects are appraised on environmental criteria and only those projects are considered for lending which ensure total compliance towards environmental clearances.

DHFL has undertaken multiple initiatives to combat the challenges posed by climate change. It has implemented a holistic watershed development programme across five villages in Aurangabad whereby 2,500 hectare area has been treated generating around 0.6 million liters of water potential. Moreover, in an attempt to combat issues e.g. deforestation, soil erosion, desertification, DHFL has planted more than 70,000 saplings during the reporting period. DHFL has also invited esteemed guests to conduct guest lecture sessions for its employees in various regional offices to create awareness in environment protection.

3 **Does the company identify and assess potential environmental risks?**
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 cautious while providing loans for properties that pose an environmental risk or are not eco-friendly as per existing evaluation criteria.

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 has shifted its National office location to a new building which is a Green Building certified by IGBC thereby further minimizing the negative impacts to the environment to a certain extent.

The Company has also moved to a paperless process in its daily business operations through e-meetings and engaging with the customers through app and web-based applications for loans. The Company has been able to use star rated appliances wherever possible.

6 **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
Although the Company currently does not have a defined mechanism 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

One of the key responsibility of any Organization is to promote a well-informed and empowered society through actively participating in the development and implementation of public policy. Effective policy advocacy using memberships in associations and trade chambers 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)

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)**
The Senior Management represents DHFL in such forums and is cognizant of the responsibility they shoulder as they engage in constructive dialogues and discussions to strengthen the financial system for the country, enhance financial literacy and affordable housing for economically weaker sections of the society. In this manner, the Company is able to influence policies at a national level which is in the interest of customers and community at large.

Principle 8 (P8): Businesses should support inclusive growth and equitable development.

Unless economic growth is holistic and not spread across all strata of the society, it fails to address the societal concerns e.g. poverty, unemployment and inequality. This is where, individual organizations can act responsibly and address the quality and inclusiveness of economic growth with the aim of creating shared value for organizations as well as the society.

For over three decades, DHFL has been instrumental in enabling easier access to home ownership amongst the lower and middle income (LMI) segment with a belief that one's own home, is synonymous with hope and aspiration.

DHFL has framed Corporate Social Responsibility Policy which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and undertakes CSR activities strategically, systematically and more thoughtfully thereby moving from institutional building to community development through its various CSR programs and projects.

1 **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

(i) **Skills Development for sustainable livelihoods**
The Company delivers skill development 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, across 23 locations in 5 States viz. Maharashtra, Madhya Pradesh, Jharkhand, Assam and Meghalaya.

The programme includes on-job trainings (OJTs) and ensures a minimum of 80% placement of the trained youth and post placement assistance for 6 months. The programme also creates linkages to 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.

The programme has established a hub-n-spoke model with sub-centres and satellite centres to reach out to youth in interior locations. The programme has also innovated with community-live projects to instill a feeling of giving back to the community and has been recognised as the 'Best Institute for Innovation in Skills' by ASSOCHAM. The Company was also recognised as the 'Ideal Service Organisation' by Kruti Foundation, Kolhapur. During the reporting period, the Company has trained 6,145+ youth in the various trades including Business Correspondent, Loan Approval Officer, Microfinance Executive, Mason, Carpenter, Electrician, Plumber etc.

(ii) Economic empowerment through financial literacy & inclusive growth

The Company has conceptualized 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 GOI welfare schemes. The programme is implemented in 4 urban slum communities and reaches 40,000+ households.

To further generate awareness on basics of finance and government welfare schemes, the Company has designed a radio programme with All India Radio (AIR) for 9 stations, under 'Sharmaji ke Sawal. Vinodji ke Jawab.'

2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company has appointed a professional project management unit named Samhita Social Ventures Ltd. to support programme implementation for flagship CSR programmes. 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. Moreover, the Wholly Owned Subsidiary "DHFL Changing Lives Foundation" primarily drives Company's flagship CSR programme "Early Childhood Care and Education" (ECCE) by focusing on areas e.g. Education, Health & Nutrition, Model Anganwadis and Stakeholder empowerment.

3 Have you done any impact assessment of your initiative?

Quarterly reporting for tracking the programmes' performance is being done against key indicators. Also, the Corporate Social Responsibility committee of the Board oversees the initiatives undertaken by the Company.

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	**Early Childhood Care and Education (ECCE)** 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.	9.34
2	**Skill Development** Development of Skills in BFSI sector and Construction sector through NSDC accredited Skill Development Programme	5.51
3	**Village Transformation through drought mitigation** A holistic programme for water conservation and prevention of soil erosion, sustainable agricultural practices	1.93
4	**Livelihood support** Provides alternative source of livelihood during drought through distribution of goats to distressed farmers	0.44
5	**Financial Literacy and Inclusive Growth** 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.	1.41

	Enlist the initiatives undertaken by DHFL for supporting inclusive development	Amount contributed directly in the initiative by the Company (₹ in crore)
6	**R K Wadhawan – Sasakawa India Leporosy Foundation** Provides support to nursing scholars from leprosy affected communities across India (2017-2024) to help them get into mainstream jobs and overcome stigma related to leprosy	0.38
7	**The Akshay Patra Foundation** Provides mid-day meals to children in schools, to ensure nutrition and attendance in school for education	1.90
8	**AIM for SEVA** AIM for SEVA & Free Student Homes provide tribal children with shelter, nutrition, health facilities, value education, life skills, IT skills & extra-curricular activities.	0.02
9	**Connect ED** Support transformation of schools through Connect ED technologies basis need gap assessment	0.09
10	**Yusuf Meherally Centre** Facilities to tribal children including three schools & girls hostel	0.20
11	**Olympic Gold Quest** The project is dedicated for encouraging top National level athletes/sportsmen to represent India & win Gold at the Olympics & other International Tournaments	0.50
12	**YMCA** Provided support for Teraflex synthetic floor installation in the new campus facility of YMCA Alappuzha	0.07
13	**Pragatee Foundation 'Just for Kicks'** Provides support to enhance football skill for boys and girls from marginalized communities	0.01
14	**Fine Arts Centre** Provides support to develop infrastructure of artist/student accommodation at the Fine Arts Centre, Mumbai	0.15
15	**Annamitra Food for Life** Provides mid-day meals to children in schools, to ensure nutrition and attendance in school for education	0.05
16	**Environment Awareness and Protection** Creation of bio diversity gardens and awareness campaigns on environment	0.02
17	**Collective Good Foundation/Indian Naval Benevolent Association** Conducts health and nutrition workshops	0.26
18	**Educational support initiatives** Awareness campaigns and scholarships	0.57

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.

DHFL strives to foster long-term relationships with customers as it continues to provide the best of services and products to the customers coming from all sections of society. Customer satisfaction is ensured through quick turnaround, while adhering

to the highest underwriting standards and an effective grievance mechanism to identify risks and concerns and improve effectively. During the reporting period, the Company has established two Central Processing Units (CPUs) at Mumbai and Hyderabad for its home loan customers which aims to deliver faster decision making and cost efficient processing.

The Company has also conceptualized the customer centric initiative i.e. 'Griha Utsav' Exhibitions- a platform to connect millions of LMI customers in the affordable housing segment in small towns and locations. During the financial year 2017-18, the Company conducted 31 such exhibitions and touched millions of lives by enabling home ownership.

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 has received 1075 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 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. Moreover, the funded properties are evaluated by in-house qualified civil engineers which helps inexperienced customers especially from LMI segment to take 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 Company employs a Third Party Agency (TPA) for carrying out customer satisfaction survey which is approved by the CEO, legal and compliance heads. The process for the survey is as follows:

The consumer survey for getting their feedback regarding their experience in dealing with DHFL is a regular event which is carried out on periodic basis (monthly) by way of selection of an appropriate sample size. A topline report is generated every month giving the Company the scores on multiple parameters. In this manner, the Company is able to gauge the satisfaction levels of its customers and work towards improving their experience.

The Company's Customer Service mechanism comprises of multiple mid-level feedback and grievance redressal channels, spread over its branches, call centres, emails, letters, and social media, among others. A Board approved management level committee further reviews the grievances periodically to address the root causes. The Company has also simplified the process of customer on-boarding.

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, 2018, 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 250 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.

AUDITOR'S 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, 2018, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' 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, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2018, 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 29 & 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.

For **Chaturvedi & Shah**
Chartered Accountants
(Firm Registration no. 101720W)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: April 30, 2018

Annexure A to the Independent Auditors' Report

on the Standalone Financial Statements of Dewan Housing Finance Corporation Limited

(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, the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical 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 of 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 ₹45 Lakh and the closing balance as at March 31, 2018 was ₹153 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 is applicable to the company, except sub-section (1) of that Section.

5) Company being a housing finance company, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the company and hence reporting under Clause 3(v) of the Order is not applicable. 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, GST 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, 2018 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, banks and dues to debenture holders. Company has not taken any loan from government.

9) The company has not raised money by way of initial public offer or further public offer (including debt instruments) and terms loans have been used for the purpose for which it has been raised.

10) According to the information and explanation 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 explanation 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) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence clause (xiv) of paragraph 3 of the Order is not applicable to the company.

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
(Firm Registration no. 101720W)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: April 30, 2018

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, 2018 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.

AUDITOR'S 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 judgment, 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, 2018, 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
(Firm Registration no. 101720W)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: April 30, 2018

Balance Sheet

as at March 31, 2018

(₹ in Lakh)

	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	31,366	31,315
Reserves and Surplus	4	848,198	768,265
Total Shareholders' Funds		**879,564**	**799,580**
Non-Current Liabilities			
Long-Term Borrowings	5	7,021,431	6,675,391
Deferred Tax Liabilities (Net)	6	35,796	30,944
Long-Term Provisions	7	97,408	71,419
Total Non-Current Liabilities		**7,154,635**	**6,777,754**
Current Liabilities			
Short-Term Borrowings	8	881,243	426,866
Trade Payables	9		
Micro Enterprises and Small Enterprises		-	-
Others		5,082	1,923
Other Current Liabilities	10	1,836,094	1,223,608
Short-Term Provisions	7	629	67
Total Current Liabilities		**2,723,048**	**1,652,464**
TOTAL		**10,757,247**	**9,229,798**
ASSETS			
Non-Current Assets			
Fixed Assets	11		
Property, Plant and Equipment		84,228	20,436
Intangible Assets		751	454
Capital Work in Progress		-	54,615
Intangible Assets under Development		12,905	8,762
		97,884	**84,267**
Non-Current Investments	12	207,486	94,757
Long-term Housing and Property Loans	13	8,498,211	6,760,170
Other Long-Term Loans and Advances	14	95,693	103,611
Other Non-Current Assets	19	48,768	19,042
Total Non-Current Assets		**8,948,042**	**7,061,847**
Current Assets			
Current Investments	15	600,165	1,258,733
Trade Receivables	16	4,369	337
Cash and Bank Balances	17	246,814	342,999
Short-term portion of Housing and Property Loans	13	695,021	449,448
Other Short-Term Loans and Advances	18	254,479	108,322
Other Current Assets	19	8,357	8,112
Total Current Assets		**1,809,205**	**2,167,951**
TOTAL		**10,757,247**	**9,229,798**
See accompanying notes to the financial statements			

As per our report of even date
For Chaturvedi & Shah
Chartered Accountants
ICAI FRN : 101720W

Jignesh Mehta
Partner
ICAI MN : 102749

Place: Mumbai
Date: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

Harshil Mehta
Joint Managing Director & Chief Executive Officer
(DIN – 03038428)

Santosh R. Sharma
Chief Financial Officer
(FCA – 112258)

Niti Arya
Company Secretary
(FCS – 5586)

For and on behalf of the Board

G. P. Kohli
(DIN – 00230388)
Director

Dheeraj Wadhawan
(DIN – 00096026)
Director

M. Venugopalan
(DIN – 00255575)
Director

V. K. Chopra
(DIN – 02103940)
Director

Vijaya Sampath
(DIN – 00641110)
Director

Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Lakh)

	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
INCOME			
Revenue from Operations	20	1,045,016	885,176
Other Income	21	1,429	547
TOTAL REVENUE		**1,046,445**	**885,723**
EXPENSES			
Finance Cost	22	756,492	665,361
Employees Benefits Expenses	23	35,682	26,247
Other Expenses	24	33,866	29,746
Depreciation and Amortisation	11	2,763	2,330
Provision for Contingencies	7	41,980	21,800
TOTAL EXPENSES		**870,783**	**745,484**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM	31	**175,662**	**140,239**
EXCEPTIONAL ITEMS		-	196,943
PROFIT BEFORE TAX		**175,662**	**337,182**
Less: Tax Expense			
- Current Tax		53,597	80,136
- MAT Credit		-	(46,072)
- Deferred Tax		4,852	13,473
PROFIT FOR THE YEAR		**117,213**	**289,645**
Earnings per Equity share (Face Value ₹ 10/-)	25		
Basic (₹)		37.39	95.76
Diluted (₹)		37.09	95.44
See accompanying notes to the financial statements			

As per our report of even date
For Chaturvedi & Shah
Chartered Accountants
ICAI FRN : 101720W

Jignesh Mehta
Partner
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Vijaya Sampath
(DIN – 00641110)
Director

Cash Flow Statement

for the year ended March 31, 2018

(₹ in Lakh)

Particulars		Year Ended March 31, 2018		Year Ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit Before Tax			**175,662**		**337,182**
Adjustments for:					
Depreciation and Amortisation		2,763		2,330	
Employees Stock Option Expenses		412		(612)	
Loss on sale of Fixed Assets (net)		62		23	
Provision for Contingencies (net)		25,989		13,117	
Bad Debts		15,991		8,749	
Share Premium Utilised		(9,891)		(11,465)	
Exceptional Items (Refer Note 31)		-		(196,943)	
Operational Treasury Income		(54,708)	(19,382)	(47,088)	(231,889)
Operating Profit before Working Capital changes			156,280		105,293
Adjustments for:					
Current & Non-Current Assets		(165,767)		(98,595)	
Current & Non-Current Liabilities		278,713		94,988	
Working Capital Changes			112,946		(3,607)
Cash Generated from Operations			269,226		101,686
Taxes Paid			(46,398)		(85,282)
Net Cash from Operations					
Housing and Other Proprety Loans Disbursed (Net)			(3,138,410)		(1,591,000)
Net Cash (used in) Operating Activities	**(A)**		**(2,915,582)**		**(1,574,596)**
B. CASH FLOW FROM INVESTING ACTIVITIES					
Net Income from Treasury Investments		54,708		47,088	
Net movement in Other Investments		552,286		(1,254,536)	
Investment in Subsidiaries		(120)		(10,005)	
Investment in Associates		(7,736)		-	
Sale of Investment in Joint Venture		-		200,050	
Class 'B' PTC movement		1,409		(2,736)	
Investment In Bank Fixed Deposits		(78,378)		(14,824)	
Capital Expenditure on Fixed Assets		(15,435)		(9,269)	
Proceeds from Sale of Fixed Assets		21		24	
Net Cash generated from/(used in) Investing Activities	**(B)**		**506,755**		**(1,044,208)**

Cash Flow Statement

for the year ended March 31, 2018

Notes

forming part of the financial statements for the year ended March 31, 2018

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 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, unless otherwise stated, 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 to the extent applicable.

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. All exact amounts are stated with suffix "/-".

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 is recognised on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts/interest swap derivatives, wherever executed.

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 recognised on Cash Basis.

c) Processing fees and other loan related charges are recognised when it is reasonable to expect ulitimate collection which is generally at the time of Login/ disbursement of the loan.

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 on 'Borrowing Costs' (AS 16). 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 certain part of premium/discount on issue of debentures (net of tax) are adjusted against the Securities premium account as permissible under the Companies Act, 2013.

Interest accrued on cumulative fixed deposits and payable at the time of maturity is clubbed with the principal amount

Notes

forming part of the financial statements for the year ended March 31, 2018

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 under 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.

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 investments in units of Mutual Funds are valued as per NAV of the Plans.

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 and Equipment:

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impaired losses, if any. All directly attributable costs including borrowing cost, net of CENVAT/GST credit, till the asset is put to use is shown as capital work in progress and is capitalised thereafter.

Depreciation on PPE 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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

2.8 Intangible Assets and Amortization:

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.

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

2.9 Impairment of Assets:

Impairment losses (if any) on Assets are recognised in accordance with the Accounting Standard on 'Impairment of Assets' (AS 28). 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.

Notes

forming part of the financial statements for the year ended March 31, 2018

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 Sec 36(1) (viii) of the Income Tax Act, 1961 read with Sec 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 Employees 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 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 on 'Earnings Per Share' (AS 20) 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

Notes

forming part of the financial statements for the year ended March 31, 2018

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.

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.

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. Deferred tax assets arising from the timing differences on account of carry forward of losses and unabsorbed depreciation are recognised to the extent there are virtual certainties 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 (excluding retirement benefits) 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 Enterprises (SMEs) and certain part thereof are unsecured in terms of the particular scheme.

2.18 Securitised and Assigned Asset:

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 on 'Cash Flow Statement' (AS 3). 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 repossessed under SARFAESI Act:

Assets repossessed 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, 2018

3 SHARE CAPITAL

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
57,80,00,000 (57,80,00,000) Equity Shares of ₹ 10/- each	57,800	57,800
25,00,000 (25,00,000) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 1000/- each	25,000	25,000
	82,800	**82,800**
Issued, Subscribed and Paid up		
31,36,58,847 (31,31,52,205) equity shares of ₹ 10/- each fully paid	31,366	31,315
	31,366	**31,315**

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 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	2017 - 18		2016 - 17	
	No. of shares	Amount (Lakh)	No. of shares	Amount (Lakh)
Equity shares at the beginning	313,152,205	31,315	291,797,988	29,180
Add: Shares issued during the year	-	-	21,230,070	2,123
Add: Shares issued during the year under ESOS/ ESAR	506,642	51	124,147	12
Equity shares at the end	313,658,847	31,366	313,152,205	31,315

3.3 Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	2017 - 18		2016 - 17	
	No. of shares	% holding	No. of shares	% holding
M/s. Wadhawan Global Capital Limited	117,049,714	37.32	117,049,714	37.38

3.4 Shares issued for consideration other than cash:

a. Company has allotted 14,58,56,530 no. of Equity Shares as fully paid up for consideration other than cash towards Bonus issue in financial year 2015-16.

b. As per the Scheme of Amalgamation, the Company has allotted 1,08,86,375 no. of Equity Shares as fully paid up for consideration other than cash in financial year 2012-13.

3.5 Employee Stock Option Plans:

a. Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity share 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 in earlier years, the adjusted exercise price is ₹ 26.83/- per Equity Share and the total number of options also increased in the same ratio.

Notes

forming part of the financial statements for the year ended March 31, 2018

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. The ESOS 2009 Plan II lapsed on November 25, 2015 and the ESOS 2009 Plan III was completed on June 30, 2017 upon allotment of the balance equity shares under the said plan.

Consequent to issue of Bonus Shares by the Company in earlier years, the adjusted exercise price is ₹ 70.50/- per Equity Share and the total number of options also increased in the same ratio.

c. Pursuant to the resolution passed by the Board of Directors of the Company, at its meeting held on January 16, 2015 and the special resolution passed by the Members of the Company on February 23, 2015 through Postal Ballot, the DHFL Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR Plan 2015"/"the Plan") was approved in accordance with the provisions of SEBI (SBEB) Regulations, exercisable into not more than 51,46,023 fully paid-up equity shares in aggregate, having face value of ₹ 10/- each. Consequent to the bonus shares issued by the Company to its Members in the ratio 1:1 during the financial year 2015-16, the total number of employee Stock Appreciation Rights (SARs) also increased in the same ratio i.e. exercisable into not more than 1,02,92,046 fully paid up equity shares. During the financial year, the Members of the Company, approved amendment to the DHFL ESAR Plan 2015, inter-alia, for increasing the number of equity shares that can be allotted thereunder to 2,67,82,046 equity shares. ESARs granted are as under:

Particulars	Approval Date	No. of ESARs	SAR Price (₹)
Grant I	March 21, 2015	1,550,100	380.00 (₹ 190/- per SAR Post Bonus issue)
Grant II	November 17, 2016	2,081,545	230.80
Grant III	July 13, 2017	3,247,100	434.90
Grant IV	July 13, 2017	550,000	300.08
Grant V	October 16, 2017	150,800	434.90
Grant VI	January 22, 2018	71,900	434.02
Grant VII	March 22, 2018	11,735,600	520.20

d. Movement in options:

Particulars	ESOS-2008	ESOS-2009	ESAR 2015 Grant I to VII
Number of options/ESARs outstanding at the beginning of the year	32,380	200,000	3,969,552
Number of options/ESARs granted during the year	-	-	15,755,400
Number of options/ESARs forfeited/lapsed during the year	2,000	-	1,167,224
Number of options/ESARs Vested during the year	-	-	491,004
Number of options/ESARs Exercised during the year	-	200,000	525,400
Number of shares arising as a result of exercise of options	-	200,000	306,642
Money realised by exercise of options (in ₹)	-	14,100,000	3,066,420
Number of options outstanding at the end of the year	30,380	-	18,032,328
Number of options exercisable at the end of the year	30,380	-	583,304
Weighted Average exercise price & Option price (in ₹):			
Pre Bonus	53.65		380.00
Post Bonus	26.83		190.00 - 520.20

Notes

forming part of the financial statements for the year ended March 31, 2018

e 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	7.05%
2. Expected Life	4.13
3. Expected Volatility	40.91%
4. Dividend Yield	36.60%
5. Price of the underlying share in market at the time of the option grant (₹)	502.46

f Other Details:

1) Weighted Average Market Price on the date of Exercise is ₹ 486.48/-

2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2018

Particulars	Remaining Contractual life for unvested SARs outstanding at the end of the year	Remaining Contractual life for SARs exercisable at the end of the year
Grant – I	3.68	2.56
Grant – II	4.74	2.64
Grant – III	4.89	-
Grant – IV	4.89	-
Grant – V	5.15	-
Grant – VI	5.42	-
Grant – VII	5.48	-

g 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, and ESAR-2015 (Grant I to VII) 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:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Net Profit (as reported)	117,213	289,645
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 2,692 Lakh (₹ 1,335 Lakh)] (pro-forma)	1,760	873
Net Profit considered for computing EPS (pro-forma)	115,453	288,772

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Basic Earnings per Share (as reported)	37.39	95.76
Basic Earnings per Share (Pro-forma)	36.82	95.47
Diluted Earnings per Share (as reported)	37.09	95.44
Diluted Earnings per Share (Pro-forma)	36.53	95.15

Notes

forming part of the financial statements for the year ended March 31, 2018

4 RESERVES & SURPLUS

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
CAPITAL RESERVE				
Balance as per last Balance Sheet	2,451		7,561	
Less: Utilised during the year (Refer Note 27)	2,451	-	5,110	2,451
SECURITIES PREMIU				

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
Less: Appropriations:				
General Reserve	20,000		20,000	
Statutory Reserve	27,500		58,000	
Debenture Redemption Reserve	-		117,000	
Interim Equity Dividend (FY 2017-18)	9,408		3,130	
Final Equity Dividend (FY 2016-17)	9,407		-	
Dividend Distribution Tax	3,830		637	
	70,145	202,314	198,767	155,246
TOTAL RESERVES & SURPLUS		**848,198**		**768,265**

4.1 During the year, the Company has paid interim dividend on Equity Shares @ ₹ 3/- (₹ 1/-) per share. The Board of Directors of the Company has recommended final dividend of ₹ 2.50 per share for the financial year 2017-18 which is subject to approval of the members at the ensuing Annual General Meeting of the Company.

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 ₹ 9,891 Lakh (₹ 11,465 Lakh) net of tax of ₹ 5,235 Lakh (₹ 6,068 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: April 7, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
BALANCE AT THE BEGINNING OF THE YEAR		
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
c) Total	**156,399**	**98,399**
ADDITION DURING THE YEAR		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	400	47,000
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	27,100	11,000
c) Total	**27,500**	**58,000**
BALANCE AT THE END OF THE YEAR		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	65,324	64,924
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	118,575	91,475
c) Total	**183,899**	**156,399**

Notes

forming part of the financial statements for the year ended March 31, 2018

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 Sec 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 ₹ Nil Lakh (₹ 8,323 Lakh) as contingent deferred tax liability. Deferred Tax Liability on current year Special Reserve has been charged to Statement of Profit & Loss amounting to ₹ 9,785 Lakh (₹ 3,946 Lakh).

5 LONG TERM BORROWINGS

(₹ in Lakh)

Particulars	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Non-Convertible Debentures	2,595,710	2,731,873	286,266	151,078
Term Loan from Banks	3,120,530	2,779,247	575,803	515,096
Loan from Others				
National Housing Bank	253,816	295,575	31,004	33,275
External Commercial Borrowings	266,888	296,481	29,588	20,874
Total Secured long-term borrowings	**6,236,944**	**6,103,176**	**922,661**	**720,323**
Unsecured				
Non-Convertible Debentures (Perpetual)	116,070	66,070	-	-
Non-Convertible Debentures (Subordinated issue)	121,900	133,180	11,280	17,500
Public Deposit				
Fixed Deposit (including Cummulative)	530,622	360,821	389,343	269,963
Other Deposits	1,445	1,365	1,117	1,081
Other Borrowings	14,450	10,779	34,129	15,326
Total Unsecured long-term borrowings	**784,487**	**572,215**	**435,869**	**303,870**
TOTAL LONG TERM BORROWINGS	**7,021,431**	**6,675,391**	**1,358,530**	**1,024,193**
Current Portion of above liability is disclosed under the head "Other Current Liabilities". (Refer Note 10)	-	-	(1,358,530)	(1,024,193)
Net Amount	**7,021,431**	**6,675,391**	**-**	**-**

Notes

forming part of the financial statements for the year ended March 31, 2018

5.1 Non-Convertible Debentures (NCD) (current and non-current portion) amounting to ₹ 2,881,976 Lakh (₹ 2,882,951 Lakh) are secured by way of first charge read with Note 5.2 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 ₹ 247,206 Lakh (₹ 290,565 Lakh), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till March 31, 2018 amounting to ₹ 83,716 Lakh (₹
esPrnsiomed Redemption Period Nature of Loans and Redemption of Bonds & Debentures) ₹

Notes

forming part of the financial statements for the year ended March 31, 2018

5.2 All Secured loans (Current and Non-Current portion), from the National Housing Bank (NHB), Other Banks, Foreign Financial Institution, Financial Institutions and Secured Non-Convertible Debentures/ZCD are secured by way of first charge to and in favor of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu (read with Note 8.1), 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 5.4 hereinafter. They are further secured on pari passu basis by constructive delivery of various 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 with NHB, the Company has provided a non-disposal undertaking from the Promoters and Promoter Group with respect to their shareholdings in the Company and corporate guarantee from Wadhawan Global Capital Limited (promoter entity).

5.3 During the year Company availed ECB of USD 125 million under the ECB Refinance facility. The ECB was raised under the RBI Refinance Guidelines for Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI) under the approval route. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 78,425 Lakh in compliance of statutory requirement.

In the previous year, Company had availed ECB of total USD 150 million under two ECB facilities, both for a period of 5 years, respectively. 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 145 million into fixed rate rupee liability.

As on March 31, 2018 the Company has an outstanding foreign currency borrowing of USD 459 million (USD 493 million) equivalent to ₹ 296,476 Lakh (₹ 317,355 Lakh).

5.4 The National Housing Bank directives require all HFCs 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.

5.5 Unsecured Redeemable Non-Convertible Subordinated Debentures aggregating to ₹ 1,33,180 Lakh (₹ 1,50,680 Lakh), outstanding as at March 31, 2018, 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. 5.1

5.6 Fixed Deposits, Other Deposits and Other Borrowings 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.

5.7 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 as at year end March 31, 2018 to the tune of ₹ 117,000 Lakh against its public issue of Secured Redeemable Non-Convertible Debentures.

Notes

forming part of the financial statements for the year ended March 31, 2018

5.8 Rating assigned by Credit Rating Agencies and migration of rating:

Rating Agency	Type	2017 - 18	2016 - 17
CARE	NCD	CARE AAA; Stable	CARE AAA; Stable
	NCD (Public Issue)	CARE AAA; Stable	CARE AAA; Stable
	Commercial Paper	CARE A1+	-
	Public (Fixed) Deposits	CARE AAA (FD); Stable	CARE AAA (FD); Stable
	Long-Term Bank Loans	CARE AAA; Stable	CARE AAA; Stable
	Structured Obligations	CARE AAA (SO)	CARE AAA (SO)
	Subordinated Debt	CARE AA+; Stable	CARE AA+; Stable
	Preference Shares	CARE AA+ (RPS); Stable	CARE AA+ (RPS); Stable
	IPDI	CARE AA; Stable	CARE AA; Stable
Brickwork	NCD	BWR AAA; Stable	BWR AAA; Stable
	NCD (Public Issue)	BWR AAA; Stable	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	Commercial Paper	CRISIL A1+	CRISIL A1+
	Short-Term Deposits	CRISIL A1+	CRISIL A1+
	Structured Obligations	CRISIL AAA (SO)	CRISIL AAA (SO)
ICRA	Commercial Paper	ICRA A1+	ICRA A1+
	Structured Obligations	ICRA AAA(SO)	ICRA AAA(SO)

5.9 Concentration of Public Deposits (For Public Deposit taking/holding HFCs)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total deposits to twenty largest depositors	386,171	71,800
Percentage of deposts of twenty largest borrowers/customers to total exposure of the HFC on borrowers/customers	37.70%	10.61%

Notes

forming part of the financial statements for the year ended March 31, 2018

6 DEFERRED TAX LIABILITY/(ASSET)

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
A. Net Deferred Tax Liability			
Deferred Tax Asset			
On account of provision for contingency & employee benefits		(33,910)	(24,448)
Deferred Tax Liability			
On difference between book balance and tax balance of other assets		28,306	23,777
	(A)	**(5,604)**	**(671)**
B. Deferred Tax Liability on Special Reserve		41,400	31,615
	(B)	**41,400**	**31,615**
DEFERRED TAX LIABILITY (NET) (A + B)	**(A + B)**	**35,796**	**30,944**

7 PROVISIONS

(₹ in Lakh)

Particulars		Long-Term Provision		Short-Term Provision	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for Contigencies					
Against Standard Assets:					
As per last Balance sheet		42,825	34,730		
Add: Provision during the year		14,289	8,095		
Provision on standard loan portfolio	**(A)**	**57,114**	**42,825**	**-**	**-**
Against NPA:					
As per last Balance sheet		25,902	21,205		
Add: Provision during the year		27,151	13,446		
Less: Utilised during the year		15,991	8,749		
Provision on NPA loan portfolio	**(B)**	**37,062**	**25,902**	**-**	**-**
Against Investment:					
As per last Balance sheet		-	66		
Add: (Withdrawal) during the year		-	(66)		
Provision on Investment	**(C)**	**-**	**-**	**-**	**-**
Against ICDs:					
As per last Balance sheet		1,459	1,447		
Provision during the year		584	12		
Provision on ICDs	**(D)**	**2,043**	**1,459**	**-**	**-**

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Long-Term Provision		Short-Term Provision	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Against Other Assets:				
As per last Balance sheet	1,233	920		
Add: (Withdrawal)/Provision during the year	(44)	313		
Provision on Other Assets (E)	**1,189**	**1,233**	**-**	**-**
Total Provision for Contigencies (A+B+C+D+E)	**97,408**	**71,419**	**-**	**-**
Provision for employee benefits (Refer Note 37)	-	-	629	67
TOTAL PROVISIONS	**97,408**	**71,419**	**629**	**67**

7.1 The Company has written off ₹ 15,991 Lakh (₹ 8,749 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 Companies. The Company has withdrawn ₹ 15,991 Lakh (₹ 8,749 Lakh) from contingency provisions created out of profits of earlier years.

7.2 Provisions and contingencies

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
i) Provisions for depreciation on Investment	-	(66)
ii) Provisions made towards Income Tax	58,449	47,537
iii) Provisions towards NPA	27,151	13,446
iv) Provisions for Standard Assets	14,289	8,096
v) Other Provision and Contingencies	540	325

7.3 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:

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Portfolio	Provisions	Portfolio	Provisions
Standard Assets				
Housing Loans	6,634,555	31,593	5,634,177	26,889
Other Property Loans	2,470,583	24,521	1,507,596	15,093
(A)	**9,105,138**	**56,114**	**7,141,773**	**41,982**
Sub Standard Assets				
Housing Loans	21,084	3,163	5,624	844
Other Property Loans	8,981	1,347	2,644	397
(B)	**30,065**	**4,510**	**8,268**	**1,241**

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Portfolio	Provisions	Portfolio	Provisions
Doubtful Assets				
Housing Loans	38,669	20,419	27,150	12,398
Other Property Loans	19,360	11,700	32,427	12,263
(C)	**58,029**	**32,119**	**59,577**	**24,661**
Loss Assets				
Additional provision on Loan Assets		1,433		843
Provisions on ICDs		2,043		1,459
Provisions on Other Assets		1,189		1,233
Total (A+B+C)	**9,193,232**	**97,408**	**7,209,618**	**71,419**
Summary:				
Housing Loans	6,694,308	55,175	5,666,951	40,131
Other Property Loans	2,498,924	37,568	1,542,667	27,753
Additional provision on Loan Assets		1,433		843
Provisions on ICDs		2,043		1,459
Provisions on Other Assets		1,189		1,233
Total	**9,193,232**	**97,408**	**7,209,618**	**71,419**

7.4 Provision for Contingencies

The 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. The Company has maintained additional provision amounting to ₹ 1,433 Lakh (₹ 843 Lakh) as at year end.

Notes

forming part of the financial statements for the year ended March 31, 2018

7.5 Break up of Provision and contingencies shown under the head expenditure in profit and loss account

Particulars	Housing Loan		Non-Housing Loan	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Standard Assets				
a) Total Outstanding Amount	6,634,555	5,634,178	2,470,583	1,507,596
b) Provisions made	31,593	26,889	24,521	15,093
Sub-Standard Assets				
a) Total Outstanding Amount	21,084	5,624	8,981	2,644
b) Provisions made	3,163	844	1,347	397
Doubtful Assets- Category -I				
a) Total Outstanding Amount	8,918	12,622	4,197	6,932
b) Provisions made	2,229	3,155	1,049	1,733
Doubtful Assets- Category -II				
a) Total Outstanding Amount	19,270	8,809	7,541	24,942
b) Provisions made	7,709	3,524	3,029	9,976
Doubtful Assets- Category -III				
a) Total Outstanding Amount	10,481	5,719	7,622	554
b) Provisions made	10,481	5,719	7,622	554
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Total				
a) Total Outstanding Amount	**6,694,308**	**5,666,952**	**2,498,924**	**1,542,668**
b) Provisions made	**55,175**	**40,131**	**37,568**	**27,753**

7.6 Concentration of NPAs:

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to top ten NPA accounts	17,646	24,689

Notes

forming part of the financial statements for the year ended March 31, 2018

7.7 Sector wise NPAs:

Sector		Percentage to total Advances
A.	**Housing Loans:**	
1.	Individuals	0.81%
2.	Builders/Project Loans	1.14%
3.	Corporates	0.00%
4.	Others Loans	0.00%
B.	**Non-Housing Loans:**	
1.	Individuals	0.00%
2.	Builders/Project Loans	0.60%
3.	Corporates	0.00%
4.	Others Loans	1.15%

7.8 Movement of NPAs:

(₹ in Lakh)

Particulars		March 31, 2018	March 31, 2017
I).	Net NPAs to Net Advances (%)	0.56%	0.58%
II).	Movement of NPAs (Gross)		
a)	Opening balance	67,844	57,306
b)	Additions during the year	48,285	32,174
c)	Reduction during the year	28,034	21,636
d)	Closing balance	88,094	67,844
III).	Movement of NPAs (Net)		
a)	Opening balance	41,942	36,101
b)	Additions during the year	21,134	18,728
c)	Reduction during the year	12,043	12,887
d)	Closing balance	51,032	41,942
IV).	Movement of Provisions for NPAs (Excluding provisions on Standard assets)		
a)	Opening balance	25,902	21,205
b)	Additions during the year	27,151	13,446
c)	Reduction during the year	15,991	8,749
d)	Closing balance	37,062	25,902

Notes

forming part of the financial statements for the year ended March 31, 2018

8 SHORT TERM BORROWINGS

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
Secured			
Loans repayable on demand			
From Banks		223,741	111,014
Secured short-term borrowings	**(A)**	**223,741**	**111,014**
Unsecured			
Deposits			
Fixed Deposits (Refer Note 5.6)		42,416	8,988
Other Deposits (Refer Note 5.6)		448	868
Other Short-Term Loans and Advances			
Commercial Papers		605,000	299,500
Others		9,638	6,496
Unsecured short-term borrowings	**(B)**	**657,502**	**315,852**
TOTAL SHORT TERM BORROWINGS	**(A+B)**	**881,243**	**426,866**

8.1 Loans repayable on demand and other short-term loans 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 5.2. All cash credit facilities are repayable as per the contracted/roll over term.

9 TRADE PAYABLES:

There is no amount due and payable to '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, 2018

10 OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (Refer Note 5)	1,358,530	1,024,193
Interest accrued but not due on borrowings	152,923	136,734
Unclaimed Dividends[10.1]	169	142
Unclaimed matured deposits and interest accrued thereon[10.1]	10,341	7,674
OTHER PAYABLES		
Advance from customers	13,196	8,228
Temporary Overdrawn Balances as per books	217,184	-
Creditors for Capital Expenditure	1,725	1,262
Amount payable under securitisation/joint syndication transaction	60,855	35,644
Statutory Dues	3,327	2,651
Other current liabilities	17,844	7,080
TOTAL OTHER CURRENT LIABILITIES	**1,836,094**	**1,223,608**

10.1 As required under Section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividend of the year 2009-10 ₹ 7 Lakh (₹ 6 Lakh) and towards unclaimed deposits and interest accrued thereon ₹ 17 Lakh (₹ 12 Lakh) to Investor Education & Protection Fund (IEPF) during the year. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end in respect of Unclaimed Matured Deposits and Unpaid Dividends.

Notes

forming part of the financial statements for the year ended March 31, 2018

11 FIXED ASSETS

Fixed Assets as at March 31, 2018

(₹ in Lakh)

ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at April 1, 2017	Addition	Deduction/ Sale	As at March 31, 2018	As at April 1, 2017	for the year	Deduction/ Sale	Upto March 31, 2018	As at March 31, 2018
Property, Plant and Equipment :									
Building	6,180	51,531	-	57,711	673	308	-	981	56,730
Leasehold Premises	9,999	-	-	9,999	673	163	-	836	9,163
Leasehold Improvements	3,353	4,986	197	8,142	2,492	431	194	2,729	5,413
Furniture & Fixture	2,629	1,580	26	4,183	1,166	310	25	1,451	2,732
Office Equipments	3,597	3,448	145	6,900	1,364	594	72	1,886	5,014
Vehicles	125	267	9	383	81	45	6	120	263
Computer (Hardware)	3,295	4,515	92	7,718	2,294	601	90	2,805	4,913
Sub Total	**29,178**	**66,327**	**469**	**95,036**	**8,743**	**2,452**	**387**	**10,808**	**84,228**
Intangible: *									
Computer (Software)	1,990	608	-	2,598	1,536	311	-	1,847	751
FIXED ASSETS	**31,168**	**66,935**	**469**	**97,634**	**10,279**	**2,763**	**387**	**12,655**	**84,979**
Intangible Assets under Development	-	-	-	-	-	-	-	-	12,905
TOTAL	**31,168**	**66,935**	**469**	**97,634**	**10,279**	**2,763**	**387**	**12,655**	**97,884**

Fixed Assets as at March 31, 2017

(₹ in Lakh)

ASSETS	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK
	As at April 1, 2016	Addition	Deduction/ Sale	As at March 31, 2017	As at April 1, 2016	for the year	Deduction/ Sale	Upto March 31, 2017	As at March 31, 2017
Property, Plant and Equipment :									
Building	5,643	537	-	6,180	585	88	-	673	5,507
Leasehold Premises	9,999	-	-	9,999	510	163	-	673	9,326
Leasehold Improvements	3,138	362	147	3,353	1,969	653	130	2,492	861
Furniture & Fixture	2,573	77	20	2,630	927	259	20	1,166	1,464
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
Sub Total	**26,832**	**2,741**	**394**	**29,179**	**7,030**	**2,060**	**347**	**8,743**	**20,436**
Intangible:*									
Computer (Software)	1,635	355	-	1,990	1,266	270	-	1,536	454
FIXED ASSETS	**28,467**	**3,096**	**394**	**31,169**	**8,296**	**2,330**	**347**	**10,279**	**20,890**
Capital Work in Progress	-	-	-	-	-	-	-	-	54,615
Intangible Assets under Development	-	-	-	-	-	-	-	-	8,762
TOTAL	**28,467**	**3,096**	**394**	**31,169**	**8,296**	**2,330**	**347**	**10,279**	**84,267**

* Other than internally generated

Notes

forming part of the financial statements for the year ended March 31, 2018

12 NON CURRENT INVESTMENTS

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
(Long-Term Investments) (Valued at cost less dimution in value, if any other than temporary)				
TRADE INVESTMENTS				
Investment in unquoted equity instruments (Face value of ₹ 10/- each)				
Investment in Subsidiary Companies				
DHFL Advisory & Investments Pvt. Limited	75,010,000	7,501	75,010,000	7,501
DHFL Investments Limited	101,250,000	10,125	100,050,000	10,005
Investment in Associates:				
Aadhar Housing Finance Limited (erstwhile)(12.3)	-	-	14,900,000	1,490
DHFL Vysya Housing Finance Limited(12.3)	-	-	1,048,989	315
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)(12.3)	2,301,090	1,805		
Avanse Financial Services Limited	19,250,719	12,724	12,197,522	4,988
Investment in Joint Venture:				
DHFL Pramerica Asset Managers Pvt. Limited	18,568,825	3,770	18,568,825	3,770
DHFL Pramerica Trustees Pvt. Limited	50,000	5	50,000	5
Investment in others:				
The Kalyan Janta Sahakari Bank Limited	10,000	1	10,000	1
Social Worth Technology Pvt. Limited	10	1		-
(A)		**35,932**		**28,075**
Investment in Preference Shares				
(Quoted)				
7.5% Vedanta Limited Pref Shares 2018 (non-cumulative, non-convertible and redeemable).	120,000,000	11,961	-	-
(Unquoted)				
Sunborne Energy Services India Pvt Limited (Optionally Convertible)	31,775	1,271	31,775	1,271
Social Worth Technology Pvt. Limited-Series A Non-cumulative, compulsorily and fully convertible (FV 100/-)	13,706	1,340	-	-
Social Worth Technology Pvt. Limited-Series B1 Non-cumulative, compulsorily and fully convertible (FV 100/-)	6,235	816	-	-
(B)		**15,388**		**1,271**

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
Investment in Government securities (SLR) - Quoted				
0.00% Punjab Infra. Develop. Board 2022 Bonds	-	-	10	25
8.56% Kerala SDL 2020	200,000	203	200,000	203
8.52% Tamilnadu SDL 2020	200,000	206	200,000	206
8.42% Andhra Pradesh SDL 2020	425,000	430	425,000	430
8.40% Gujarat SDL 2020	250,000	252	250,000	252
8.08% GS 2022	100,000	98	100,000	98
8.28% GS 2032	100,000	98	100,000	98
9.23% Gujarat SDL 2021	250,000	257	250,000	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	570,000	584	570,000	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
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 31DC24	110	1,095	110	1,095
8.74% RRVUNL 2027	150	1,497	150	1,497
9.95% FCI 2022	100	1,084	100	1,084
8.72% Chhattisgarh State Power Distribution Company Limited BD 27MR 2035	210	2,100	210	2,100
7.88% GS 2030	5,500,000	5,665	5,500,000	5,665
8.60% GOI 2028	2,500,000	2,763	2,500,000	2,763
8.40% GS 2024	5,000,000	5,387	5,000,000	5,387
8.80% Tamilnadu 2022	2,500,000	2,686	2,500,000	2,686
8.90% Andhra Pradesh 2022	1,000,000	1,077	1,000,000	1,077
8.86% Punjab 2022	1,000,000	1,077	1,000,000	1,077
8.81% Haryana 2042	1,300,000	1,397	1,300,000	1,397
8.60% GOI 2028	2,500,000	2,793	2,500,000	2,793
8.24% GOI 2033	3,700,000	4,111	2,500,000	2,774

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
7.19% NHB Tax Free Bonds 14/12/2022	10	100	-	-
6.82% NHB Tax Free Bonds 28/05/2023	5,000	500	-	-
8.01% NHB Tax Free Bonds	50	500	-	-
8.26% NHB Tax Free Bonds	3,610	181	-	-
9.75% Ajmer Vidyut Vitran Nigam Ltd. NCD 30MR31	4,000	3,912	-	-
9.8% Jaipur Vidyut Vitran Nigam Ltd. NCD 30MR31	4,000	3,920	-	-
9.7% U.P. Power Corporation Limited BD 26SP31	6,000	5,832	-	-
9.7% Jodhpur Vidyut VitranNigam Ltd. NCD 30MR31	3,000	2,919	-	-
9.7% U.P.Power Corporation Limited 04JL31	5,000	4,850	-	-
(C)		**66,526**		**42,530**
Investment in Government securities - Quoted				
7.22% REC Bonds 19/12/2022	10,000	100	10,000	100
7.19% NHB Tax Free Bonds 14/12/2022	-	-	10	100
6.82% NHB Tax Free Bonds 28/05/2023	-	-	5,000	500
8.01% NHB Tax Free Bonds	-	-	50	500
8.26% NHB Tax Free Bonds	-	-	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	100,000	1,000	100,000	1,000
7.49% IREDAL Tax Free Bonds 21.01.2031	102,181	1,022	102,181	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	754
7.75% RJ SPL SDL 2018	500,000	500	500,000	500
7.86% RJ SPL SDL 2019	500,000	500	500,000	500
8.01% RJ SPL SDL 2020	500,000	500	500,000	500
8.15% RJ SPL SDL 2021	500,000	500	500,000	500
8.27% RJ SPL SDL 2022	500,000	500	500,000	500
8.27% RJ SPL SDL 2023	500,000	500	500,000	500
8.29% RJ SPL SDL 2024	500,000	500	500,000	500
8.33% RJ SPL SDL 2025	500,000	500	500,000	500

Notes

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(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
8.19% RJ SPL SDL 2026	500,000	500	500,000	500
9.7% U.P. Power Corporation Limited 04JL31	3,000	2,910	-	-
(D)		**12,341**		**10,712**
OTHER INVESTMENTS				
Investment in Venture Capital Fund - unquoted				
DHFL Venture Capital Fund (100% Trust Corpus - Settlement Money) (₹ 10,000/- only)	1	-	1	-
Arthveda Star Fund	187,836	1,895	192,532	1,948
(E)		**1,895**		**1,948**
Investment in Pass Through Certificates and Security Receipts				
Pass Through certificates -Class B		8,776		10,221
Security Receipts		66,628		-
(F)		**75,404**		**10,221**
TOTAL NON CURRENT INVESTMENTS (A+B+C+D+E+F)		**207,486**		**94,757**
Aggregate amount of Quoted investments		90,828		53,242
Market value of Quoted investments		96,026		54,224
Aggregate amount of Unquoted investments		116,658		41,515

12.1 Investment in Government and other SLR Securities aggregating to ₹ 66,526 Lakh (₹ 42,530 Lakh) carry a floating charge created in favor of depositors in the Fixed Deposit schemes of the Company (read with Note 5.4 above).

Notes

forming part of the financial statements for the year ended March 31, 2018

12.2 Value of Non-Current Investments

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Gross Value of Investments	207,486	94,757
	(a) In India	207,486	94,757
	(b) Outside India		
(ii)	Provision for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net value of Investments	207,486	94,757
	(a) In India	207,486	94,757
	(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments			
(i)	Opening Balance	-	-
(ii)	Add: Provisions Made during the year	-	-
(iii)	Less: Write-off/written back of excess provisions during the year	-	-
(iv)	Closing Balance	-	-

12.3 In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Company has received 12,52,101 equity shares of DHFL VYsya Housing Finance Limited on merger in lieu of the shares held in erstwhile Aadhar Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

Notes

forming part of the financial statements for the year ended March 31, 2018

13 HOUSING AND PROPERTY LOANS

(₹ in Lakh)

Particulars	Non-Current Portion		Current Portion	
Secured, considered good unless stated otherwise	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Housing Loans				
Standard loans	7,762,507	6,252,066	489,465	376,365
Sub-Standard loans	23,037	6,768	-	-
Doubtful loans	40,115	27,890	-	-
	7,825,659	**6,286,724**	**489,465**	**376,365**
Less: Securitised Housing Loans	1,526,338	940,836	94,478	55,302
A Total Housing Loans	**6,299,321**	**5,345,888**	**394,987**	**321,063**
Other Property Loans				
Standard loans	2,441,051	1,520,766	322,721	136,482
Sub-Standard loans	9,745	2,854	-	-
Doubtful loans	19,942	32,801	-	-
	2,470,738	**1,556,421**	**322,721**	**136,482**
Less: Other Property Securitised Loans	271,848	142,139	22,687	8,097
B Total Other Property Loans	**2,198,890**	**1,414,282**	**300,034**	**128,385**
Total Loan book (A+B)	**8,498,211**	**6,760,170**	**695,021**	**449,448**
Summary:				
Housing Loans	7,825,659	6,286,724	489,465	376,365
Other Property Loans	2,470,738	1,556,421	322,721	136,482
Total Housing & Property Loans under Company's management	**10,296,397**	**7,843,145**	**812,186**	**512,847**
Less: Securitised and Syndicated portion	1,798,186	1,082,975	117,165	63,399
TOTAL HOUSING AND PROPERTY LOANS	**8,498,211**	**6,760,170**	**695,021**	**449,448**

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forming part of the financial statements for the year ended March 31, 2018

13.1 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 ₹ 12,490 Lakh (₹ 9,265 Lakh).

13.2 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.

13.3 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.

13.4 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before March 31, 2015, in which construction has not started till March 31, 2018, 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, 2018 aggregating to ₹ 35,356 Lakh (₹ 19,111 Lakh).

13.5 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loan. The insurance portion amounting to ₹ 160,334 Lakh (₹ 136,668 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.

13.6 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.

13.7 The Company has repossessed 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 (₹ 7,890 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.

13.8 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 ₹ 1,915,351 Lakh (₹ 1,146,374 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. The Company has purchased home loan pools in two tranches for a cumulative amount of ₹ Nil (₹ 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).

Notes

forming part of the financial statements for the year ended March 31, 2018

13.9 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 March 31, 2018 towards the Minimum Retention Requirements (MRR):

(₹ in Lakh)

Particulars				As at March 31, 2018
1.	No. of SPVs sponsored/with Transaction on securitisation			15
2.	Total amount of securitised assets as per books of the SPVs sponsored			165,801
3.	Total amount of exposures retained towards the MRR as on the date of balance sheet			22,611
	(I)	Off-balance sheet exposures towards Credit Concentration		
		a)	Cash Collateral	22,611
		b)	Investment in Class 'B' PTCs	-
	(II)	On-balance sheet exposures towards Credit Concentration		10,758
		a)	Cash Collateral	1,359
		b)	Investment in Class 'B' PTCs	9,399
4.	Amount of exposures to securitisation transactions other than MRR			
	(I)	Off-balance sheet exposures towards Credit Concentration		Nil
		a)	Exposure to own Securitization	Nil
		b)	Exposure to third party securitisation	Nil
	(II)	On-balance sheet exposures towards Credit Concentration - Exposure to own securitisations - Cash Collateral		Nil
		a)	Exposure to own Securitization	Nil
		b)	Exposure to third party securitisation	Nil

13.10 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

(₹ in Lakh)

Particulars		2017-18	2016-17
i)	No. of accounts	809	201
ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	90,014	2,219
iii)	Aggregate consideration	82,434	1,661
iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
v)	Aggregate (gain)/loss over net book value	7,580	558

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forming part of the financial statements for the year ended March 31, 2018

13.11 Detail of Assignment transactions undertaken:

(₹ in Lakh)

Particulars		2017-18	2016-17
i)	No. of accounts	24	25
ii)	Aggregate value of accounts assigned	1,149,519	499,798
iii)	Aggregate consideration	1,149,519	499,798
iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
v)	Aggregate (gain)/loss over net book value for the year	-	-

13.12 Details of non-performing financial assets purchased/sold : Not Applicable

A. Detail of non-performing financial assets purchased

(₹ in Lakh)

Particulars			2017-18	2016-17
1	(a)	No. of accounts purchased during the year	Nil	Nil
	(b)	Aggregate Outstanding	Nil	Nil
2	(a)	Of these, number of accounts restructured during the year	Nil	Nil
	(b)	Aggregate Outstanding	Nil	Nil

B. Detail of Non-performing Financial Assets Sold:

(₹ in Lakh)

Particulars		2017-18	2016-17
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

13.13 Concentration of Loans & Advances

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total exposure to twenty largest borrowers/customers	1,233,282	1,050,962
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	13.42%	14.58%

13.14 Concentration of all Exposure (Including off-balance sheet exposure)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total exposure to twenty largest borrowers/customers	1,334,980	1,071,000
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	13.83%	14.47%

Notes

forming part of the financial statements for the year ended March 31, 2018

13.15 The company is not granting any loans against gold jewellery as collateral.

13.16 Housing and other property loans (current and non-current) include ₹ 289 Lakh (₹ 315 Lakh) given to the key managerial persons of the Company under the normal course of business.

14 OTHER LONG TERM LOANS AND ADVANCES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured and considered good		
Loans and advances to employees (Refer Note 14.1)	3	4
Other loans and advances	13	13
	16	**17**
Unsecured, considered good unless stated otherwise		
Capital advances	593	1,158
Security deposits	1,625	1,461
Loans and advances to employees	890	20
Advances recoverable in cash or in kind	45,235	46,422
MAT Credit Entitlement	38,016	46,072
Advance Income Tax (Net of Provisions)	9,318	8,461
	95,677	**103,594**
TOTAL OTHER LONG TERM LOANS AND ADVANCES	**95,693**	**103,611**

14.1 Loans to employees are secured by the hypothecation of respective assets against which these loans have been granted.

15 CURRENT INVESTMENTS

(at lower of cost and fair value unless stated otherwise)

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
Trade Investments				
Investment in equity instruments- Quoted				
ICICI Bank Ltd. (F.V. per Share ₹ 2/-)	3,740	3	3,400	3
Larsen & Toubro Ltd. (F.V. per Share ₹ 2/-)	1,800	-	1,650	-
Nagarjuna Fertilizer (F.V. per Share ₹ 1/-)	440	-	440	-
Ultratech Cement Ltd. (F.V. per Share ₹ 10/-)	160	-	160	-
Gujarat Ambuja Exports Ltd. (F.V. per Share ₹ 1/-)	-	-	21,750	-
Dhampur Sugar Mills Ltd. (F.V. per Share ₹ 1/-)	-	-	2	-
J K Tyre & Industries Ltd. (F.V. per Share ₹ 1/-)	-	-	270	-
		3		**3**

Notes

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(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
Debentures - Quoted				
8.70% Reliance Home Finance Limited SR-I CAT I & II NCD 03JN20	500,000	5,000	750,000	7,500
8.97% UPPCL (Series III-A) NCD 15/02/2021	-	-	500	5,175
8.97% UPPCL (Series III-B) NCD 15/02/2022	-	-	500	5,175
8.97% UPPCL (Series III-C) NCD 15/02/2023	-	-	500	5,175
8.97% UPPCL (Series III-D) NCD 15/02/2024	-	-	500	5,175
8.97% UPPCL (Series III-E) NCD 15/02/2025	-	-	500	5,175
8.97% UPPCL (Series III-F) NCD 15/02/2026	-	-	500	5,175
8.97% UPPCL (Series III-G) NCD 15/02/2022	-	-	500	5,175
9.75% Ajmer Vidyut Vitran Nigam Ltd. NCD 30MR31	9,640	9,428	13,640	13,340
9.20% ICICI Bank Limited Sr- DMR17AT Perpetual	250	2,500	2,250	22,500
9.50% Indusind Bank Limited BD Perpetual	-	-	950	9,476
9.80% Jaipur Vidyut Vitran Nigam Ltd. NCD 30MR31	16,220	15,896	20,220	19,816
9.70% Jodhpur Vidyut Vitran Nigam Ltd. NCD 30MR31	11,807	11,488	14,807	14,407
9.21% Punjab National Bank Sr-IX Perpetual Bonds 27APR17	500	5,008	-	-
8.95% Punjab National Bank Sr-VIII Perpetual	100	998	1,000	9,997
9.21% Punjab National Bank Sr-X Perpetual 01MAY17	1,070	10,714	-	-
9.70% U.P. Power Corporation Limited 04JL31	8,452	8,198	16,452	15,957
9.70% U.P. Power Corporation Limited 26SP31	6,113	5,942	12,113	11,773
9.10% Union Bank of India Sr-XXIII TR-2 BD Perpetual	1,000	9,991	-	-
9.10% Union Bank of India Sr-XXIII TR-3 BD Perpetual	500	4,996	-	-
9.50% YES Bank Limited Perpetual	2,500	25,000	4,000	40,000
7.80% Power Finance Corporation Ltd.Sr-174 07JU19	3,000	30,000	-	-
9.00% YES Bank Limited Perpetual	2,500	25,000	-	-
7.59% National Housing Bank12MR21	2,250	22,500	-	-
		192,659		**200,991**
In Certificate of Deposits - Unquoted				
IDFC Bank Limited CD 05APR17	-	-	43,000	42,854
IDFC Bank Limited CD 13APR17	-	-	25,000	24,885

Notes

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(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
The South Indian Bank Ltd. CD 28APR17	-	-	5,000	4,966
IDFC Bank Limited CD 27APR17	-	-	10,000	9,937
Andhra Bank CD 03MAY17	-	-	15,000	14,893
HDFC Bank Limited CD 20JUN17	-	-	100,000	98,501
Indusind Bank Limited CD 20APR17	-	-	75,000	74,691
Punjab & Sind Bank CD 03APR17	-	-	10,000	9,991
IDBI Bank Limited CD 05APR17	-	-	77,500	77,306
ICICI Bank Limited CD 25SEP17	-	-	5,000	4,847
The Federal Bank Limited CD 09JUN17	-	-	25,000	24,702
The Federal Bank Limited CD 23MAY17	-	-	15,000	14,864
IDFC Bank Limited CD 04DEC17	-	-	2,500	2,393
Indusind Bank Limited CD 20FEB18	-	-	2,500	2,357
RBL Bank Limited CD 17APR17	-	-	10,000	9,970
Axis Bank Limited CD 31MAY17	-	-	17,500	17,318
Axis Bank Limited CD 01JUN17	-	-	10,000	9,894
IDBI Bank Limited CD 23MAY17	-	-	20,000	19,821
Andhra Bank CD 02MAY17	-	-	13,500	13,425
Indusind Bank Limited CD 19MAY17	-	-	7,500	7,437
Abu Dhabi Commercial Bank Limited CD 05JUN17	-	-	10,000	9,875
DCB Bank Limited CD 22MAY17	-	-	5,000	4,955
IDFC Bank Limited CD 29MAY17	-	-	5,000	4,950
DCB Bank Limited CD 31MAY17	-	-	10,000	9,893
DCB Bank Limited CD 29MAY17	-	-	10,000	9,896
HDFC Bank Limited CD 17MAY17	-	-	5,000	4,960
Oriental Bank of Commerce CD 01JUN17	-	-	30,000	29,682
YES Bank Limited CD 08MAY17	-	-	7,000	6,951
RBL Bank Limited CD 28APR17	-	-	10,000	9,950
IDFC Bank Limited CD 26APR17	-	-	15,000	14,926
Abu Dhabi Commercial Bank Limited CD 21APR17	-	-	7,500	7,469
Abu Dhabi Commercial Bank Limited CD 27APR17	-	-	2,500	2,487
IDFC Bank Limited CD 16MAY17	-	-	9,500	9,418
YES Bank Limited CD 29MAY17	-	-	10,000	9,896
Axis Bank Limited CD 29DEC17	-	-	10,000	9,537
Axis Bank Limited CD 11JUL17	-	-	5,000	4,913
Oriental Bank of Commerce CD 05JUN17	-	-	35,000	34,611

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
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
		-		**788,268**
(A)		**192,662**		**989,262**
Other Investments				
Investment in Mutual Funds - unquoted (at Net Asset Value)				
Aditya Birla Sun Life Corporate Bond Fund - Dir - Growth	116,317,842	15,476	-	-
Aditya Birla Sun Life Short-Term Fund - Dir - Growth	52,057,274	34,785	20,777,200	12,995
Axis Regular Savings Fund - Dir - Growth	86,943,921	15,406	-	-
DHFL Pramerica Arbitrage Fund - Dir - Ann Dividend	-	-	86,926,287	9,613
DHFL Pramerica Banking and PSU Debt Fund - Dir - Growth	149,451,569	22,943	215,832,232	31,072
DHFL Pramerica Medium Term Income Fund - Dir - Growth	-	-	71,637,856	10,135
DHFL Pramerica Premier Bond Fund - Dir - Growth	112,255,152	32,352	94,206,872	25,553
DHFL Pramerica Short Maturity Fund - Dir - Growth	125,644,574	41,779	-	-
DSP BlackRock Bond Fund - Dir - Growth	17,929,662	10,211	-	-
DSP BlackRock Short-Term Fund - Dir - Growth	17,713,965	5,418	-	-
Edelweiss Arbitrage Fund - Dir - Mtly Dividend	207,237,101	25,914	-	-
ICICI Prudential Banking & PSU Debt Fund - Dir - Growth	-	-	82,013,951	15,525
ICICI Prudential Equity - Arbitrage Fund - Dir - Dividend	-	-	70,460,732	10,278
ICICI Prudential STP - Dir - Growth	34,497,890	12,938	-	-
Invesco India Arbitrage Fund - Dir - Dividend	-	-	38,623,025	5,132
Invesco India Short-Term Fund - Dir - Growth	947,084	22,557	934,575	20,937
Kotak Banking and PSU Debt Fund - Dir - Growth	27,701,253	11,023	27,701,289	10,304
Kotak Bond Short-Term Plan - Dir - Growth	31,202,383	10,508	-	-
Kotak Equity Arbitrage Fund - Dir - Fortnightly Dividend	-	-	64,758,407	15,390
Kotak Income Opportunities Fund - Dir - Growth	76,878,527	15,432	-	-

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(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
L&T Short-Term Opportunities Fund - Dir - Growth	31,735,973	5,397	-	-
L&T Triple Ace Bond Fund - Bonus	-	-	39,938,233	6,264
Reliance Arbitrage Advantage Fund - Dir - Mthly Dividend	-	-	95,178,648	10,273
Reliance Banking & PSU Debt Fund - Dir - Growth	41,243,871	5,201	-	-
Reliance Corporate Bond Fund - Dir - Growth	105,968,873	15,344	-	-
Reliance Short-Term Fund - Dir - Growth	85,163,652	28,687	114,819,667	36,284
SBI Arbitrage Opportunities Fund - Dir - Dividend	-	-	36,338,519	5,127
SBI Short-Term Debt Fund - Dir - Growth	45,779,582	9,385	120,935,937	23,257
Sundaram Banking & PSU Debt Fund - Dir - Growth	18,974,866	5,189	-	-
Sundaram Select Debt - S T A P - Dir - Growth	53,642,906	16,713	53,642,937	15,614
UTI Income Opportunities Fund - Dir - Growth	91,363,695	15,426	-	-
UTI Short-Term Income Fund - Dir - Growth	133,096,711	28,796	-	-
UTI Spread Fund - Dir - Dividend	-	-	31,050,056	5,130
		406,880		**268,883**
Investment in Pass Through Certificates				
Pass Through certificates -Class B		623		588
(C)		**623**		**588**
TOTAL CURRENT INVESTMENTS (A+B+C)		**600,165**		**1,258,733**
Aggregate amount of Quoted investments (Cost)		192,662		200,994
Market value of Quoted investments		201,008		201,069
Aggregate amount of Unquoted investments		407,503		1,057,739

Notes

forming part of the financial statements for the year ended March 31, 2018

15.1 Value of Current Investments

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Gross Value of Investments	600,165	1,258,733
	(a) In India	600,165	1,258,733
	(b) Outside India		
(ii)	Provision for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net value of Investments	600,165	1,258,733
	(a) In India	600,165	1,258,733
	(b) Outside India	-	-
Movement of provisions held towards depreciation on Investments			
(i)	Opening Balance	-	66
(ii)	Add: Provisions Made during the year	-	-
(iii)	Less: Write-off/written back of excess provisions during the year	-	66
(iv)	Closing Balance	-	-

16 TRADE RECEIVABLES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured and considered good, otherwise stated		
Receivables due for more than six months from due date (Considered doubtful ₹ 95 Lakh (₹ 95 Lakh)) (Refer Note 7 for Provision)	95	95
Others	4,274	242
TOTAL TRADE RECEIVABLES	**4,369**	**337**

Notes

forming part of the financial statements for the year ended March 31, 2018

17 CASH AND BANK BALANCES

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
CASH AND CASH EQUIVALENTS			
Balances with Banks			
in Current Accounts		133,610	90,595
in Deposits accounts with original maturity of less than 3 months		-	187,500
Cheques/Drafts in hand		23	-
Cash on hand		603	474
Total Cash and Cash Equivalents	**(A)**	**134,236**	**278,569**
Other Bank Balances			
Other Deposits accounts having balance maturity of less than 12 months		112,409	64,288
Deposits having balance maturity of more than 12 months (Refer Note 19)		48,530	18,300
Balances in unpaid dividend bank accounts		169	142
Total Other Bank Balances	**(B)**	**161,108**	**82,730**
Total Other Bank Balances	**(C) = (A + B)**	**295,344**	**361,299**
Less: Amounts disclosed under non-current assets (Refer Note 19)	**(D)**	48,530	18,300
Total Net Cash and Bank Balances	**(E) = (C - D)**	**246,814**	**342,999**
SUMMARY:			
Total Cash and Cash Equivalents		134,236	278,569
Other Bank Balances		161,108	82,730
Amounts disclosed under non-current assets		(48,530)	(18,300)
Total Net Cash and Bank Balances		**246,814**	**342,999**

17.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 54,068 Lakh (₹ 24,784 Lakh) being earmarked for SLR requirements of NHB. ₹ 682 Lakh (₹ 1,220 Lakh) being margin money for bank guarantees, ₹ 28,572 Lakh (₹ 34,162 Lakh) being securitisation comforts provided to various trustees/buyers, ₹ Nil (₹ 1,350 Lakh) toward sinking fund requirement of debentures provided to Trustee(s) of debentures and ₹ 3,020 Lakh (₹ 1,850 Lakh) under lien against Interest rate swaps and Margin Money towards CSGL account ₹ 5,500 Lakh (₹ Nil).

Notes

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18 SHORT TERM LOANS AND ADVANCES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
SECURED AND CONSIDERED GOOD		
Current maturities of Loans against Fixed Deposits	1,912	1,002
EMI/PEMI/other receivable (Including Interest) (Refer Note 18.2)	144,316	37,910
UNSECURED, CONSIDERED GOOD, OTHERWISE STATED		
Current maturities of Security deposits	-	600
Loans and advances/Recoverable - related parties (Refer Note 36)	2,107	2,416
Inter Corporate Deposits (Considered doubtful ₹1,447 Lakh (₹ 1,447 Lakh)) (Refer Note 7 for Provision)	61,067	2,647
Advances recoverable in cash or in kind (Considered doubtful ₹ 363 Lakh (₹ 363 Lakh)) (Refer Note 7 for Provision)	45,077	63,747
TOTAL SHORT TERM LOANS AND ADVANCES	**254,479**	**108,322**

18.1 Loan and Advances in the nature of loans given to subsidiaries and associates:

(₹ in Lakh)

Name of Company	As at March 31, 2018	Maximum Balance during the year	As at March 31, 2017	Maximum Balance during the year
a. DHFL Advisory & Investments Pvt Limited	153	153	128	128
b. DHFL Investments Limited	-	130	110	112
	153	**283**	**238**	**240**

The Company has extended short-term financial assistance to its Wholly Owned Subsidiaries [WOS] for the purpose of meeting its preliminary,incorporation expense and working capital requirements

18.2 EMI/PEMI Receivable represents dues from borrowers against the loan receivable for less than or equal to three months. For better presentation, from current year, such receivables are classified under short-term loans and advances, which until previous year were classified under Trade Receivable.

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19 OTHER NON CURRENT & CURRENT ASSETS

(₹ in Lakh)

Particulars	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Non current portion of balances with banks in deposit accounts (Refer Note 17 & 19.1)	48,530	18,300	-	-
Interest accrued but not due	238	742	8,357	8,112
	48,768	**19,042**	**8,357**	**8,112**

19.1 Non-current portion of balances with Banks in Deposit Accounts includes ₹ 9,680 Lakh (₹ 18,300 Lakh) being earmarked for SLR requirements of NHB and ₹ 1,350 Lakh (₹ Nil) towards sinking fund requirement of debenture provided to Trustee of debentures.

20 REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Interest on Housing and Property Loans	904,532	792,247
Interest on Bank Deposits	7,656	7,764
Interest on Long-Term Investments	4,414	4,126
Other Interest	29,255	11,887
Revenue from Other Services (Refer Note 20.1)	37,787	20,912
Operational Treasury Income (Refer Note 20.2)	54,708	47,088
Insurance Commission (Refer Note 20.3)	6,664	1,152
Total Revenue from Operations	**1,045,016**	**885,176**

20.1 Revenue from other Services includes

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Loan related Services	30,751	16,922
Advisory Services	7,036	3,990
Total Revenue from other Services	**37,787**	**20,912**

Revenue from other services is net of the amount paid/payable towards business sourcing and related expenses ₹ 31,660 Lakh (₹ 14,762 Lakh)

20.2 Operational Treasury Income includes:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Net Income from mutual fund	38,693	42,855
Profit on sale of investments	2,110	1,926
Dividend Income	13,731	2,307
Others	174	-
Total Operational Treasury Income	**54,708**	**47,088**

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20.3 Insurance Commission Income includes amount received from:

(₹ in Lakh)

Particulars		

Notes

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24 OTHER EXPENSES

(₹ in Lakh)

Particulars	2017 - 18		2016 - 17	
Rent, Rates & Taxes		5,552		4,203
Training & Conference Expenses		298		725
Travelling & Conveyance		3,910		3,693
Printing & Stationery		704		523
Advertisement and Business Promotion Expenses		8,053		9,104
Insurance		594		495
Legal & Professional Charges		3,661		3,156
Communication Expenses		1,519		1,445
General Repairs & Maintenance		2,661		1,846
Electricity		911		747
Directors Sitting Fees and Commission		95		107
Loss on Sale of Fixed Assets (net)		62		23
CSR Expenses (Refer Note no. 24.1)		2,381		883
Office Maintenance		1,431		883
Recovery Expenses		942		934
Auditors' Remuneration (Refer Note 32)		334		289
Bad Debts	15,991		8,749	
Less provision for Non Performing Assets utilised	15,991	-	8,749	-
Miscellaneous Expenses		758		690
Total Administrative and Other Expenses		**33,866**		**29,746**

24.1 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 ₹ 2,381 Lakh (₹ 883 Lakh) out of required sum of ₹ 2,298 Lakh (₹ 1,854 Lakh).

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Details of amount spent towards CSR given below:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Art and Culture	15	13
Early Childhood Care and Education	934	171
Education	322	279
Environment	2	18
Financial Literacy	141	40
Health and Medicine	26	29
Rural development	237	111
Skill Development	551	176
Sports	58	-
Others	95	46
Grand Total	**2,381**	**883**

24.2 Remuneration of Non Executive Directors consist of ₹ 35 Lakh (₹ 43 Lakh) towards sitting fee and ₹ 60 Lakh (₹ 64 Lakh) as commission including Service Tax/GST.

25 EARNING PER SHARE

Particulars	2017 - 18	2016 - 17
Net Profit attributable to equity shareholders for basic and diluted EPS (₹ in Lakh)	117,213	289,645
Nominal value of Equity Shares (₹)	10	10
Earning Per Share (₹):		
Basic	**37.39**	**95.76**
Diluted	**37.09**	**95.44**

25.1 The reconciliation between the Basic and the Diluted Earning per Share is as follows:

For Amount

(in ₹)

Particulars	2017 - 18	2016 - 17
Basic Earning per share	37.39	95.76
Effect of outstanding Stock Options/Share Warrants	(0.30)	(0.32)
Diluted Earning per share	37.09	95.44

For number of shares

Particulars	2017 - 18	2016 - 17
Weighted average number of shares for Basic Earning per share	313,529,855	302,483,110
Dilutive effect of outstanding Stock Options/Share Warrants	2,534,811	1,006,913
Weighted average number of shares for Diluted Earning per share	316,064,666	303,490,023

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26 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 ₹ 5,039 Lakh (₹ 3,893 Lakh).

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Within one year	358	394
Later than one year but not later than five years	219	401
Later than five years	14	49

27 Two subsidiaries of the Company were amalgamated into the company pursuant to the Scheme of amalgamation (Scheme) under Sections 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 July 27, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated January 4, 2013 which were filed with the Registrar of Companies on January 31, 2013 being the effective date for the amalgamation scheme. In terms of the above scheme, 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 ₹ 2,451 Lakh (₹ 5,110 Lakh) has been amortised out of the Capital Reserve and ₹ 2,826 Lakh (₹ Nil) has been amortised out of the General Reserve in terms of the valuation report of the scheme.

28 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.

29 CONTINGENT LIABILITY:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Guarantees provided by bank on behalf of Company for Securitisation, Public issue of NCDs and Representative Office	10,730	24,130
Claims against the Company not acknowledged as debts	1,891	919

29.1 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) is ₹ 4,007 Lakh (₹ 8,380 Lakh).

29.2 Income Tax assessment of the Company has been completed upto Assessment Year 2015-16. Company has made rectification applications to Income Tax Authorities to rectify certain errors in assessment orders which are apparent from the records. Subject to such rectifications, there are no demands for which company is contingently liable.

30 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, 2018 amounting to ₹ 28,608 Lakh (₹ 34,067 Lakh). The outflows would arise in the event of short collections, in the cash inflows of the pool of securitised receivables.

31 In the previous financial year, the Board of Directors at its meeting held on February 14, 2017 and Shareholders of the Company on March 17, 2017 approved the sale of investments in DHFL Pramerica Life Insurance Company Limited ("DPLI") to its Wholly

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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.

32 AUDITORS REMUNERATION:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Audit Fees	150	115
Tax Audit Fees	11	10
Certification and Other Matters *	84	161
Audit Fees of Branch Auditors	55	53
Reimbursement of expenses	10	10
Service Tax/GST	24	12
	334	**361**

* Certification and other matters includes ₹ Nil (₹ 72 Lakh) paid towards fees for public issue of Secured Non-Convertible Debentures (NCDs) and utilised out of Securties Premium account over a period of NCDs.

33 VALUE OF IMPORTS ON CIF BASIS:

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
Capital Goods	38	2

34 EXPENDITURE IN FOREIGN CURRRENCY:

Particulars	2017 - 18	2016 - 17
Foreign Travelling	8	810
Membership and Subscription	303	303
Foreign Liaison Office Expenses	545	471
Interest Payment	11,658	11,503
Others	282	445

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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:

Interim Dividend	2017 - 18	2016 - 17
No. of Non-Resident Shareholders/FIIs	2,584	1,639
No. of Equity Shares held	62,933,286	92,404,703
Amount of Dividend Paid (₹ Lakh)	1,888	924
Year to which dividend relates	FY 2017-18 Interim Dividend	FY 2016-17 1st Interim Dividend

Final Dividend	2017 - 18	2016 - 17
No. of Non-Resident Shareholders/FIIs	2,561	1,652
No. of Equity Shares held	78,422,139	94,971,978
Amount of Dividend Paid (₹ Lakh)	2,353	1,899
Year to which dividend relates	FY 2016-17 Final Dividend	FY 2015-16 Final Dividend

36 RELATED PARTY TRANSACTIONS

As per Accounting Standard on 'Related Party Disclosures' (AS 18) details of transactions with related parties as defined therein are given below:

A) List of related parties where control exists:

(i) Subsidiaries

a. DHFL Advisory & Investments Pvt Limited
b. DHFL Investments Limited

B) 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 (upto March 31, 2017)
b. DHFL Pramerica Asset Managers Pvt Limited
c. DHFL Pramerica Trustees Pvt Limited

(iii) Associate Companies

a. Avanse Financial Services Limited
b. DHFL Venture Trustee Company Pvt Limited
c. Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)[1]
d. Aadhar Housing Finance Limited (erstwhile)[1]

(iv) Enterprises over which KMPs are able to exercise significant influence

a. Arthveda Fund Management Pvt Limited
b. Wadhawan Holdings Pvt Limited
c. Dish Hospitality Pvt Limited
d. WGC Management Services Pvt Limited
e. Wadhawan Sports Pvt Limited

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f. Essential Hospitality Pvt Limited
g. DHFL General Insurance Limited (w.e.f.November 1, 2017)
h. DHFL Changing Lives Foundation (w.e.f. December 1, 2017)
i. DHFL Pramerica Life Insurance Company Limited (w.e.f. April 1, 2017)

(v) Key Management Personnel

a. Mr. Kapil Wadhawan — Chairman & Managing Director
b. Mr. Harshil Mehta — Joint Managing Director & Chief Executive Officer
c. Mr. Santosh Sharma — Chief Financial Officer

(vi) Relatives of Key Managerial Personnel

a. Mr. Dheeraj Wadhawan
b. Mrs. Aruna Wadhawan

(1) In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

B) Details of transactions :

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies/ Others*		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1) Investments								
Investments Made	120	10,005	-	-	7,736	-	-	-
Investments sold	-	-	-	3,107	-	2	-	-
2) Loans, Advances and Deposits								
Given	45	153	-	1	122	1,215	20	95
Returned	130	2	-	1	-	-	46	22
3) Borrowings/ Security Deposits								
Received				-	416	0.29		-
Repayment				250		-		-
4) Income								
Commission	-	-	3	711	5,029	-	-	-
Trademark Licence Fees	-	-	-	1,750	4,384	-	-	-
Dividend	-	-	-	-	73	10		-
Interest	-	-	-	-		-	22	23
Rent	-	-	6	4	974	390		-
Other income	-	-	-	-	-	-	0.10	0.25
IT Support Fees	-	-	-	-	105	83	-	-
Internal Audit Fees	-	-	-	-	8	39	-	-
Technical Fees	-	-	-	-	8	9	-	-
Maintenance Charges	-	-	-	-	68		-	-
5) Expenditure								
Managerial Remuneration	-	-	-	-	-	-	1,249	785
Rent Expenses	-	-	-	-	1,895	904	-	-
Brokerage and Marketing Fees	-	-	-	-	32	20	-	-
Interest Expenses	-	-	-	28	-	-	-	-
Insurance Charges	-	-	-	58	65	-		-
Sponsorship	-	-	-	-	-	100	-	-

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies/ Others*		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Service Charges	-	-	-	-	1	-	-	-
Canteen Expenses	-	-	-	-	115	108	-	-
CSR Expenses	-	-	-	-	579	-	-	-
6) Sale of Investments	-	200,052	-	-	-	-	-	-
7) Purchase of Loans (Securitisation)	-	-	-	-	-	30,863	-	-
8) Closing Balances						-		
a) Loans, Advances, Depsoits and Trade Receivable	153	238	1	160	6,137	2,167	289	314
b) Borrowings, Security Deposits Received and Trade Payable	-	-	-	-	433	88	-	-
c) Investments	17,626	17,506	3,775	3,775	14,529	6,793	-	-
9) Guarantees						Note 5 & 6		Note 5

C) Details of transactions :

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies/ Others*		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
INCOME received from								
1) Commission								
DHFL Pramerica Life Insurance Co Limited	-	-	-	710	3,119	-	-	-
DHFL Pramerica Asset Managers Pvt Limited	-	-	3	1	-	-	-	-
DHFL General Insurance Limited	-	-	-	-	1,910	-	-	-
2) Trademark Licence Fees								
DHFL Pramerica Life Insurance Co Limited	-	-	-	1,750	-	-	-	-
DHFL General Insurance Limited	-	-	-	-	4,384	-	-	-
3) Dividend								
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	-	-	73	10	-	-
4) Interest								
Mr. Harshil Mehta	-	-	-	-	-	-	2	2
Mr. Santosh Sharma	-	-	-	-	-	-	20	21
5) Rent								
DHFL Pramerica Asset Managers Pvt Limited	-	-	6	4	-	-	-	-
Arthveda Fund Management Pvt Limited	-	-	-	-	66	71	-	-
Aadhar Housing Finance Limited (erstwhile)	-	-	-	-	-	105	-	-
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	-	-	152	-	-	-
Avanse Financial Services Limited	-	-	-	-	273	6	-	-
WGC Management Services Pvt Limited	-	-	-	-	218	208	-	-
DHFL General Insurance Limited	-	-	-	-	265	-	-	-
6) Other Income								
Mr. Harshil Mehta	-	-	-	-	-	-	0.05	-
Mr. Santosh Sharma	-	-	-	-	-	-	0.05	0.25

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies/ Others*		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
7) IT Support Fees								
Aadhar Housing Finance Limited (erstwhile)	-	-	-	-	-	44	-	-
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	-	-	90	27	-	-
Avanse Financial Services Pvt Limited	-	-	-	-	15	12	-	-
8) Internal Audit Fees								
Aadhar Housing Finance Limited (erstwhile)	-	-	-	-	-	35	-	-
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	-	-	6	-	-	-
Avanse Financial Services Pvt Limited	-	-	-	-	2	4	-	-
9) Technical Fees								
Avanse Financial Services Pvt Limited	-	-	-	-	8	9	-	-
10) Maintenance Charges								
Avanse Financial Services Pvt Limited	-	-	-	-	34	-	-	-
DHFL General Insurance Limited	-	-	-	-	34	-	-	-
11) Sale of Investments to								
DHFL Investments Limited	-	200,052	-	-	-	-	-	-
EXPENDITURE:								
1) Rent, Rates &Taxes								
Wadhawan Holdings Pvt Limited	-	-	-	-	241	229	-	-
Essential Hospitality Pvt Limited	-	-	-	-	1,654	675	-	-
2) Remuneration								
Mr. Kapil Wadhawan	-	-	-	-	-	-	399	325
Mr. Harshil Mehta	-	-	-	-	-	-	519	358
Mr. Santosh Sharma	-	-	-	-	-	-	331	102
3) Brokerage and Marketing Fees								
Avanse Financial Services Limited	-	-	-	-	32	20	-	-
4) Insurance Charges								
DHFL Pramerica Life Insurance Co Limited	-	-	-	58	65	-	-	-
5) Canteen Expenses								
Dish Hospitality Pvt Limited	-	-	-	-	115	108	-	-
6) Sponsorship								
Wadhawan Sports Pvt Limited	-	-	-	-	-	100	-	-
7) Service Charges								
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	-	-	1	-	-	-
8) Interest Paid								
DHFL Pramerica Life Insurance Co Limited	-	-	-	28	-	-	-	-
9) CSR Expenses								
DHFL Changing Lives Foundation	-	-	-	-	579	-	-	-
ASSETS \ LIABILITIES								
1) Investments made								
DHFL Investments Limited	120	10,005	-	-		-	-	-
Avanse Financial Services Limited	-	-	-	-	7,736	-	-	-

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies/ Others*		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
2) Investments sold								
DHFL Venture Trustee Co. Pvt Limited	-	-	-	-	-	2	-	-
DHFL Pramerica Life Insurance Co Limited	-	-	-	3,107	-	-	-	-
3) Loans, Advances and Deposits given								
DHFL Pramerica Life Insurance Co Limited	-	-	-	1	-	-	-	-
DHFL Advisory & Investments Pvt Limited	25	41	-	-	-	-	-	-
DHFL Investments Limited (for incorporation expenses)	20	112	-	-	-	-	-	-
Essential Hospitality Pvt Limited (Security Deposit)	-	-	-	-	-	1,215	-	-
DHFL General Insurance Limited	-	-	-	-	100	-	-	-
Wadhawan Holding Pvt Limited	-	-	-	-	22	-	-	-
Mr. Harshil Mehta	-	-	-	-	-	-		41
Mr. Santosh Sharma	-	-	-	-	-	-	20	54
4) Loans,Advances and Deposits Received back								
DHFL Pramerica Life Insurance Co Limited	-	-	-	1	-	-	-	-
DHFL Advisory & Investments P Limited	-	-	-	-	-	-	-	-
DHFL Investments Limited (Financial Assistance for incorporation)	130	2	-	-	-	-	-	-
Mr. Harshil Mehta	-	-	-	-	-	-	0.003	
Mr. Santosh Sharma	-	-	-	-	-	-	46	22
5) Security Deposit Received								
Avanse Financial Services Limited	-	-	-	-	208	0.29	-	-
DHFL General Insurance Limited	-	-	-	-	208	-	-	-
6) Repayment of Borrowings								
DHFL Pramerica Life Insurance Co Limited	-	-	-	250	-	-	-	-
7) Purchase of Loans (Securitisation)								
Aadhar Housing Finance Limited	-	-	-	-	-	30,863	-	-
CLOSING BALANCES								
1) (a) Loans, Advances and Deposits								
DHFL Advisory & Investments P Limited	153	128	-	-	-	-	-	-
DHFL Investments Limited	-	110	-	-	-	-	-	-
DHFL Pramerica Life Insurance Co Limited (Security Deposit)	-		-	10	-		-	-
Wadhawan Holding Pvt Limited	-	-	-	-	22		-	-
Essential Hospitality Pvt Limited (Security Deposit)	-	-	-	-	1,215	1,215	-	-
DHFL General Insurance Limited (Security Deposit)	-	-	-	-	100	-	-	-
DHFL Pramerica Life Insurance Co Limited (Security Deposit)	-	-	-	-	10	-	-	-
Mr. Harshil Mehta	-	-	-	-	-	-	67	67
Mr. Santosh Sharma	-	-	-	-	-	-	222	248

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Subsidiaries		Joint Ventures		Associate Companies/ Others*		Key Management V	

Notes

forming part of the financial statements for the year ended March 31, 2018

37 EMPLOYEE BENEFIT PLANS

Both the employees and the Company make pre-determined contributions to the Provident Fund. Amount recognised as expense amounts to ₹ 1,281 Lakh, (₹ 1,033 Lakh).

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 employees' gratuity fund managed by the Life Insurance Corporation of India and Canara HSBC.

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.

(₹ in Lakh)

Particulars	Gratuity (Funded)	
	2017-18	2016-17
A. Reconciliation of change in the Defined Benefit Obligations:		
Liability at the beginning of the year	1221	988
Current Service Cost	248	208
Interest Cost	93	79
Past Service Cost	80	0
Benefits Paid	(179)	(191)
Benefit Paid directly by the Employer	(64)	(98)
Actuarial Loss	300	235
Liability at the end of the year	1699	1221
B. Reconciliation of changes in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	1443	1415
Expected Return on Plan Assets	109	113
Contributions	483	130
Benefits Paid	(179)	(191)
Actuarial Loss	(1)	(24)
Fair Value of Plan Assets at the end of the year	1855	1443
C. Actual Return on Plan Assets:		
Expected Return on Plan Assets	109	113
Actuarial Loss	(1)	(24)
Actual Return on Plan Assets at the end of the year	108	89
D. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	1699	1221
Fair Value of Plan Assets at the end of the year	1855	1443
Net Asset recognised in the Balance Sheet	156	222
E. Expense Recognised in the Profit and Loss Account:		
Current Service Cost	248	208
Interest Cost	93	79
Past Service Cost	80	0

Notes

forming part of the financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Gratuity (Funded)	
	2017-18	2016-17
Expected Return on Plan Assets	(109)	(113)
Net Actuarial Loss	301	259
Expense recognised in the Statement of Profit & Loss	613	433
F. Reconciliation of the Net Assets at the end of the year		
Opening Net Liability	(222)	(427)
Expense Recognised	613	433
Contributions	(483)	(130)
Benefit Paid directly by the Employer	(64)	(98)
Liability at the end of the year	(156)	(222)
G. Actuarial Assumptions	IALM	IALM
Mortality Table (LIC)	2006-08	2006-08
Discount Rate (p.a.)	7.87%	7.57%
Rate of Escalation in Salary (p.a.)	6.00%	5.00%

(₹ in Lakh)

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Amount Recognised in the Balance Sheet:	156	222	427	313	(2)	(103)
Liability at the end of the year	1,699	1,221	988	815	926	645
Fair Value of Plan Assets at the end of the year	1,855	1,443	1,415	1,128	928	749
Amount recognised in the Balance Sheet under "Short-term Provision for Employee Benefits"	156	222	427	313	(2)	(103)
Experience Adjustment:						
On Plan Liabilities	162	175	78	(345)	487	-
On Plan Assets	(1)	(24)	10	70	263	-
Estimated Contribution for next financial year	222	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.

38 As required by the revised guidelines 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:

Notes

forming part of the financial statements for the year ended March 31, 2018

38.1 Forward Rate agreement (FRA)/Interest Rate Swap (IRS)

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
i) The notional principal of swap agreements	595,348	624,287
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	9,023	6,636
iii) Collateral required upon entering into swaps	3,020	1,850
iv) Concentration of credit risk arising from the swaps	NA**	NA**
v) The fair value of the swap book	(4,812)	(4,866)

**As the company has contracts with multiple banks hence Concentration of credit risk is not applicable

38.2 Exchange Traded Interest Rate (IR) Derivative

The company has not entered into any exchange traded Interest rate Derivative during the financial year 2017 -2018.

38.3 Disclosures on Risk Exposure in Derivatives

A Qualitative Disclosure

Financial Risk Management of the Company constitutes the Audit Committee, Asset Liability Committee (ALCO), Risk management and hedging team (front office), mid office, back office and internal auditors. The Treasury front-office enters into derivative transactions with various counterparties. The Company has an independent back-office and mid-office. The Company periodically monitors various counterparty risk and market risk limits, within the risk architecture and processes of the Company. 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 Government of India and the Regulators from time to time. The Company may also import 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 be 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, 2018

B Quantitative Disclosure

(₹ in Lakh)

Particulars	Currency Derivatives	Interest rate Derivatives
i) Derivatives (Notional Principal Amount)	296,507	298,842
ii) Market to Market Positions	(12,057)	7,245
(a) Assets (+)	1,778	7,245
(b) Liability (-)	(13,835)	-
iii) Credit Exposure	-	-
iv) Unhedged Exposures	-	-

38.4 Exposure to Capital Market

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
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	29,346	57,088
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 convertiable bonds or convertible debentures or units of equity oriented mutual funds are taken as perimary security.	-	-
iv) Advance for any other purposes to the extent secured by collateral security of shares or convertiable 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 stockborkers 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)	1,895	1,948
Total Exposure to Capital Market	31,241	59,036

38.5 Details of financing of parent company products

Not Applicable

38.6 Unsecured Advances

The Company does not finance any projects (including infrastructure projects) where the collateral being an intangible security i.e. rights, licenses, authorisations.

Notes

forming part of the financial statements for the year ended March 31, 2018

38.7 Registration obtained from other financial sector regulators

a) The Company has obtained a Coporate 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.

38.8 No penalty has been levied on the company by NHB and other regulators.

38.9 Revenue Recognition

During the year there were no revenue recognition which has been postponed pending the resolution of significant uncertainities.

38.10 There was no draw down from the Statutory/Special Reserve during the year.

38.11 The Company does not have any overseas assets.

38.12 The Company does not have any sponsored SPVs which needs to be consolidated as per Accounting norms.

38.13 Capital to Risk Assets Ratio (CRAR):

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
i) CRAR (%)	15.29%	19.12%
ii) CRAR – Tier I Capital	11.52%	14.75%
iii) CRAR – Tier II Capital	3.77%	4.37%
iv) Amount of Subordinated Debt raised as Tier II Capital (₹ Lakh)	89,666	106,396
v) Amount raised by issue of Perpetual Debt Instruments (₹ Lakh)	116,070	66,070

38.14 Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)

(₹ in Lakh)

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
Liabilities											
Deposits	10,735	29,915	66,060	137,736	223,841	472,022	74,161	5,723	13,374	381	**1,033,949**
Borrowings from Bank	249,912	36,284	79,234	154,522	310,595	1,402,974	1,079,513	547,532	298,859	45,468	**4,204,894**
Market Borrowing	19,655	414,227	205,383	125,436	137,845	1,108,250	315,614	701,059	590,486	118,270	**3,736,226**
Foreign Currency Liabilities	-	-	-	14,794	14,794	131,357	135,531	-		-	**296,476**
Assets											
Advance	170,086	45,856	46,240	141,019	291,821	1,237,280	1,409,463	1,065,563	965,054	3,820,850	**9,193,232**
Investments	687,908	-	-	-	17,285	-	-	-	66,526	35,931	**807,650**
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	**-**

Notes

forming part of the financial statements for the year ended March 31, 2018

38.15 Exposure

Exposure to Real Estate Sector:

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
A) DIRECT EXPOSURE		
i) Residential Mortgages:		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Individual Housing loans upto ₹ 15 Lakh may be shown separately	8,105,815	6,617,734
Individual Housing loans upto ₹ 15 Lakh (Included In above)	2,428,274	2,337,433
ii) Commercial Real Estate:		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	677,304	547,526
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
a) Residential	9,400	10,809
b) Commercial Real Estate	-	-
B) INDIRECT EXPOSURE		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

39 CUSTOMERS COMPLAINTS

(₹ in Lakh)

Particulars	2017 - 18	2016 - 17
a) No. of complaints pending at the beginning of the year	6	2
b) No. of complaints received during the year	1,091	755
c) No. of complaints redressed during the year	1,084	751
d) No. of complaints pending at the end of the year	13	6

40 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: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

Harshil Mehta
Joint Managing Director & Chief Executive Officer
(DIN – 03038428)

Santosh R. Sharma
Chief Financial Officer
(FCA – 112258)

Niti Arya
Company Secretary
(FCS – 5586)

For and on behalf of the Board

G. P. Kohli
(DIN – 00230388)
Director

Dheeraj Wadhawan
(DIN – 00096026)
Director

M. Venugopalan
(DIN – 00255575)
Director

V. K. Chopra
(DIN – 02103940)
Director

Vijaya Sampath
(DIN – 00641110)
Director

Independent Auditors' Report

To the Members of
Dewan Housing Finance Corpoaration 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, 2018, 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 250 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.

AUDITOR'S 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, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 30,030 Lakh as at March 31, 2018, total revenues of ₹ 5 Lakh for the year then ended on that date, two joint ventures whose financial statements include Holding's company proportionate share of assets of ₹ 18,490 Lakh, share of revenue of ₹ 13,055 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 ₹ 1,245 Lakh for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us.

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.

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 property 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, 2018 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, 2018 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 30 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.

For **Chaturvedi & Shah**
Chartered Accountants
(Firm Registration no. 101720W)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: April 30, 2018

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, 2018, 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, 2018, 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 two 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
(Firm Registration no. 101720W)

Jignesh Mehta
Partner
Membership No.: 102749

Mumbai
Date: April 30, 2018

Consolidated Balance Sheet

as at March 31, 2018

(₹ in Lakh)

	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	31,366	31,315
Reserves and Surplus	4	824,618	741,745
Total Shareholders' Funds		**855,984**	**773,060**
Non-Current Liabilities			
Long-Term Borrowings	5	7,048,163	6,699,916
Deferred Tax Liabilities (Net)	6	35,796	30,944
Other Long-Term Liabilities	7	16	30
Long-Term Provisions	8	97,418	71,435
Total Non-Current Liabilities		**7,181,393**	**6,802,325**
Current Liabilities			
Short-Term Borrowings	9	881,396	426,994
Trade Payables	10		
Micro, Small and Medium Enterprises		-	-
Others		5,766	2,262
Other Current Liabilities	11	1,837,502	1,224,276
Short-Term Provisions	8	691	89
Total Current Liabilities		**2,725,355**	**1,653,622**
TOTAL		**10,762,732**	**9,229,007**
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Property, Plant and Equipment		84,347	20,596
Intangible Assets		759	472
Capital Work in Progress		-	54,615
Intangible Assets under Development		12,905	8,762
		98,011	**84,445**
Non-Current Investments	13	207,017	87,838
Long-term Housing and Property Loans	14	8,498,211	6,760,170
Other Long-Term Loans and Advances	15	96,915	104,300
Other Non-Current Assets	20	48,768	19,042
Total Non-Current Assets		**8,948,922**	**7,055,795**
Current Assets			
Current Investments	16	603,376	1,263,111
Trade Receivables	17	4,902	1,243
Cash and Bank Balances	18	246,844	343,009
Short-term portion of Housing and Property Loans	14	695,021	449,448
Other Short-Term Loans and Advances	19	255,309	108,288
Other Current Assets	20	8,358	8,113
Total Current Assets		**1,813,810**	**2,173,212**
TOTAL		**10,762,732**	**9,229,007**

See accompanying notes to the financial statements

As per our report of even date
For Chaturvedi & Shah
Chartered Accountants
ICAI FRN : 101720W

Jignesh Mehta
Partner
ICAI MN : 102749

Place: Mumbai
Date: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

Harshil Mehta
Joint Managing Director & Chief Executive Officer
(DIN – 03038428)

Santosh R. Sharma
Chief Financial Officer
(FCA – 112258)

Niti Arya
Company Secretary
(FCS – 5586)

For and on behalf of the Board

G. P. Kohli
(DIN – 00230388)
Director

Dheeraj Wadhawan
(DIN – 00096026)
Director

M. Venugopalan
(DIN – 00255575)
Director

V. K. Chopra
(DIN – 02103940)
Director

Vijaya Sampath
(DIN – 00641110)
Director

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(₹ in Lakh)

	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
INCOME			
Revenue from Operations	21	1,051,474	890,672
Other Income	22	1,430	574
Premium from Insurance Business		-	57,105
Other Operating Income from Insurance Business		-	13,213
TOTAL REVENUE		**1,052,904**	**961,564**
EXPENSES			
Finance Cost	23	758,700	667,437
Employee Benefit Expenses	24	38,026	39,166
Other Expenses	25	37,485	42,140
Cost of Insurance Business		-	14,589
Change in Policy Reserves		-	30,006
Depreciation & Amortisation	12	2,844	4,346
Provision for Contingencies	8	41,980	21,800
TOTAL EXPENSES		**879,035**	**819,484**
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		**173,869**	**142,080**
Exceptional Items	28	-	185,545
PROFIT BEFORE TAX		**173,869**	**327,625**
Less: Tax Expense			
- Current Tax		53,697	80,136
- MAT Credit		-	(46,072)
- Deferred Tax		4,852	13,926
PROFIT FOR THE YEAR		**115,320**	**279,635**
Net share of profit from Associates		1,245	995
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE COMPANY		**116,565**	**280,630**
Earnings per Equity Share (Face Value ₹ 10/-)	26		
Basic (₹)		37.18	92.78
Diluted (₹)		36.89	92.47

See accompanying notes to the financial statements

As per our report of even date
For Chaturvedi & Shah
Chartered Accountants
ICAI FRN : 101720W

Jignesh Mehta
Partner
ICAI MN : 102749

Place: Mumbai
Date: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

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(DIN – 02103940)
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Vijaya Sampath
(DIN – 00641110)
Director

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		**173,869**		**327,625**
Adjustments for:				
Depreciation and Amortisation	2,844		4,346	
Employees Stock Option Expenses	412		(944)	
Loss on sale of Fixed Assets (Net)	62		21	
Change in Valuation of Liability inrespect of life Policies	-		30,006	
Provision for Contingencies (Net)	25,989		13,117	
Bad debts	15,991		8,749	
Share Premium Utilised	(9,891)		(11,465)	
Exceptional Items (Refer Note 28 (ii))	-		(185,545)	
Operational Treasury Income	(55,102)	(19,694)	(47,266)	(188,981)
Operating Profit before Working Capital changes		**154,175**		**138,644**
Adjustments for:				
Current & Non-Current Assets	(166,265)		(81,049)	
Current & Non-Current Liabilities	282,049		59,834	
Working Capital Changes		115,784		(21,215)
Cash Generated from Operations During the Year		**269,959**		**117,429**
Tax Paid		(46,948)		(85,749)
Housing and Other Property Loans Disbursed (Net)		(3,138,410)		(1,591,000)
Net Cash Flow (used in) Operating Activities (A)		**(2,915,399)**		**(1,559,319)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Net Income from Treasury Investments	54,575		47,266	
Net Addition to Other Investments	552,285		(1,302,775)	
Investment in Subsidiaries	(120)		(10,005)	
Investment in associates	(7,736)		-	
Sale of Investment in Joint Venture	-		200,050	
Class 'B' PTC movement	1,410		(2,737)	
Movement In Bank Fixed Deposits	(78,378)		(14,824)	
Capital Expenditure on Fixed Assets	(15,435)		(12,416)	
Proceeds from Sale of Fixed Assets	(9)		2,419	
Net Cash generated from/ (used in) Investing Activities (B)		**506,592**		**(1,093,022)**

Consolidated Cash Flow Statement

for the year ended March 31, 2018

(₹ in Lakh)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares at Premium	172	37,678
Proceeds from Loans Securitised	1,149,519	553,773
Issue of Perpetual Debt	50,000	47,500
Other Short Term Borrowings	3,142	6,496
Cash Credits (Net)	112,727	(63,446)
Proceeds from Long-Term Borrowings	1,309,927	2,955,944
Repayment of Long-Term Borrowings	(991,321)	(905,409)
Proceeds / (Repayment) from issue of Commercial Paper	305,500	(165,400)
Public / Other Deposits received (Net)	347,446	172,598
Dividend & Dividend Distribution Tax Paid	(22,618)	(10,819)
Net Cash from Financing Activities (C)	**2,264,494**	**2,628,915**
Net Increase / (Decrease) in Cash & Cash Equivalents (A +B+ C)	**(144,313)**	**(23,426)**
Cash & Cash Equivalents at the beginning of the year	278,578	302,005
Cash & Cash Equivalents at the Close of the Year (Refer Note 18)	**134,266**	**278,579**

As per our report of even date
For Chaturvedi & Shah
Chartered Accountants
ICAI FRN : 101720W

Jignesh Mehta
Partner
ICAI MN : 102749

Place: Mumbai
Date: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

Harshil Mehta
Joint Managing Director & Chief Executive Officer
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For and on behalf of the Board
G. P. Kohli
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V. K. Chopra
(DIN – 02103940)
Director

Vijaya Sampath
(DIN – 00641110)
Director

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

1 SIGNIFICANT ACCOUNTING POLICIES:

1.1 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 to the extent applicable.

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 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 is recognised on accrual basis and on non-performing assets on realisation basis as per the guidelines prescribed by the National Housing Bank. The interest income (payment) is adjusted for gain (loss) on corresponding hedge contracts/interest swap derivatives, wherever executed.

b) Dividend income on investments is recognised when the right to receive the same is established. In terms of Housing Finance Companies (NHB) Direction 2010 Dividend Income on units of Mutual Funds held by the Company are recongised on Cash Basis.

c) Processing fees and other loan related charges are recognised when it is reasonable to expect ulitimate collection which is generally at the time of Login/ disbursement of the loan.

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.

f) 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.

g) Amortisation of Discount/Premium

Accretion of discount or amortisation of premium to the face value in respect of debt securities, for funds other than linked funds, is recognised 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 recognised as an expense in the period for which they relate as specified in Accounting Standard on 'Borrowing Costs' (AS 16). Ancillary costs in connection with the borrowings

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

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 certain part of premium/discount on issue of debentures (net of tax) are adjusted against the Securities premium account as permissible under the Companies Act, 2013.

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 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 expense.

1.5 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.

1.6 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.

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 investments 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.

1.7 Property, Plant & Equipment:

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impaired losses, if any. All directly attributable costs including borrowing cost, net of CENVAT/GST credit, till the asset is put to use is shown as capital work in progress and is capitalised thereafter.

Depreciation on PPE 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.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

1.8 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. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

1.9 Impairment of Assets:

Impairment losses (if any) on Assets are recognised in accordance with the Accounting Standard on 'Impairment of Assets' (AS 28). 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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 unamortised 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.

1.14 Employees' 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 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

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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.

1.15 Earnings per share:

The Basic earning per share and Diluted earning per share have been computed in accordance with Accounting Standard on 'Earnings Per Share' (AS 20) 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.

1.16 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.

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.

1.17 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

1.18 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 there of are unsecured in terms of the particular scheme.

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1.19 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.

1.20 Cash Flow Statement:

Cash flows are reported using the indirect method set out in Accounting Standard on 'Cash Flow Statement' (AS 3). 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.

1.21 Assets repossessed under SARFAESI Act:

Assets repossessed 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, 2018 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:

(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, 2018.

(v) The difference between the cost of the investment in the Subsidiary and Joint Venture and comapny share of net assets at the time of acquisition of shares in the subsidiary and Joint Venture is recognised in the financial satatement as goodwill or capital reserve as the case may be.

The list of Subsidiary company, Joint Venture and Associates incorporated in India, 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
Subsidiary		
DHFL Advisory & Investments Pvt. Ltd.	100.00%	100.00%
DHFL Investments Ltd. (Refer Note no 2.2)	100.00%	100.00%
Joint Ventures		
DHFL Pramerica Life Insurance Co Ltd. (Refer Note no 2.2)	-	50.00%
DHFL Pramerica Asset Managers Pvt. Ltd.	50.00%	50.00%
DHFL Pramerica Trustees Pvt. Ltd.	50.00%	50.00%
Associates		
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)(Refer Note no 2.1 and 13.2)	9.15%	9.47%
DHFL Venture Trustee Company Pvt Ltd. (Refer Note no 2.2)	45.00%	45.00%
Aadhar Housing Finance Ltd. (Erstwhile) (Refer Note no 2.1 and 13.2)	-	12.37%
Avanse Financial Services Ltd.	31.49%	36.78%

2.1 Associates of DHFL on the basis of significant influence in decision making

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2.2 During the previous year, Company had incorporated wholly owned Subsidiary DHFL Investments Limited ("DIL"). As at March 31, 2018, Company has an investment of ₹ 10,125 Lakh in equity shares of DIL representing 100% of the equity capital. DIL has also 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 on 'Consolidated Financial Statements' (AS 21), 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 aslo holds 50% in Joint Venture DHFL Pramerica Life Insurance Co. Ltd. and 45% in DHFL Venture Trustee Company Pvt Ltd. As DIL is not consolidated for reason stated above, its Joint venture & Associate is also not consolidated.

3 SHARE CAPITAL

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
57,80,00,000 (57,80,00,000) equity shares of ₹10/- each	57,800	57,800
25,00,000 (25,00,000) Non convertible Redeemable Cumulative preference shares of ₹1000/- each	25,000	25,000
	82,800	**82,800**
Issued, Subscribed and Paid up		
31,36,58,847 (31,31,52,205) equity shares of ₹10/- each fully paid	31,366	31,315
	31,366	**31,315**

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 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	2017-18		2016-17	
	No. of shares	Amount (Lakh)	No. of shares	Amount (Lakh)
Equity Shares at the beginning	313,152,205	31,315	291,797,988	29,180
Add: Shares issued during the year	-	-	21,230,070	2,123
Add: Shares issued under ESOS/ESAR	506,642	51	124,147	12
Equity Shares at the end	**313,658,847**	**31,366**	**313,152,205**	**31,315**

3.3 Details of Shareholders holding more than five percent equity shares in the Company are as under:

Particulars	2017-18		2016-17	
	No. of shares	% holding	No. of shares	% holding
M/s. Wadhawan Global Capital Limited	117,049,714	37.32	117,049,714	37.38

3.4 Shares issued for consideration other than cash:

a. Company has 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.

b. As per the Scheme of Amalgamation, the Company has allotted 1,08,86,375 no. of Equity Shares as fully paid up for consideration other than cash in financial year 2012-13

3.5 Employee Stock Option Plans:

a. Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity share 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.

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Consequent to issue of Bonus Shares by the Company in earlier years, 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. The ESOS 2009 Plan II lapsed on November 25, 2015 and the ESOS 2009 Plan III was completed on June 30, 2017 upon allotment of the balance equity shares under the said plan.

Consequent to issue of Bonus Shares by the Company in earlier years, the adjusted exercise price is ₹ 70.50 per Equity Share and the total number of options also increased in the same ratio.

c. Pursuant to the resolution passed by the Board of Directors of the Company, at its meeting held on January 16, 2015 and the special resolution passed by the Members of the Company on February 23, 2015 through Postal Ballot, the DHFL Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR Plan 2015"/"the Plan") was approved in accordance with the provisions of SEBI (SBEB) Regulations, exercisable into not more than 51,46,023 fully paid-up equity shares in aggregate, having face value of ₹ 10/- each. Consequent to the bonus shares issued by the Company to its Members in the ratio 1:1 during the financial year 2015-16, the total number of Employee Stock Appreciation Rights (SARs) also increased in the same ratio i.e. exercisable into not more than 1,02,92,046 fully paid up equity shares. During the financial year, the Members of the Company, approved amendment to the DHFL ESAR Plan 2015, inter-alia, for increasing the number of equity shares that can be allotted thereunder to 2,67,82,046 equity shares. ESARs granted are as under:

Particulars	Approval Date	No. of ESARs	SAR Price (₹)
Grant I	March 21, 2015	1,550,100	380.00 (₹ 190/- per SAR Post Bonus issue)
Grant II	November 17, 2016	2,081,545	230.80
Grant III	July 13, 2017	3,247,100	434.90
Grant IV	July 13, 2017	550,000	300.08
Grant V	October 16, 2017	150,800	434.90
Grant VI	January 22, 2018	71,900	434.02
Grant VII	March 22, 2018	11,735,600	520.20

d. Movement in options:

Particulars	ESOS-2008	ESOS-2009	ESAR 2015 Grant I to VII
Number of options/ESARs outstanding at the beginning of the year	32,380	200,000	3,969,552
Number of options/ESARs granted during the year	-	-	15,755,400
Number of options/ESARs forfeited/lapsed during the year	2,000	-	1,167,224
Number of options/ESARs Vested during the year	-	-	491,004
Number of options/ESARs Exercised during the year	-	200,000	525,400
Number of shares arising as a result of exercise of options	-	200,000	306,642
Money realised by exercise of options (in ₹)	-	14,100,000	3,066,420
Number of options outstanding at the end of the year	30,380	-	18,032,328
Number of options exercisable at the end of the year	30,380	-	583,304
Weighted Average exercise price & Option price (in ₹):			
Pre Bonus	53.65		380.00
Post Bonus	26.83		190.00 - 520.20

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e 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	7.05%
2.	Expected Life	4.13
3.	Expected Volatility	40.91%
4.	Dividend Yield	36.60%
5.	Price of the underlying share in market at the time of the option grant (₹)	502.46

f. Other Details:

1) Weighted Average Market Price on the date of Exercise is ₹ 486.48

2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2018

Particulars	Remaining Contractual life for unvested SARs outstanding at the end of the year	Remaining Contractual life for SARs exercisable at the end of the year
Grant – I	3.68	2.56
Grant – II	4.74	2.64
Grant – III	4.89	-
Grant – IV	4.89	-
Grant – V	5.15	-
Grant – VI	5.42	-
Grant – VII	5.48	-

g. 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, and ESAR-2015 (Grant I to VII) 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:

(₹ in Lakh)

Particulars	2017-18	2016-17
Net Profit (as reported)	116,565	280,630
Less: Stock-based compensation expenses determined under fair value based method, net of tax: [Gross ₹ 2,692 Lakh (₹ 1,335 Lakh)] (pro-forma)	1,760	873
Net Profit considered for computing EPS (pro-forma)	**114,805**	**279,757**

(In ₹)

Particulars	2017-18	2016-17
Basic Earnings per Share (as reported)	37.18	92.78
Basic Earnings per Share (Pro-forma)	36.62	92.49
Diluted Earnings per Share (as reported)	36.89	92.47
Diluted Earnings per Share (Pro-forma)	36.32	91.18

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4 RESERVES & SURPLUS

(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
CAPITAL RESERVE				
Balance as per last Balance Sheet	2,451		7,561	
Less: Utilised during the year (Refer Note 28 (i))	2,451	-	5,110	2,451
SECURITIES PREMIUM				
Balance as per last Balance Sheet	219,909		183,331	
Add: Addition during the year	463		48,043	
	220,372		231,374	
Less: Utilised during the year [net of tax of ₹ 5,235 lakh (₹ 6,068 lakh)] (Refer Note 4.2)	9,891	210,481	11,465	219,909
EMPLOYEES SHARE OPTIONS OUTSTANDING				
Balance as per last Balance Sheet	738		1,516	
Add: Addition during the year	412		-	
Less: Transfered to Statement of Profit and Loss	-		612	
Less: Transfered to Securities Premium Account	342	808	166	738
GENERAL RESERVE				
Balance as per last Balance Sheet	116,522		104,845	
Add: Transfered from Surplus in Statement of Profit and Loss	20,000		20,000	
Less: Utilised during the year (Refer Note 28)	2,826			
Less: Utilisation on Deferred Tax Liability on Special Reserve (Refer Note 4.4)	-	133,696	8,323	116,522
STATUTORY RESERVE (SPECIAL RESERVE)				
[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	156,399		98,399	
Add: Transferred from Surplus in Statement of Profit and Loss	27,500	183,899	58,000	156,399
DEBENTURE REDEMPTION RESERVE				
Balance as per last Balance Sheet	117,000		-	
Add: Transferred from Surplus in Statement of Profit and Loss (Refer Note 5.7)	-	117,000	117,000	117,000
Capital Reserve on Consolidation		346		346
SURPLUS IN STATEMENT OF PROFIT AND LOSS:				
As per last Balance Sheet	128,380		73,191	
Add: Net Gain on dilution of Associates	3,588		345	
Add: Profit for the year	116,565		280,630	
	248,533		354,165	
Less: Appropriations:				
General Reserve	20,000		20,000	
Statutory Reserve	27,500		58,000	

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(₹ in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
Debenture Redemption Reserve	-		117,000	
Interim Equity Dividend (FY 2017-18)	9,408		3,130	
Final Equity Dividend (FY 2016-17)	9,407		-	
Adjustment pursuant to capital reduction scheme in Joint Venture	-		27,018	
Dividend Distribution Tax	3,830		637	
	70,145		225,785	
Surplus closing balance		178,388		128,380
TOTAL RESERVES & SURPLUS		**824,618**		**741,745**

4.1 During the year, the Company has paid interim dividend on Equity Shares @ ₹ 3.00 (₹ 1.00) per share. The Board of Directors of the Company has recommended final dividend of ₹ 2.50 per share for the financial year 2017-18 which is subject to approval of the members at the ensuing Annual General Meeting of the Company.

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 ₹ 9,891 Lakh (₹ 11,465 Lakh) net of tax of ₹ 5,235 Lakh (₹ 6,068 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: April 7, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017:

(₹ in Lakh)

Particulars	2017-18	2016-17
BALANCE AT THE BEGINNING OF THE YEAR		
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
c) Total	**156,399**	**98,399**
ADDITION DURING THE YEAR		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	400	47,000
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	27,100	11,000
c) Total	**27,500**	**58,000**
BALANCE AT THE END OF THE YEAR		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	65,324	64,924
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	118,575	91,475
c) Total	**183,899**	**156,399**

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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 Sec 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 ₹ Nil Lakh (₹ 8,323 Lakh) as contingent deferred tax liability. Deferred Tax Liability on current year Special Reserve has been charged to Statement of Profit & Loss amounting to ₹ 9,785 Lakh (₹ 3,946 Lakh).

5 LONG TERM BORROWINGS

(₹ in Lakh)

Particulars	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Non-Convertible Debentures	2,595,710	2,731,873	286,266	151,078
Term Loan from Banks	3,120,530	2,779,247	575,803	515,096
Loan from Others				
National Housing Bank	253,816	295,575	31,004	33,275
External Commercial Borrowings	266,888	296,481	29,588	20,874
Total Secured long-term borrowings	**6,236,944**	**6,103,176**	**922,661**	**720,323**
Unsecured				
Non-Convertible Debentures (Perpetual)	116,070	66,070	-	-
Non-Convertible Debentures (Subordinated issue)	121,900	133,180	11,280	17,500
Optionally Convertible Redeemable Debentures ("OCDs)"	22,500	22,500	-	-
Premium payable on Optionally Convertible Debentures	4,232	2,025	-	-
Deposit				
Fixed Deposit (including Cummulative)	530,622	360,821	389,343	269,963
Other Deposits	1,445	1,365	1,117	1,081
Other Borrowings	14,450	10,779	34,129	15,326
Total Unsecured long-term borrowings	**811,219**	**596,740**	**435,869**	**303,870**
TOTAL LONG TERM BORROWINGS	**7,048,163**	**6,699,916**	**1,358,530**	**1,024,193**
Current Portion of above liability is disclosed under the head "Other Current Liabilities" (Refer Note 11)	-	-	(1,358,530)	(1,024,193)
Net Amount	**7,048,163**	**6,699,916**	**-**	**-**

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5.1 Non Convertible Debentures (NCD) (current and non-current portion) amounting to ₹ 2,881,976 Lakh (₹ 2,882,951 Lakh) are secured by way of first charge read with Note 5.2 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 ₹ 247,206 Lakh (₹ 290,565 Lakh), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till March 31, 2018 amounting to ₹ 83,716 Lakh (₹ 73,275 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 Loans and redemption of Bonds & Debentures

(₹ in Lakh)

Particulars	> 5 Years	3-5 Years	1-3 Years	Grand Total
Secured				
Bank				
Linked with Base Rate of respective banks	746,758	1,032,357	1,341,415	3,120,530
	(720,078)	(940,756)	(1,118,413)	(2,779,247)
Loan from ECBs				
8.41 -11.00	-	135,531	131,357	266,888
	(5,189)	(232,117)	(59,175)	(296,481)
Loan from National Housing Bank (NHB)				
6.12 - 9.00	145,101	47,069	60,340	252,510
	(165,668)	(48,111)	(70,158)	(283,937)
9.01 - 11.00	-	86	1,220	1,306
	(2,968)	(3,274)	(5,396)	(11,638)
N H B Total	**145,101**	**47,155**	**61,559**	**253,816**
	(168,636)	**(51,385)**	**(75,554)**	**(295,575)**
Non-Convertible Debenture				
5.00 - 7.00	35,157			35,157
	(32,909)	-	-	(32,909)
7.25 - 11.55	1,209,059	287,844	1,063,650	2,560,553
	(1,243,349)	(530,554)	(925,061)	(2,698,964)
NCD Total	**1,244,216**	**287,844**	**1,063,650**	**2,595,710**
	(1,276,258)	**(530,554)**	**(925,061)**	**(2,731,873)**
Optionally Convertible Debenture	-	-	26,732	26,732
	-	(24,525)	-	(24,525)
Unsecured				
Perpetual Debt				
9.85 - 12.75	116,070	-	-	116,070
	(66,070)	-	-	(66,070)
Sub - Debt				
9.40 - 11.35	49,530	27,770	44,600	121,900
	(69,800)	(45,000)	(18,380)	(133,180)

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5.2 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 5.4 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 Pvt Limited (promoter entity).

5.3 During the year Company availed ECB of USD 125 million under the ECB Refinance facility from following parties. The ECB was raised under the RBI Refinance Guidelines for Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI) under the approval route. The principal amount has been hedged by way of currency swaps to protect the foreign currency risk and converted into rupee liability of ₹ 78,425 Lakh in compliance of statutory requirement.

In the previous year, Company had availed total ECB of total USD 150 million under two ECB facilities, both for a period of 5 years, respectively. 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 145 million into fixed rate rupee liability.

As on March 31, 2018 the Company has an outstanding foreign currency borrowing of USD 459 million (USD 493 million) equivalent to ₹ 296,476 Lakh (₹ 317,355 Lakh).

5.4 The National Housing Bank directives require all HFCs 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.

5.5 Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to ₹ 1,33,180 Lakh (₹ 1,50,680 Lakh), outstanding as at March 31, 2018, 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. 5.1

5.6 Fixed Deposits, Other Deposits and other borrowings, 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.

5.7 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 as at year end March 31, 2018 to the tune of ₹ 117,000 Lakh against its public issue of Secured Redeemable Non-Convertible Debentures.

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5.8 OCD are issued by wholly owned subsidiary for a tenure of 5 years beginning from April 2016 to April 2021. As per the terms, the debenture holder shall at any time during the tenure 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% p.a.

6 DEFERRED TAX LIABILITY/(ASSET)

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
A. Deferred Tax Asset			
On account of provision for contingency & employee benefits		(33,910)	(24,448)
Deferred Tax Liability			
On difference between book balance and tax balance of other assets		28,306	23,777
	(A)	**(5,604)**	**(671)**
B. Deferred Tax Liability on Special Reserve		41,400	31,615
	(B)	**41,400**	**31,615**
NET DEFERRED TAX LIABILITY	**(A+B)**	**35,796**	**30,944**

7 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Others	16	30
Total Other Long-Term Liabilities	**16**	**30**

8 PROVISIONS

(₹ in Lakh)

Particulars		Long-Term Provision		Short Term Provision	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Provision for Contigencies					
Against Standard Assets:					
As per last Balance sheet		42,825	34,730		
Add: Provision during the year		14,289	8,095		
Net provision on standard loan portfolio	**(A)**	**57,114**	**42,825**	**-**	**-**
Against NPA:					
As per last Balance sheet		25,902	21,205		
Add: Provision during the year		27,151	13,446		
Less: Utilised during the year		15,991	8,749		
Net provision on NPA loan portfolio	**(B)**	**37,062**	**25,902**	**-**	**-**

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(₹ in Lakh)

Particulars		Long-Term Provision		Short Term Provision	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Against Investment:					
As per last Balance sheet		-	66		
Add: (Withdrawal) during the year		-	(66)		
Provision on Investment	**(C)**	**-**	**-**		
Against ICDs:					
As per last Balance sheet		1,459	1,447		
Provision during the year		584	12		
Provision on ICDs	**(D)**	**2,043**	**1,459**		
Against Other Assets:					
As per last Balance sheet		1,233	920		
Add: (Withdrawal)/Provision during the year		(44)	313		
Provision on Other Assets	**(E)**	**1,189**	**1,233**		
Total Provision for Contigencies (A+B+C+D+E)		**97,408**	**71,419**	**-**	**-**
Provision for employee benefits		4	-	691	88
Other Provisions		6	15	-	1
TOTAL PROVISIONS		**97,418**	**71,435**	**691**	**89**

8.1 The Company has written off ₹ 15,991 Lakh (₹ 8,749 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 Companies. The Company has withdrawn ₹ 15,991 Lakh (₹ 8,749 Lakh) from contingency provisions created out of profits of earlier years.

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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:

(₹ in Lakh)

Particulars		As at March 31, 2018		As at March 31, 2017	
		Portfolio	Provisions	Portfolio	Provisions
Standard Assets					
Housing Loans		6,634,555	31,593	5,634,177	26,889
Other Property Loans		2,470,583	24,521	1,507,596	15,093
	(A)	**9,105,138**	**56,114**	**7,141,773**	**41,982**
Sub Standard Assets					
Housing Loans		21,084	3,163	5,624	844
Other Property Loans		8,981	1,347	2,644	397
	(B)	**30,065**	**4,510**	**8,268**	**1,241**
Doubtful Assets					
Housing Loans		38,669	20,420	27,150	12,398
Other Property Loans		19,360	11,700	32,427	12,263
	(C)	**58,029**	**32,119**	**59,577**	**24,661**
Additional provision on Loan Assets		-	1,433	-	843
Provisions on ICDs		-	2,043	-	1,459
Provisions on Other Assets		-	1,189	-	1,233
Total	**(A+B+C)**	**9,193,232**	**97,408**	**7,209,618**	**71,419**
SUMMARY:					
Housing Loans		6,694,308	55,175	5,666,951	40,131
Other Property Loans		2,498,924	37,568	1,542,667	27,753
Additional provision on Loan Assets		-	1,433	-	843
Provisions on ICDs		-	2,043	-	1,459
Provisions on Other Assets		-	1,189	-	1,233
TOTAL		**9,193,232**	**97,408**	**7,209,618**	**71,419**

8.3 Provision for Contingencies

The 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. The Company has maintained additional provision amounting to ₹ 1,433 Lakh (₹ 843 Lakh) as at year end.

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9 SHORT TERM BORROWINGS

(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
Secured			
Loans repayable on demand			
From Banks		223,741	111,014
Secured short term borrowings	**(A)**	**223,741**	**111,014**
Unsecured			
Deposits			
Fixed Deposits (Refer Note 5.6)		42,416	8,988
Other Deposits (Refer Note 5.6)		448	868
Other Short Term Loans and Advances			
Commercial Papers		605,000	299,500
Others		9,791	6,624
Unsecured short term borrowings	**(B)**	**657,655**	**315,980**
TOTAL SHORT TERM BORROWINGS	**(A+B)**	**881,396**	**426,994**

9.1 Loans repayable on demand and other short term loans 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 5.2. 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.

11 OTHER CURRENT LIABILITIES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowing (Refer Note 5)	1,358,530	1,024,193
Interest accrued but not due on borrowings	152,923	136,734
Unclaimed Dividends (Refer Note 11.1)	169	142
Unclaimed matured deposits and interest accrued thereon (Refer Note 11.1)	10,341	7,674
OTHER PAYABLES		
Advance from customers	13,196	8,228
Temporary Overdrawn Balances as per books	217,184	-
Creditors for Capital Expenditure	1,725	1,262
Amount payable under securitisation/joint syndication transaction	60,855	35,644
Statutory Dues	4,059	2,736
Other current liabilities	18,519	7,664
TOTAL OTHER CURRENT LIABILITIES	**1,837,502**	**1,224,276**

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11.1 As required under Section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividend of the year 2009-10 ₹ 7 Lakh (₹ 6 Lakh) and towards unclaimed Deposits and interest accrued thereon ₹ 17 Lakh (₹ 12 Lakh) to Investor Education & Protection Fund (IEPF) during the year. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end in respect of Unclaimed Matured Deposits and Unpaid Dividends.

12 FIXED ASSETS

Consolidated Fixed Assets as at March 31, 2018

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13 NON CURRENT INVESTMENTS (AT COST)

(₹ in Lakh)

	As at March 31, 2018		As at March 31, 2017	
Equity Investments				
Investment in Subsidary Company (Refer Note 2.2)		10,125		10,005
Investment in Associates:				
Equity Investments in Associates	22,160		9,664	
Add: Goodwill on acquisition of Associates	10	22,170	10	9,674
Investment in unquoted equity instruments		2		1
Investment in Non-Cumulative, Non-Convertible and Redeemable Preference Shares (Quoted)		11,961		-
Investment in Optionally Convertible Preference Share (Unquoted)		1,271		1,271
Investment in Compulsorily Convertible Preference Share (Unquoted)		2,156		-
Investment in Venture Capital Fund (Unquoted)		1,895		1,948
Investment in Pass Through Certificates Class B (Unquoted)		8,776		10,221
Investment in Security Receipt (Unquoted)		66,628		-
Investment in Governement Securities (SLR) - (Quoted)		66,526		42,530
Investment in Governement Securities (Non - SLR) - (Quoted)		12,341		10,712
Investments in Mutual Funds (Quoted)		2,606		890
Investments in Mutual Funds (Unquoted)		561		586
Total Non-Current Investments		**207,017**		**87,838**
Aggregate amount of Quoted investments		93,433		54,132
Market value of Quoted investments		98,755		55,130
Aggregate amount of Unquoted investments		113,584		33,706

13.1 Investment in Government and other SLR Securities aggregating to ₹ 66,526 Lakh (₹ 42,530 Lakh) carry a floating charge created in favor of depositors in the Fixed Deposit schemes of the Company (read with Note 5.4 above).

13.2 In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Company has received 12,52,101 equity shares of DHFL VYsya Housing Finance Limited on merger in lieu of the shares held in erstwhile Aadhar Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

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14 HOUSING AND PROPERTY LOANS

(₹ in Lakh)

Particular	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured, considered good unless stated otherwise				
Housing Loans				
Standard loans	7,762,507	6,252,066	489,465	376,365
Sub-Standard loans	23,037	6,768	-	-
Doubtful loans	40,115	27,890	-	-
	7,825,659	**6,286,724**	**489,465**	**376,365**
Less: Securitised Housing Loans	1,526,338	940,836	94,478	55,302
Total Housing Loans (A)	**6,299,321**	**5,345,888**	**394,987**	**321,063**
Other Property Loans				
Standard loans	2,441,051	1,520,766	322,721	136,482
Sub-Standard loans	9,745	2,854	-	-
Doubtful loans	19,942	32,801	-	-
	2,470,738	**1,556,421**	**322,721**	**136,482**
Less: Other Property Securitised Loans	271,848	142,139	22,687	8,097
Total Other Property Loans (B)	**2,198,890**	**1,414,282**	**300,034**	**128,385**
Total Loan book (A+B)	**8,498,211**	**6,760,170**	**695,021**	**449,448**
Summary:				
Housing Loans	7,825,659	6,286,724	489,465	376,365
Other Property Loans	2,470,738	1,556,421	322,721	136,482
Total Housing & Property Loans under Company's management	**10,296,397**	**7,843,145**	**812,186**	**512,847**
Less: Securitised and Syndicated portion	1,798,186	1,082,975	117,165	63,399
TOTAL HOUSING AND PROPERTY LOANS	**8,498,211**	**6,760,170**	**695,021**	**449,448**

14.1 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 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 ₹ 12,490 Lakh (₹ 9,265 Lakh).

14.2 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.

14.3 Composite Loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before March 31, 2015, in which construction has not started till March 31, 2018, 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, 2018 aggregating to ₹ 35,356 Lakh (₹ 19,111 Lakh).

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forming part of the Consolidated financial statements for the year ended March 31, 2018

14.4 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loan. The insurance portion amounting to ₹ 160,334 Lakh (₹ 136,668 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.

14.5 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.

14.6 The Company has repossessed 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 (₹ 7,890 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.

14.7 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 ₹ 1,915,351 Lakh (₹ 1,146,374 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. The Company has purchased home loan pools in two tranches for a cumulative amount of ₹ Nil (₹ 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).

14.8 Housing and other property loans (current and non-current) include ₹ 289 Lakh (₹ 315 Lakh) given to the key managerial persons of the Company under the normal course of business.

15 OTHER LONG TERM LOANS AND ADVANCES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured and considered good		
Loans and advances to employees (Refer Note 15.1)	3	4
Other loans and advances	13	13
Unsecured, considered good unless stated otherwise		
Capital advances	593	1,158
Security deposits	1,715	1,559
Loans and advances to employees	890	20
Advances recoverable in cash or in kind	45,351	46,444
MAT Credit Entitlement	38,016	46,072
Advance Income Tax (Net of Provisions)	10,334	9,030
TOTAL OTHER LONG TERM LOANS AND ADVANCES	**96,915**	**104,300**

15.1 Loans to employees are secured by the hypothecation of respective assets against which these loans have been granted

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16 CURRENT INVESTMENTS

(at lower of cost and fair value unless stated otherwise)

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Investments		
Investment in equity instruments- (Quoted)	3	3
Other Investments		
Investment in Mutual Funds/Venture Capital Fund - (Unquoted) (At Net Asset Value)	410,090	273,261
Investment in Debenture (Quoted)	192,659	200,991
Investment in Certificate of Deposit (Unquoted)	-	788,268
Investment in Pass Through Certificates -Class B (Unquoted)	624	588
Investment Related to Policy Holders	-	1
TOTAL CURRENT INVESTMENTS	**603,376**	**1,263,111**
Aggregate amount of Quoted Investments	192,662	200,994
Market Value of Quoted Investments	207,420	201,069
Aggregate amount of Unquoted Investments	410,714	1,062,117

17 TRADE RECEIVABLES

Unsecured and considered good, otherwise stated

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured and considered good, otherwise stated		
Receivables due for more than six months from due date (Considered doubtful ₹ 95 Lakh (₹ 95 Lakh)) (Refer Note 8 for Provision)	95	95
Others	4,807	1,148
TOTAL TRADE RECEIVABLES	**4,902**	**1,243**

18 CASH AND BANK BALANCES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and Cash Equivalents		
Balances with Banks		
in Current Accounts	133,640	90,605
in Deposits accounts with original maturity of less than 3 months	-	187,500
Cheques/Drafts in hand	23	-
Cash on hand	603	474
Total Cash and Cash Equivalents (A)	**134,266**	**278,579**
Other Bank Balances		
Other Deposits accounts having balance maturity of less than 12 months	112,409	64,288

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(₹ in Lakh)

Particulars		As at March 31, 2018	As at March 31, 2017
Deposits having balance maturity of more than 12 months (Refer Note 20)		48,530	18,300
Balances in unpaid dividend bank accounts		169	142
Total Other Bank Balances	**(B)**	**161,108**	**82,730**
Total Cash and Bank Balances	**(C) = (A + B)**	**295,374**	**361,309**
Less: Amounts disclosed under non-current assets (Refer Note 20)	**(D)**	48,530	18,300
Total Net Cash and Bank Balances	**(E) = (C - D)**	**246,844**	**343,009**
SUMMARY:			
Total Cash and Cash Equivalents		134,266	278,579
Other Bank Balances		161,108	82,730
Amounts disclosed under non-current assets		(48,530)	(18,300)
Total Net Cash and Bank Balances		**246,844**	**343,009**

18.1 Current portion of balances with Banks in Deposit Accounts includes deposits under lien aggregating to ₹ 54,068 Lakh (₹ 24,784 Lakh) being earmarked for SLR requirements of NHB. ₹ 682 Lakh (₹ 1,220 Lakh) being margin money for bank guarantees, ₹ 28,572 Lakh (₹ 34,162 Lakh) being securitisation comforts provided to various trustees/buyers, ₹ Nil (₹ 1,350 Lakh) towards sinking fund requirement of debentures provided to trustee(s) of debentures and ₹ 3,020 Lakh (₹ 1,850 Lakh) under lien against Interest Rate Swaps, Margin Money towards CSGL account ₹ 5,500 Lakh (₹ Nil).

19 SHORT TERM LOANS & ADVANCES

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
SECURED AND CONSIDERED GOOD		
Current maturities of loan against fixed deposits	1,912	1,002
EMI/PEMI/other receivable (Including Interest) (Ref Note 19.1)	144,316	37,910
UNSECURED, CONSIDERED GOOD		
Current maturities of security deposits	-	600
Loans and advances/Recoverable - related parties (Refer Note 32)	1,954	2,288
Inter Corporate Deposits (Considered doubtful ₹1,447 Lakh (₹ 1,447 Lakh)) (Refer Note 8)	61,067	2,647
Advances recoverable in cash or in kind (Considered doubtful ₹ 363 Lakh (₹ 363 Lakh)) (Refer Note 8)	46,060	63,842
TOTAL SHORT TERM LOANS AND ADVANCES	**255,309**	**108,288**

19.1 EMI/PEMI Receivable represents dues from borrowers against the loan receivable for less than or equal to three months. For better presentation, from current year, such receivables are classified under short term loans and advances, which until previous year were classified under Trade Receivable.

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20 OTHER NON CURRENT & CURRENT ASSETS

(₹ in Lakh)

Particular	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Non current portion of balances with banks in deposit accounts (Refer Note 18 & 20.1)	48,530	18,300	-	-
Interest accrued but not due	238	742	8,357	8,113
	48,768	**19,042**	**8,357**	**8,113**

20.1 Non current portion of balances with Banks in Deposit Accounts includes ₹ 9,680 Lakh (₹ 18,300 Lakh) being earmarked for SLR requirements of NHB and ₹ 1,350 Lakh (₹ Nil) towards sinking fund requirement of debenture provided to Trustee of debentures.

21 REVENUE FROM OPERATIONS

(₹ in Lakh)

Particulars	2017-18	2016-17
Interest on Housing and Property Loans	904,532	792,247
Interest on Bank Deposits	7,656	7,764
Interest on Long-Term Investments	4,414	4,126
Other Interest*	29,255	11,887
Revenue from Other Services (Refer Note 21.1)	37,787	20,912
Operational Treasury Income (Refer Note 21.2)	55,028	47,266
Management and Advisory	6,138	5,319
Insurance Commission (Refer Note 21.3)	6,664	1,152
Total Revenue from Operations	**1,051,474**	**890,672**

* Includes Interest on short term CDs, ICDs and CPs

21.1 Revenue from Other Services includes

(₹ in Lakh)

Particulars	2017-18	2016-17
Loan related Services	30,751	16,922
Advisory Services	7,036	3,990
Total Revenue from Other Services	**37,787**	**20,912**

Revenue from other services is net of the amount paid/payable towards business sourcing and related expenses ₹ 31,660 Lakh (₹ 14,762 Lakh)

21.2 Operational Treasury Income includes:

(₹ in Lakh)

Particulars	2017-18	2016-17
Net Income from mutual fund	38,693	42,855
Profit on sale of investments	2,503	2,104
Dividend Income	13,658	2,307
Others	174	-
Total Operational Treasury Income	**55,028**	**47,266**

Notes

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21.3 Insurance Commission income includes amount received from:

(₹ in Lakh)

Particulars	2017-18	2016-17
DHFL Pramerica Life Insurance Co. Ltd.	3,119	710
Cholamandalam MS General Insurance Company Ltd.	1,635	442
DHFL General Insurance Co. Ltd.	1,910	-
	6,664	**1,152**

Insurance Commission has been received in capacity of Corporate Insurance Agent

22 OTHER INCOME

(₹ in Lakh)

Particulars	2017-18	2016-17
Rent Income	1,050	405
Liabilties no longer required written back	-	11
Miscellanous Income	380	158
Total Other Income	**1,430**	**574**

23 FINANCE COST

(₹ in Lakh)

Particulars	2017-18		2016-17	
Interest expenses		724,110		636,018
Security Issue Expenses / Premium on Redemption of Debentures	34,238		37,290	
Less: Securities premium utilised (Refer Note 4.2)	(15,126)	19,112	(17,532)	19,758
Other Borrowing Costs		15,478		11,661
Total Finance Cost		**758,700**		**667,437**

24 EMPLOYEE BENEFIT EXPENSES

(₹ in Lakh)

Particulars	2017-18	2016-17
Salaries and Bonus	34,876	36,365
Contribution to Provident Fund & Other Funds	2,100	2,010
Staff Welfare Expenses	1,050	791
Total Employee Benefit Expenses	**38,026**	**39,166**

Notes

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25 OTHER EXPENSES

(₹ in Lakh)

Particulars	2017-18		2016-17	
Rent, Rates & Taxes		5,794		5,103
Training & Conference Expenses		298		1,441
Travelling & Conveyance		4,097		4,243
Printing & Stationery		719		573
Advertisement and Business Promotion Expenses		8,510		14,793
Brokerage and Scheme related expenses		2,104		648
Insurance		599		607
Legal & Professional Charges		4,011		4,264
Communication Expenses		1,633		1,901
General Repairs & Maintenance		2,664		2,944
Electricity		927		886
Directors Sitting Fees		108		135
Loss on Sale of Fixed Assets (net)		62		21
CSR Expenses (Refer Note 25.1)		2,381		932
Office Maintenance		1,431		883
Recovery Expenses		942		934
Auditors' Remuneration (Refer Note 31)		344		324
Bad Debts	15,991		8,749	
Less provision for Non Performing Assets utilised	15,991	-	8,749	-
Miscellaneous Expenses		860		1,476
Preliminary Expenses		-		33
Total Other Expenses		**37,485**		**42,140**

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 ₹ 2,381 Lakh (₹ 932 Lakh) out of required sum of ₹ 2,298 Lakh (₹ 1,864 Lakh).

Details of amount spent towards CSR given below:

(₹ in Lakh)

Particulars	2017-18	2016-17
Art & Culture	15	13
Early Childhood Care and Education	935	171
Education	322	293
Environment	2	18
Financial Literacy	141	40
Health & Medicine	26	29
Rural Development	237	111
Skill Development	551	176
Sports	58	-
Others	96	81
Grand Total	**2,381**	**932**

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

26 EARNING PER SHARE

Particulars	2017-18	2016-17
Net Profit attributable to equity shareholders for basic and diluted EPS (₹ in Lakh)	116,565	280,630
Nominal value of Equity Shares (₹)	10	10
Earning Per Share (₹):		
Basic	37.18	92.78
Diluted	36.89	92.47

26.1 The reconciliation between the Basic and the Diluted Earning per Share is as follows:

For Amount

(in ₹)

Particulars	2017-18	2016-17
Basic Earning per share	37.18	92.78
Effect of outstanding Stock Options	(0.29)	(0.31)
Diluted Earning per share	36.89	92.47

For number of share

Particulars	2017-18	2016-17
Weighted average number of shares for Basic Earning per share	313,529,855	302,483,110
Dilutive effect of outstanding Stock Options	2,534,811	1,006,913
Weighted average number of shares for Diluted Earning per share	316,064,666	303,490,023

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 ₹ 5,226 Lakh (₹ 4,619 Lakh).

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

(₹ in Lakh)

Particulars	2017-18	2016-17
Within one year	358	567
Later than one year but not later than five years	219	766
Later than five years	14	121

28 (i) 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 July 27, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated January 4, 2013 which were filed with the Registrar of Companies on January 31, 2013 being the effective date for the amalgamation scheme. In terms of the above scheme, 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 ₹ 2,451 Lakh (₹ 5,110 Lakh) has been amortised out of the Capital Reserve and ₹ 2,826 Lakh (₹ Nil) has been amortised out of the General Reserve in terms of the valuation report of the scheme.

(ii) 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 February 14, 2017 and Shareholders of the Company on March 17, 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

Notes

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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 in the previous financial year.

29 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)

	Loans		Life Insurance		Asset Management		Others		Inter Segment		Unallocated		Total	
Particulars	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Segment Revenue	1,045,016	885,176	-	70,318	6,527	5,491	1,362	579	-	-	-	-	1,052,904	961,564
Segment Result	174,233	139,692	-	189,057	489	364	392	(493)	-	-	-	-	175,114	328,620
Income Tax (Current)	-	-	-	-	-	-	-	-	-	-	53,697	34,064	53,697	34,064
Deferred tax	-	-	-	-	-	-	-	-	-	-	4,852	13,926	4,852	13,926
Income Tax											**58,549**	**47,990**	**58,549**	**47,990**
Total Result	**174,233**	**139,692**	**-**	**189,057**	**489**	**364**	**392**	**(493)**	**-**	**-**	**(58,549)**	**(47,990)**	**116,565**	**280,630**
Segment Assets and Liabilities														
Assets	10,670,835	9,136,499	-	-	8,229	4,283	35,164	33,008	153	128	48,350	55,088	10,762,732	9,229,007
Liabilities	9,841,734	8,402,243	-	-	2,331	1,202	26,734	21,429	153	128	35,796	30,945	9,906,748	8,455,947
Net Assets	**829,101**	**734,256**	**-**	**-**	**5,898**	**3,082**	**8,430**	**11,580**	**-**	**-**	**12,554**	**24,143**	**855,984**	**773,060**
Other Information														
Capital Expenditure	66,935	8,592	-	-	60	65	-	-	-	-	-	-	**66,995**	8,657
Depreciation	2,763	2,330	-	712	81	1,304	-	-	-	-	-	-	**2,844**	4,346
Non-cash expenses - other than Depreciation	41,980	21,634	-	30,006	-	-	-	-	-	-	-	-	**41,980**	51,640

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)

c) Asset Mangement segement 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.

30 CONTINGENT LIABILITY

(₹ in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Guarantees provided by the Company	10,730	24,130
Claims against the Company not acknowledged as debts	1,891	919
Share in Associates	-	14

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30.1 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) is ₹ 4,007 Lakh (₹ 8,380 Lakh).

30.2 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, 2018 amounting to ₹ 28,608 Lakh (₹ 34,067 Lakh). The outflows would arise in the event of short collection, in the Cash inflows of the pool of securtised receivable.

31 AUDITORS REMUNERATION

(₹ in Lakh)

Particulars	2017-18	2016-17
Audit Fees	159	137
Tax Audit Fees	12	12
Certification and Other Matters (*)	84	169
Audit Fees of Branch/Components Auditors	55	53
Reimbursement of Expenses	10	13
Service Tax/GST	24	12
	344	**396**

* Certification and other matters includes ₹ Nil (₹ 72 Lakh) paid towards fees for public issue of Secured Non Convertible Debentures(NCD) and utilised out of Securties Premium account over a period of NCD.

32 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 andd relationship:

1) Companies

(i) Subsidiaries

a DHFL Investments Limited

(ii) Associate Companies

a. Avanse Financial Services Limited
b. DHFL Venture Trustee Company Pvt Limited
c. Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)[1]
d. Aadhar Housing Finance Limited (Erstwhile)[1]

(iii) Enterprises over which KMP are able to exercise significant influence

a. Arthveda Fund Management Pvt Limited
b. Wadhawan Holdings Pvt Limitred
c. Dish Hospitality Pvt Limited
d. WGC Management Services Pvt Limited
e. Wadhawan Sports Pvt Limited
f. Essential Hospitality Pvt Limited
g. DHFL General Insurance Limited (w.e.f. November 1, 2017
h. DHFL Changing Lives Foundation (w.e.f. December 1, 2017)
i. DHFL Pramerica Life Insurance Company Limited (w.e.f. April 1, 2017)

2) Key Management Personnel

a. Mr. Kapil Wadhawan — Chairman & Managing Director
b. Mr. Harshil Mehta — Joint Managing Director & Chief Executive Officer
c. Mr. Santosh Sharma — Chief Finance Officer

Notes

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3) Relatives of Key Management Personnel

a. Mr. Dheeraj Wadhawan
b. Mrs Aruna Wadhawan

(1) In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, Erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

B) Nature of transactions:

(₹ in Lakh)

Nature of Transactions	Subsidiary		Associate Companies/ Others*		Investing Party and its Group Company		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1) Investments								
Investment Made	120	10,005	7,736	-	-	-	-	-
Investment Redeemed\Sold	-	-	-	2	-	-	-	-
2) Loans, Advances and Deposits Paid								
Given	20	112	122	1,215	-	-	20	95
Recovered	130	2	-	-	-	-	46	22
3) Loans, Advances and Deposits Received								
Received	-	-	416	0.29	-	-	-	-
Repaid	-	-	-	-	-	-	-	-
4) Shares Issued	-	-	-	-	-	30,000	-	-
5) Income								
Commission Income	-	-	5,029	-	-	-	-	-
Trademark Licence Fees	-	-	4,384	-	-	-	-	-
Trustee Ship fee	-	-	-	-	-	50	-	-
Dividend	-	-	73	10	-	-	-	-
Interest	-	-	-	-	-	-	22	23
Rent	-	-	974	390	-	-	-	-
Other income	-	-	-	-	-	-	0.10	0.25
IT Support Fees	-	-	105	83	-	-	-	-
Internal Audit Fees	-	-	8	39	-	-	-	-
Technical Fees	-	-	8	9	-	-	-	-
Maintenance Charges	-	-	68	-	-	-	-	-
6) Expenditure								
Remuneration	-	-	-	-	-	-	1,249	785
Rent Expenses	-	-	1,895	904	-	-	-	-
Brokerage and Marketing Fees	-	-	32	20	-	-	-	-
Commission	-	-	-	40	-	-	-	-
Sponsorship	-	-	-	100	-	-	-	-
Service Charges	-	-	1	-	-	-	-	-
Canteen Expenses	-	-	115	108	-	-	-	-
CSR Expenses	-	-	579		-	-	-	-
Insurance	-	-	65	-	-	-	-	-
7) Sale of Investments	-	200,052	-	-	-	-	-	-
8) Purchase of Loans (Securitisation)	-	-	-	30,863	-	-	-	-
9) Closing Balances								
Loans, Advances and Deposits given	-	110	6,137	2,167	-	-	289	315
Loans, Advances and Deposits Received	-	-	432	88	10	10	-	-
Investments	10,125	10,005	14,529	6,793	-	-	-	-
10) Guarantees			Note (iv) & (v)				Note (iv)	

Notes

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C) Details of Transactions

(₹ in Lakh)

Details of Transactions	Subsidiary		Associate Companies		Investing Party and its Group Company		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
INCOME received from								
1) Commission								
DHFL General Insurance Ltd	-	-	1,910	-	-	-	-	-
DHFL Pramerica Life Insurance Co Ltd	-	-	3,119	-	-	-	-	-
2) Trademark Licence Fees								
DHFL General Insurance Ltd	-	-	4,384	-	-	-	-	-
3) Dividend Income								
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	73	10	-	-	-	-
4) Interest								
Mr. Harshil Mehta	-	-	-	-	-	-	2	2
Mr. Santosh Sharma	-	-	-	-	-	-	20	21
5) Rent								
Arthveda Fund Management Pvt Limited	-	-	66	71	-	-	-	-
Aadhar Housing Finance Limited (Erstwhile)	-	-	-	105	-	-	-	-
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Ltd.)			152	-				
Avanse Financial Services Ltd	-	-	273	6	-	-	-	-
WGC Management Services Pvt Limited	-	-	218	208	-	-	-	-
DHFL General Insurance Ltd	-	-	265	-	-	-	-	-
6) Other Income								
Mr. Harshil Mehta	-	-	-	-	-	-	0.05	-
Mr. Santosh Sharma	-	-	-	-	-	-	0.05	0.25
7) IT Support Fees								
Aadhar Housing Finance Limited (Erstwhile)	-	-	-	44	-	-	-	-
Aadhare Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	90	27	-	-	-	-
Avanse Financial Services Ltd	-	-	15	12	-	-	-	-
8) Internal Audit Fees								
Aadhar Housing Finance Limited (Erstwhile)	-	-	-	35	-	-	-	-
Aadhare Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)			6	-				
Avanse Financial Services Pvt Ltd	-	-	2	4	-	-	-	-
9) Technical Fees								
Avanse Financial Services Pvt Ltd	-	-	8	9	-	-	-	-
10) Maintenace Charges								
Avanse Financial Services Ltd	-	-	34	-	-	-	-	-
DHFL General Insurance Ltd	-	-	34	-	-	-	-	-
11) Trusteeship Fee								
DHFL Pramerica Mutual Fund	-	-	-	-	-	50	-	-
12) Sale of Investments								
DHFL Investments Limited	-	200,052	-	-	-	-	-	-
EXPENDITURE:								
1) Rent, Rates &Taxes								
Wadhawan Holdings Pvt Limited	-	-	241	229	-	-	-	-
Essential Hospitality Pvt Limited	-	-	1,654	675	-	-	-	-
2) Remuneration								
Mr. Kapil Wadhawan	-	-	-	-	-	-	399	325
Mr. Harshil Mehta	-	-	-	-	-	-	519	358
Mr. Santosh Sharma	-	-	-	-	-	-	331	102

Notes

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(₹ in Lakh)

Details of Transactions	Subsidiary		Associate Companies		Investing Party and its Group Company		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
3) Brokerage and Marketing Fees								
Avanse Financial Services Ltd	-	-	32	20	-	-	-	-
4) Canteen Expenses								
Dish Hospitality Pvt Limited	-	-	115	108				-
5) Service Charges								
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	1	-	-	-	-	-
6) Sponsorship								
Wadhawan Sports Pvt Limited	-	-	-	100	-	-	-	-
7) Commission								
DHFL Vysya Housing Finance Limited	-	-	-	40	-	-	-	-
8) CSR Expenses								
DHFL Changing Lives Foundation	-	-	579	-	-	-	-	-
9) Insurance								
DHFL Pramerica Life Insurance Co Ltd	-	-	65	-	-	-	-	-
ASSETS \ LIABILITIES								
1) Investments made								
DHFL Investments Limited	120	10,005	-	-	-	-	-	-
Avanse Financial Services Ltd	-	-	7,736	-	-	-	-	-
2) Investments sold/redeemed								
DHFL Venture Trustee Co. Pvt Ltd	-	-	-	2	-	-	-	-
3) Loans, Advances and Deposit given								
DHFL Investments Limited (For incorpoation)	20	112	-	-	-	-	-	-
DHFL Pramerica Life Insurance Co Ltd	-	-	964	-	-	-	-	-
Essential Hospitality Pvt Limited (Security Deposit)	-	-	-	1,215	-	-	-	-
DHFL General Insurance Limited	-	-	100	-	-	-	-	-
Wadhawan Holding Pvt Limited	-	-	22	-	-	-	-	-
Mr. Harshil Mehta	-	-	-	-	-	-	-	41
Mr. Santosh Sharma	-	-	-	-	-	-	20	54
4) Loans, Advances and Deposit Received back								
DHFL Investments Limited	130	2	-	-	-	-	-	-
Mr. Harshil Mehta	-	-	-	-	-	-	0.003	-
Mr. Santosh Sharma	-	-	-	-	-	-	46	22
5) Security Deposit Received								
Avanse Financial Services Ltd	-	-	208	0.29	-	-	-	-
DHFL General Insurance Limited	-	-	208	-	-	-	-	-
6) Issue of Equity Shares								
PGLH of Delaware, INC	-	-	-	-	-	30,000	-	-
7) Purchase of Loans (Securitisation)								
Aadhar Housing Finance Limited (Erstwhile)	-	-	-	30,863	-	-	-	-
CLOSING BALANCES								
1) (a) Loans, Advances and Deposits								
DHFL Investments Limited	-	110	-	-	-	-	-	-
Wadhawan Holding Pvt Limited	-	-	22	-	-	-	-	-
Essential Hospitality Pvt Limited (Security Deposit)	-	-	1,215	1,215	-	-	-	-
DHFL General Insurance Limited (Security Deposit)	-	-	100	-	-	-	-	-

Notes

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(₹ in Lakh)

Details of Transactions	Subsidiary		Associate Companies		Investing Party and its Group Company		Key Management Personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
DHFL Pramerica Life Insurance Co Ltd (Security Deposit)			10					
Mr. Harshil Mehta	-	-	-	-	-	-	67	67
Mr. Santosh Sharma	-	-	-	-	-	-	222	248
b) Trade Receivable								
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	105	-	-	-	-	-
DHFL Pramerica Life Insurance Co Ltd			954					
Arthveda Fund Management Pvt Limited	-	-	-	30	-	-	-	-
Aadhar Housing Finance Limited(Erstwhile) (Securitisation)	-	-		922	-	-	-	-
Aadhar Housing Finance Limited (Securitisation) (Formerly known as DHFL Vysya Housing Finance Limited)			606					
Avanse Financial Services Ltd	-	-	5	-	-	-	-	-
DHFL General Insurance Limited	-	-	3,120	-	-	-	-	-
2) (a) Security Deposit Received								
Aadhar Housing Finance Limited (Erstwhile)	-	-	-	16	-	-	-	-
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	16	-	-	-	-	-
Avanse Financial Services Ltd	-	-	208	0.29	-	-	-	-
DHFL General Insurance Limited	-	-	208		-	-	-	-
PGLH of Delaware, INC	-	-	-	-	10	10	-	-
(b) Trade Payable								
Dish Hospitality Pvt Limited	-	-	1	10	-	-	-	-
Wadhawan Holding Pvt Limited	-	-	-	40	-	-	-	-
Aadhar Housing Finance Limited (Erstwhile) (Securitisation)	-	-	-	22	-	-	-	-
3) Investments								
DHFL Investments Limited	10,125	10,005	-	-	-	-	-	-
Aadhar Housing Finance Limited (Erstwhile)	-	-	-	1,490	-	-	-	-
Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)	-	-	1,805	315	-	-	-	-
DHFL Venture Trustee Co. Pvt. Ltd.	-	-		-	-	-	-	-
Avanse Financial Services Ltd	-	-	12,724	4,988	-	-	-	-

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 Pvt Limited

vi) * Others includes Enterprises over which KMP are able to exercise significant influence

vii) Managerial remuneration excludes the contribution for gratuity as the incremental liability has been accounted by the Company as a whole.

viii) There are no provisions for doubtful debts or amount written off or written back for debts due from or due to related parties.

ix) Previous years figures have been regrouped, re-arranged and re-classified wherever necessary.

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

33 EMPLOYEE BENEFIT PLANS

Both the employees and the Company makes pre-determined contribution to the prvoident fund. Amount recognised as expense amounts to ₹ 1,281 Lakh (₹ 1,857 Lakh).

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 employees' gratuity fund managed by the Life Insurance Corporation of India and Canara HSBC.

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.

(₹ in Lakh)

Particulars	Gratuity (Funded)		Long-Term Service Awards (Funded)	
	2017-18	2016-17	2017-18	2016-17
A. Reconciliation of change in the Defined Benefit Obligations:				
Liability at the beginning of the year	1221	1038	-	16
Current Service Cost	248	220	-	3
Interest Cost	93	82	-	1
Past Service Cost	80	0	-	-
Benefits Paid	(179)	(314)	-	(0)
Benefit Paid directly by the Employer	(64)	0	-	-
Actuarial Loss/(Gain)	300	239	-	(4)
Liability at the end of the year	**1699**	**1265**	**-**	**16**
B. Reconciliation of changes in Fair Value of Plan Assets:				
Fair Value of Plan Assets at the beginning of the year	1443	1462	-	-
Expected Return on Plan Assets	109	117	-	-
Contributions	483	145	-	1
Benefits Paid	(179)	(216)	-	(1)
Actuarial (Loss)	(1)	(24)	-	-
Fair Value of Plan Assets at the end of the year	**1855**	**1485**	**-**	**-**
C. Actual Return on Plan Assets:				
Expected Return on Plan Assets	109	117	-	-
Actuarial (Loss)	(1)	(24)	-	-
Actual Return on Plan Assets at the end of the year	**108**	**93**	**-**	**-**
D. Amount Recognised in the Balance Sheet:				
Liability at the end of the year	1699	1265	-	16
Fair Value of Plan Assets at the end of the year	1855	1485	-	-
Net Asset recognised in the Balance Sheet	**156**	**220**	**-**	**(16)**

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

(₹ in Lakh)

Particulars		Gratuity (Funded)		Long-Term Service Awards (Funded)	
		2017-18	2016-17	2017-18	2016-17
E.	**Expense Recognised in the Profit and Loss Account:**				
	Current Service Cost	248	220	-	3
	Interest Cost	93	82	-	1
	Past Service Cost	80	0	-	-
	Expected Return on Plan Assets	(109)	(117)	-	-
	Net Actuarial Loss/(Gain)	301	263	-	(4)
	Expense recognised in the Statement of Profit & Loss	**613**	**448**	**-**	**0**
F.	**Reconciliation of the Net Assets at the end of the year**				
	Opening Net Liability	(222)	(425)	-	16
	Expense Recognised	613	448	-	0
	Contributions	(483)	(145)	-	-
	Benefit Paid directly by the Employer	(64)	(98)	-	0
	Liability at the end of the year	**(156)**	**(220)**	**-**	**16**
G.	**Actuarial Assumptions**	IALM	IALM		
	Mortality Table (LIC)	2006-08	2006-08		
	Discount Rate (p. a.)	7.87%	7.57%		
	Rate of Escalation in Salary (p. a.)	6.00%	5.00%		

(₹ in Lakh)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Amount Recognised in the Balance Sheet:	156	220	424	361	56
Liability at the end of the year	1,699	1,308	1,308	863	984
Fair Value of Plan Assets at the end of the year	1,855	1,526	1,463	1,128	928
Amount recognised in the Balance Sheet under					
Long-term Provision for Employee Benefit	-	(5)	(3)	48	58
Short-term Provision for Employee Benefits	156	222	427	313	(2)
Experience Adjustment:	162	181	81	(348)	483
On Plan Liabilities	(1)	(23)	10	70	263
On Plan Assets	222	26	-	-	38
Estimated Contribution for next financial year	-	-	-	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 Consolidated financial statements for the year ended March 31, 2018

34 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, 2018)

(₹ in Lakh)

Sl. 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)
Parent					
1	Dewan Housing Finance Corporation Ltd.		879,564		117,213
	less(-) Elimination		(55,795)		(73)
	Net of Eliminations	96.24%	823,769	100.49%	117,140
Subsidiaries - Indian					
1	DHFL Advisory & Investment Pvt. Ltd.	0.37%	3,143	(1.90)%	(2,210)
2	DHFL Investments Ltd.*	0.00%	-	0.00%	-
Associates (Investment as per the equity Method) - Indian					
1	Avanse Financial Services Ltd.	1.84%	15,757	0.29%	333
2	Aadhar Housing Finance Ltd. (formerly known as DHFL Vysya Housing Finance Ltd.)	0.75%	6,401	0.78%	913
3	DHFL Venture Trustee Company Pvt Ltd.*	0.00%	-	0.00%	-
4	Aadhar Housing Finance Ltd. (Erstwhile)	0.00%	-	0.00%	-
Joint Venture (Investment as per Proportianate Consolidation Method) - Indian					
1	DHFL Pramerica Life Insurance Co. Ltd.*	0.00%	-	0.00%	-
2	DHFL Pramerica Asset Management Co. Ltd.	0.81%	6,908	0.33%	388
3	DHFL Pramerica Trustees Pvt. Ltd.	0.00%	6	0.00%	3
	Total	**100.00%**	**855,984**	**100.00%**	**116,565**

* These companies are not consolidated for the reason stated in note no 2.2

35 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	
Interest in the Entity	**50%**		**50%**		**50%**	
Particulars	**As at March 31, 2018 (Audited)**	**As at March 31, 2017 (Audited)**	**As at March 31, 2018 (Audited)**	**As at March 31, 2017 (Audited)**	**As at March 31, 2018 (Audited)**	**As at March 31, 2017 (Audited)**
I) Assets						
Non-Current Assets						
Fixed Assets	-	-	119	160	-	
Property, Plant and Equipment	-	-	8	18	-	

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

Name of the Entity	DHFL Pramerica Life Insurance Co Ltd *		DHFL Pramerica Asset Managers Pvt Ltd		DHFL Pramerica Trustees Pvt Ltd	
Interest in the Entity	**50%**		**50%**		**50%**	
Particulars	**As at March 31, 2018 (Audited)**	**As at March 31, 2017 (Audited)**	**As at March 31, 2018 (Audited)**	**As at March 31, 2017 (Audited)**	**As at March 31, 2018 (Audited)**	**As at March 31, 2017 (Audited)**
Intangible Assets	-	-	-	-	-	
Non-Current Investments	-	-	3,172	1,476	-	
Long term Housing and Property Loans	-	-	-	-	6	3
Other Long Term Loans and Advances	-	-	1,216	686	-	-
Other Non-Current Assets	-	-	-	-	-	-
Current Assets						
Current Investments	-	-	3,206	4,378	4	1
Trade Receivables	-	-	533	899	-	2
Cash and Bank Balances	-	-	24	7	1	1
Short term portion of Housing and Property Loans	-	-	-	-	-	-
Other Short Term Loans and Advances	-	-	954	91	3	3
Other Current Assets	-	-	-	-		-
II) Liabilities						
Other Long Term Liabilities	-	-	15	29	1	1
Long Term Provisions	-	-	10	16	-	-
					-	-
Trade Payables			678	334	5	5
Other Current Liabilities			1,558	794	1	1
Short Term Provisions			62	22	-	-
III) Income						
Revenue from Operations	-	-	6,486	5,466	-	-
Other Income	-	9	1	17	40	25
Premium from Insurance Business	-	57,105	-	-	-	-
Other Operating Income from Insurance Business	-	13,213	-	-	-	-
IV) Expenses						
Finance Cost	-	51	-	-	-	-
Employees Benefits Expense	-	10,881	2,344	2,038	-	-

Notes

forming part of the Consolidated financial statements for the year ended March 31, 2018

Name of the Entity	DHFL Pramerica Life Insurance Co Ltd *		DHFL Pramerica Asset Managers Pvt Ltd		DHFL Pramerica Trustees Pvt Ltd	
Interest in the Entity	50%		50%		50%	
Particulars	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)	As at March 31, 2018 (Audited)	As at March 31, 2017 (Audited)
Other Expenses	-	10,568	3,575	1,760	37	26
Cost of Insurance Business	-	14,589	-	-	-	-
Change in Policy Reserves	-	30,006	-	-	-	-
Depreciation & Amortisation	-	712	81	1,304	-	-
Provision for Contingencies	-	-	-	-	-	-

* Disposed on March 31, 2017

36 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: April 30, 2018

Kapil Wadhawan
Chairman & Managing Director
(DIN – 00028528)

Harshil Mehta
Joint Managing Director & Chief Executive Officer
(DIN – 03038428)

Santosh R. Sharma
Chief Financial Officer
(FCA – 112258)

Niti Arya
Company Secretary
(FCS – 5586)

For and on behalf of the Board
G. P. Kohli
(DIN – 00230388)
Director

Dheeraj Wadhawan
(DIN – 00096026)
Director

M. Venugopalan
(DIN – 00255575)
Director

V. K. Chopra
(DIN – 02103940)
Director

Vijaya Sampath
(DIN – 00641110)
Director

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Corporate Information

BOARD OF DIRECTORS

Mr. Kapil Wadhawan
Chairman & Managing Director

Mr. Harshil Mehta
Joint Managing Director &
Chief Executive Officer

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

KEY MANAGERIAL PERSONNEL

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
Kotak Mahindra Bank Limited
Oriental Bank of Commerce
Punjab & Sind Bank
Punjab National Bank
South Indian Bank Limited
State Bank of India
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

Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)

International Finance Corporation (IFC)

Abu Dhabi Commercial Bank Pjsc

Afrasia Bank Limited

Barclays Bank Plc

Taiwan Business Bank, Offshore Banking Branch

Taiwan Cooperative Bank, Offshore Banking Branch

The Korea Development Bank, Main Office, Singapore Branch

Eastspring Investments SICAV-FIS Asia Pacific Loan Fund

Bank of Baroda, Dubai Branch

CTBC Bank Co., Ltd, Singapore

KDB Ireland Limited

State Bank of India, Johannesburg, Singapore, Mauritius, Antwerp 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

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Fax No.: +91 22-22871985

CORPORATE OFFICE

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Bandra Kurla Complex, BKC Road,
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Fax No.: +91 22-66006998

NATIONAL OFFICE

DHFL House, 3rd - 7th Floor,
19, Sahar Road,
Off Western Express Highway,
Vile Parle (East),
Mumbai - 400 099, Maharashtra, India
Tel. No.: +91 22-7158 3333
Fax No.: +91 22-7158 3344

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 - 400 083
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 Nos. 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,
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Tel. No.: +91 22-40807000
Fax No.: +91 22-66311776
E-mail: itsl@idbitrustee.com
Website: www.idbitrustee.com

Dewan Housing Finance Corporation Limited

CIN - L65910MH1984PLC032639

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Corporate Office:

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Tel.: +91 22-6600 6999, Fax: +91 22-6600 6998
Email: response@dhfl.com, Website: www.dhfl.com

National Office:

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