


Feel at Home



6th ANNUAL REPORT
2004-2005

BOARD OF DIRECTORS



Shri. V. P. Shetty
Chairman (from 12/08/2005)



Shri. B. Jitender



Shri. G. Soundararajan



Shri. Y. P. Gupta



Shri. F. J. da Cunha



Shri. M. O. Rego
Managing Director & CEO

Senior Management :

Shri Santosh Govardhan	-	Chief- Credit, Collections, IT & Systems
Shri Asit Jivani	-	Chief Financial Officer
Shri Madhusudan Parkhi	-	Legal Advisor & Company Secretary
Shri Alope Ghosal	-	Chief Marketing Officer
Shri T. Jayakumar	-	General Manager - South
Ms. Padmaja Wardadkar	-	General Manager - Internal Audit & Compliance
Shri Rishi Kapil	-	General Manager - Corporate Accounts
Shri M. Jayasimhan	-	General Manager - West, Mumbai Region & Central Marketing
Ms. Renu Seth	-	Chief - Human Resources & Administration

Statutory Auditors : Chaturvedi & Shah
A-3, Laxmi Towers, 1st Floor,
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

Registrar & Transfer Agents : Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

Registered and Corporate Office

Registered Office : 'Kanchenjunga' Building,
18, Barakhamba Road, New Delhi - 110 001

Corporate Office : 'Gopika Niketan',
1204/2, Ghole Road, Shivajinagar, Pune - 411 004

List of Bankers / Refinancer :

- | | |
|--|----------------------------|
| 1) Bank of Punjab Ltd. | 8) Punjab National Bank |
| 2) Canara Bank | 9) State Bank of Hyderabad |
| 3) Central Bank of India | 10) State Bank of Indore |
| 4) Industrial Development Bank of India Ltd. | 11) State Bank of Patiala |
| 5) ING Vysya Bank | 12) Union Bank of India |
| 6) National Housing Bank | 13) UTI Bank |
| 7) Oriental Bank of Commerce | 14) Vijaya Bank |

Contents

	Page No.
1. Directors' Report to the Members	1
2. Comments of the Comptroller & Auditor General Of India	8
3. Auditors' Report	9
4. Annexure to Auditors' Report	10
5. Balance sheet	12
6. Profit and Loss Account	13
7. Cash Flow Statement	14
8. Schedules to the Accounts	15
9. Balance Sheet Abstract and Company's General Business Profile	29
10. Branch Network	30

Directors' Report to the Members

Your Directors have pleasure in presenting the 6th Annual Report of the Company together with Audited Balance Sheet as at March 31, 2005 and Profit & Loss Account for the year ended March 31, 2005.

It may be recalled that the company was taken over by IDBI Ltd. through purchase of 99.99% of Equity Shares in erstwhile Tata Homefinance Ltd. (THFL) from Tata Finance Ltd. The Effective Date of Takeover was September 8, 2003 and the approval of the Registrar of Companies was obtained in December 2003 for change in the name of the Company to IDBI Homefinance Ltd. (IHFL). Subsequent to March 31, 2004, IHFL became a 100% subsidiary of IDBI Ltd.

During the year, the operations and profitability of the company have surged forward and a foundation has been laid for future growth. The Company has also taken a number of proactive measures to give its customers a better deal not only by giving a fine pricing on housing loans but also by extending high service levels.

FINANCIAL RESULTS

During the year 2004-05, the Company has shown a healthy growth in profits as detailed below, which was achieved in the backdrop of the housing finance sector witnessing increased participation from commercial banks:

(Rs. in lakhs)

Particulars	Current Year 2004-2005	Previous Year 2003-2004
Profit Before Tax	1037.80	435.64
Provision for Tax	249.64	100.40
Profit After Tax	788.16	335.24
Transfer from Reserve for Contingencies	NIL	6.15
Balance brought forward	106.39	--
Profit available for appropriations	894.55	341.39
Appropriations		
Transfer to Special Reserves [Under Section 36(I) (viii) of Income Tax Act, 1961]	390.00	235.00
Transfer to General Reserve	75.00	--
Proposed Dividend on Equity Shares	257.28	--
Tax on proposed dividend	36.08	--
Balance carried to Balance Sheet	136.19	106.39
Total	894.55	341.39

Dividend

In view of the enhanced profitability and the positive outlook for the Company, the Board of Directors has recommended the payment of a maiden dividend of 5% on the equity shares on a pro-rata basis.

OPERATIONS**Profitability**

The net interest income during 2004-05 increased by about 53% to Rs.18.04 crore from Rs.11.82 crore during 2003-04. While interest cost for the year ended March 31, 2005 had increased by 13%, total borrowings increased by 90%. Fees and other income increased by 73.5% to Rs.8.47 crore as a result of the increase in loan sanctions and consequent rise in income from processing fee. Thus, total income (including net interest income) increased by about 59% to Rs.26.51 crore. After considering all non-interest expenses (Rs.16.13 crore), the PBT for the year ended March 31, 2005 increased by 138% to Rs.10.38 crore from Rs.4.36 crore for the year ended March 31, 2004. After taking into account provision for taxation of Rs.2.50 crore, the PAT as per the audited accounts for the year ended March 31, 2005 increased by 135% to Rs.7.88 crore from Rs.3.35 crore for the year ended March 31, 2004.

Sanctions & Disbursements

While the year 2003-04 was a year of consolidation, the year 2004-05 was a year of expansion. Your Company registered a significant growth during the year. The loan sanctions for the year 2004-05 rose by 202% to Rs. 877 crore from Rs.290 crore in the year 2003-04. Similarly, disbursements during 2004-05 increased by 185% to Rs.542 crore from Rs.190 crore for the year 2003-04. A major step up in operations took place in the second half of 2004-05 after interest lending rates were made competitive in August 2004. It may be mentioned that the aggregate sanctions during the last quarter of the financial year 2004-05 aggregated Rs.369 crore which was about 42% of the sanctions for the entire year. Similarly, disbursements during the last quarter of the financial year 2004-05 aggregated Rs.225 crore which also constituted 42% of the disbursements for the entire year.

Loan Outstanding

The outstanding loan portfolio increased from Rs. 485 crore as at March 31, 2004 to Rs. 923 crore as at March 31, 2005 registering a growth of about 90% during the year.

Details Of Loan Portfolio

The Company has focused its business on salaried class of employees. Out of the total housing loan portfolio of Rs.923 crore as on March 31, 2005, 95% of loans were extended to salaried employees with the balance of 5% each of the loans

being given to self-employed businessmen and self-employed professionals. As on March 31, 2005, 85% of the loans were at variable interest rate and the balance 15% were at fixed rates of interest. The entire outstanding loan portfolio as on March 31, 2005 was extended to individuals. The housing loans, including staff housing loans (Rs.2.79 crore) are secured. To cater to all segments of home owners, your company has besides individual housing loans introduced innovative products such as Home Extension Loans, Home Improvement Loans, Mortgage Loans, Fifty Plus Loans for senior citizens and Composite Loans which include financing of both the house as also the plot on which the house is constructed. With increased interest rate volatility, your Company has introduced “Your Choice Loans” where a portion of the loan is at a fixed interest rate with the balance portion being at a variable interest rate.

Rights Issue

During the year, your Company made a Rights Issue of 3,00,00,000 Equity Shares for Cash at Par. The issue was fully subscribed. The proceeds of the issue will be applied towards the Company's long term requirement of funds. Consequent to the Rights Issue, the Capital Adequacy Ratio improved substantially.

Capital Adequacy

The prudential accounting norms of the National Housing Bank (NHB) require the Company to maintain a minimum capital adequacy ratio of 12% of its risk weighted assets. As against NHB's norm, the Company's capital adequacy ratio stood at a comfortable level of 17.35% as on March 31, 2005.

Non-Performing Assets (NPAs)

Uptill FY 2004, NHB stipulated that an asset which was overdue for a period of more than 180 days, would necessarily need to be classified as a Non Performing Asset (NPA) and accordingly the necessary provisioning would need to be made. With effect from FY 2005, NHB has revised its NPA norm and currently all assets which are overdue for more than 90-days need to be classified as an NPA. Your company has not been affected by the change in the asset classification norm announced by NHB since it was already adopting the more stringent norm from FY 2004 itself although the same was not mandatory. Thus, the revised norm, in terms of additional provisioning to be made has not impacted the Company. As on March 31, 2005, net NPAs stood at 1.33% after adopting the 90-day norm stipulated by NHB.

Borrowings

The Company has availed of loans from banks aggregating Rs.732.34 crore. In addition, your Company has availed of refinance assistance from NHB to the extent of Rs.35.31 crore. It has also tapped the primary markets through issue of commercial paper for maturity value of Rs.80 crore for which it has been accorded the highest rating of A1+ by ICRA. The Company can borrow a maximum amount equivalent to 16 times of its net worth as per “Housing Finance Companies (NHB) Directives 2001”. The aggregate borrowings as at March 31, 2005 was Rs.848 crore resulting in a Debt-Equity

ratio of 9.52:1.

The Company has the right to change the rate of interest on variable interest rate loans every quarter. Accordingly, the use of short-term loans to fund variable interest rate loans is a standard practice. Moreover, as a matter of prudence, your Company has unavailed bank loans in excess of the short-term loans to address issues of liquidity. Your Company has been adhering to the ALM norms stipulated by NHB.

Internal Audit

During the year under review the Internal Audit Department was strengthened commensurate with the requirements consequent upon growth in Operations. During the year the audit exercise was carried out with a broader scope and in a more structured manner. The observations of the Internal Audit Department were placed before the Audit Committee of the Board.

Information Technology Systems

In a competitive environment, a price advantage can at best be temporary as other providers of housing finance match the rates with competitive offers. In your company's opinion, only a superior technology-backed service arm can provide an enduring cutting edge leading to provision of key data for facilitating quick decisions in recovery.

Your Company has automated its Business Operations Processes as also its Administrative and HR processes. All the branches and operating offices have been connected to the Central Data Base through a dedicated Leased Line mesh. The Company has its Data Centre in the Corporate Office at Pune, housing the high-end data processing equipment keeping in view the future business plans. The Data Center facilitates data processing of Business Applications, Administrative and HR applications as well as Messaging Solutions. The IT Systems set up has adequate safeguards for continued business activities on site. The Company has also set up an offsite Disaster Recovery facility to ensure continuity of business in case of any system failures due to technology or unforeseen events. The Company uses a Total Home Loan System (THLS), which is an end-to-end software system for business operations, interfaced with the Financial Accounting. The automation measures taken would facilitate quality customer service and provide the platform for high volume growth.

Compliance with the Directions of National Housing Bank (NHB)

Your Company has been complying with the guidelines and directions issued by NHB from time to time.

Particulars of employees

None of the employees of the Company received remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

Exemption under Section 36 (1) (viii) of the Income Tax Act, 1961

Your Company, being engaged in the business of providing long-term finance for construction/ purchase of houses, is entitled under Section 36 (1) (viii) of the Income Tax Act, 1961 for a deduction from its income of an amount not exceeding 40% of its total income transferred to Special Reserves. The Company has transferred Rs.3.90 crore to Special Reserves out of its profit for the current year.

Particulars regarding conservation, technological absorption and foreign exchange earnings and expenditure

There were neither earnings nor expenditure in foreign exchange during the year. Since the Company is not a manufacturing company, the other particulars in the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are not applicable.

Directors

Shri. M. Damodaran, Chairman resigned from the Board of Directors of the Company effective on March 14, 2005. The Directors placed on record their appreciation for the services rendered by Shri. M. Damodaran in offering his valuable advice especially when the Company was in a nascent stage and was faced with a number of market related issues. The Board also placed on record the rapid growth of the Company as also profitability during Shri. M. Damodaran's tenure as Chairman of the Company.

Shri. Jitender Balakrishnan, Executive Director of Industrial Development Bank of India Ltd. was elected as Chairman of IDBI Homefinance Ltd. on March 14, 2005.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your directors hereby state:

- i. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. That directors adopted 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 at the end of the financial year and of the profit or loss of the company for that period.
- iii. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

iv. That the directors had prepared the annual accounts on a going concern basis.

Constitution of Audit Committee

Pursuant to the provisions of Section 292 (A) (4) your directors hereby disclose that Audit Committee has been constituted as per the provision of Section 292 (A) of the Companies Act, 1956. The Committee comprises of the following members:

1. Shri Y.P. Gupta
2. Shri G. Soundararajan
3. Shri F.J. da Cunha

Auditors

M/s. Chaturvedi & Shah, Chartered Accountants, Mumbai have been appointed as auditors of the Company by the Government of India u/s 619 of the Companies Act, 1956 for the period 2004-2005.

Future Prospects

Several initiatives taken for re-launching of Operations of your Company have gradually started yielding results. The same is reflected in the significant growth in the Operations and Profitability of the Company during FY 2004-05 as compared to the previous year. With well-defined systems and high degree of automation coupled with experienced, dedicated and motivated staff, the Company has built a platform for future growth. The Company has achieved a 90% growth in portfolio during FY 2005. The Company expects to sustain its growth trajectory in a calibrated manner while maintaining a high quality of assets.

Material Changes and Commitments after Balance Sheet date affecting Financial Position

The Board declares that there is no material change affecting the financial position of the Company, which occurred after the Balance Sheet date i.e. March 31, 2005.

Appreciation/Acknowledgement

The Board of Directors wish to thank the National Housing Bank, Industrial Development Bank of India Ltd (the sponsor Bank), Comptroller & Auditor General of India and Registrar of Companies for their cooperation in various spheres of your Company's functions. The Board of Directors also wishes to thank the various banks and investors in commercial paper for their support in mobilization of funds by the Company. The Board places on record its sincere gratitude to all the customers

for their patronage during the year and looks forward to their continued support in the years to come. The Board of Directors also records its appreciation for the dedicated and concerted efforts put in and the valuable contribution and dedication of the staff at all levels of the Company in achieving the significant growth and profitability for FY 2004-05.

For and on behalf of the Board of Directors,

(B. Jitender)
Chairman

Place : Mumbai

Date : June 25, 2005

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF IDBI HOMEFINANCE LIMITED, FOR THE YEAR ENDED 31ST MARCH, 2005.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956, on the Accounts of IDBI HomeFinance Limited, for the year ended 31st March, 2005.

Sd/-

(Sushama V. Dabak)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-I, Mumbai

Date : 5 September, 2005.

AUDITORS' REPORT

To,

The Members of

IDBI HOMEFINANCE LTD.

1. We have audited the attached Balance Sheet of IDBI HomeFinance Ltd., as at 31st March 2005, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that: -
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts ;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the mandatory accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of written representation received from the directors, as on 31st March 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2005;
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & SHAH**
Chartered Accountants

R. Koria
(Partner)

Place: Mumbai
Date: 25th June, 2005

ANNEXURE TO AUDITORS' REPORT

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

- i. *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 assets have been physically verified by the management in accordance with a phase programmed of verification, except in respect of assets lying at employees' residence as hard furnishing assets for which confirmations have been obtained at the year end, which in our opinion is reasonable, considering the size and the nature of its business. According to the information & explanations given to us, no material discrepancies were noticed on such verification.*
 - (c) *In our opinion and according to the information & explanations given to us, the Company has not disposed of substantial parts of fixed assets during the year and the going concern status of the Company is not affected.*
- ii. *The nature of the business of the company is such that provisions of clause 4 (ii) of the Companies (Auditor's Report) (Order), 2003 is not applicable to the Company.*
- iii. *In respect of loans taken from / granted to companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956:*
 - (a) *The company has not granted any loans to such parties.*
 - (b) *The company has taken loan from a party. The maximum amount involved during the year was Rupees ten crore & year-end balance of such loan was Rupees Ten Crore.*
 - (c) *According to information & explanations given to us, we are of the opinion that rate of interest and other terms & conditions of such loan is not prima facie prejudicial to the interest of the Company.*
 - (d) *The company is regular in payment of principal and interest as per the terms of the loan taken by it.*
- iv. *In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets and sale of services. During the course of audit we have not observed any continuing failure to correct major weaknesses in internal controls. The Company has neither purchased inventory nor sold goods during the year under audit.*
- v. *In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:*
 - (a) *To the best of our knowledge & belief and according to the information and explanations given to us, transactions that needed to be entered in the register have been so entered.*
 - (b) *According to the information & explanations given to us, these contract or arrangements with IDBI are mainly in the nature of reimbursement of cost incurred by IDBI for IDBI Homefinance Limited & vice-versa and hence the prices for which, are reasonable.*
- vi. *The Company has not accepted deposits from public and hence directions issued by Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable for the year under audit.*
- vii. *In our opinion, the Company has internal audit system commensurate with its size and nature of its business.*
- viii. *As the company is not a manufacturing concern, the clause 4 (viii) of the Companies (Auditor's Report) Order, 2003 is not applicable.*
- ix. *According to the information & explanations given to us in respect of statutory and other dues:*
 - (a) *The company has generally been regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Wealth-tax,*

Service tax and other statutory dues. During the year under audit, there were no dues against Investor Education and Protection Fund, Sales tax, Custom Duty, Excise duty and Cess.

- (b) There are no undisputed amounts payable in respect of the aforesaid statutory dues as at 31st March 2005 for a period of more than six months from the date they became payable.*
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, custom tax, wealth tax, service tax, excise duty or cess which have not been deposited on account of any dispute.*
- x. *The Company neither have accumulated losses at the end of the year, nor incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.*
- xi. *Based on audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks. The Company has not issued any debentures or other securities.*
- xii. *In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures or other securities.*
- xiii. *In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.*
- xiv. *As per the information and explanations given to us, during the year the Company has not dealt in shares, securities & debentures and hence clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.*
- xv. *As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.*
- xvi. *To the best of our knowledge & belief and according to the information & explanations given to us, the term loans raised during the year and those, which were outstanding at the beginning of the year, were applied for the purposes for which they were raised.*
- xvii. *According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company as at 31st March 2005, related informations as made available to us and represented to us by the management, we are of the opinion that the fund raised on short term basis by way of commercial papers & bank borrowings aggregating to Rs. 235,17,51,430/- have been utilized for long term purpose for housing loans. All other short-term borrowings have not been utilized for long-term purposes.*
- xviii. *The Company has not made any preferential allotment of shares during the year, however the company has allotted shares to its 100% holding Company.*
- xix. *The Company has not issued any debentures during the year.*
- xx. *The company has not raised any money by way of public issue during the year.*
- xxi. *To the best of our knowledge and belief and according to the information & explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.*

*For **CHATURVEDI & SHAH**
Chartered Accountants*

*Place: Mumbai
Date: 25th June, 2005*

R. Koria
(Partner)

ANNUAL REPORT

2004 - 2005

IDBI HOMEFINANCE LIMITED Balance Sheet as at March 31, 2005

	Schedule No.	Rs.	As at 31 March, 2005 Rs.	Rs.	As at 31 March, 2004 Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	79 97 68 260		49 97 68 260	
Reserves & Surplus	2	<u>9 12 64 772</u>	89 10 33 032	<u>4 17 85 630</u>	54 15 53 890
LOAN FUNDS					
Secured Loan	3	767 65 62 970		345 99 92 079	
Unsecured Loan		<u>80 00 00 000</u>	847 65 62 970	<u>100 00 00 000</u>	445 99 92 079
NET DEFERRED TAX LIABILITY [Refer Note No. 7 of Schedule 14]			-		20 36 067
TOTAL			<u>936 75 96 002</u>		<u>500 35 82 036</u>
APPLICATION OF FUNDS					
HOUSING LOANS					
			922 58 34 608		485 19 33 811
FIXED ASSETS					
Gross Block	4	7 42 03 006		6 74 14 371	
Less : Depreciation		<u>2 83 87 089</u>		<u>1 72 43 826</u>	
Net Block		4 58 15 917		5 01 70 545	
Capital Work-in-Progress		<u>5 77 944</u>	4 63 93 861	<u>28 19 625</u>	5 29 90 170
NET DEFERRED TAX ASSET [Refer Note No. 7 of Schedule 14]			22 08 092		-
CURRENT ASSETS, LOANS & ADVANCES					
Sundry Debtors	5	14 36 662		6 873	
Cash and Bank Balances		13 35 12 343		6 44 24 953	
Other Current Assets		10 86 125		18 18 497	
Loans and Advances		<u>7 77 05 108</u>		<u>7 18 54 845</u>	
		21 37 40 238		13 81 05 168	
LESS : CURRENT LIABILITIES & PROVISIONS					
Liabilities	6	2 38 12 371		1 60 97 857	
Provisions		<u>9 76 00 477</u>		<u>2 80 33 337</u>	
		12 14 12 848		4 41 31 194	
NET CURRENT ASSETS			9 23 27 390		9 39 73 974
MISCELLANEOUS EXPENDITURE	7		<u>8 32 051</u>		<u>46 84 081</u>
TOTAL			<u>936 75 96 002</u>		<u>500 35 82 036</u>
Notes forming part of the accounts	14				
Significant Accounting policies	15				

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and Profit and Loss Account
As per our report of even date

BY ORDER OF THE BOARD

B. Jitender
Chairman

For CHATURVEDI & SHAH
Chartered Accountants

R.Koria
Partner

Madhusudhan Parkhi
Company Secretary

Melwyn Rego
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai
Date : 25th June 2005

Place : Mumbai
Date : 25th June 2005

IDBI HOMEFINANCE LIMITED
Profit and Loss Account for the year ended March 31, 2005

	Schedule No.	Rs.	For the Year ended 31 March,2005 Rs.	Rs.	For the Year ended 31 March,2004 Rs.
<u>INCOME</u>					
Operating Income	8		54 93 80 175		44 62 03 663
Fees and Other Charges	9	8 88 58 616		4 75 54 603	
Less : Service Tax and Education Cess Recovered		43 78 279		-	
Net Fees and Other Charges			8 44 80 337		4 75 54 603
Other Income	10		3 17 572		12 30 514
TOTAL INCOME			63 41 78 084		49 49 88 780
<u>EXPENDITURE</u>					
Interest and Finance Charges	11		36 90 27 399		32 79 88 965
Employees' Emoluments and Benefits	12		3 81 80 835		3 28 81 777
Establishment and Other Charges	13		10 17 60 612		7 04 40 364
Depreciation			1 17 68 422		1 11 32 759
Provision for NPA			96 22 392		87 91 809
Bad Debts			37 931		1 88 713
TOTAL EXPENDITURE			53 03 97 591		45 14 24 387
<u>PROFIT BEFORE TAXATION</u>			10 37 80 493		4 35 64 393
Less: Provision For Taxation					
Current Tax (Including Welath tax of Rs 9,000/- Previous Year Rs 12,000/-)			2 92 09 000		1 37 12 000
Deferred Tax - Credit			- 42 44 159		- 36 72 060
			2 49 64 841		1 00 39 940
<u>PROFIT AFTER TAXATION</u>			7 88 15 652		3 35 24 453
Balance Brought Forward from previous year			1 06 39 453		-
Transfer from Reserve for Contingencies			-		6 15 000
<u>AMOUNT AVAILABLE FOR APPROPRIATION</u>			8 94 55 105		3 41 39 453
<u>APPROPRIATIONS</u>					
Special Reserve			3 90 00 000		2 35 00 000
General Reserve			75 00 000		-
Proposed Dividend on Equity Shares			2 57 28 139		-
Tax on Proposed Dividend			36 08 371		-
Balance carried to Balance Sheet			1 36 18 595		1 06 39 453
			8 94 55 105		3 41 39 453
Earnings per Share - Basic and Diluted (Equity shares, par value Rs.10 each)			1.53		0.67
Notes forming part of the accounts	14				
Significant Accounting policies	15				

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and Profit and Loss Account
As per our report of even date

BY ORDER OF THE BOARD

B. Jitender
Chairman

For CHATURVEDI & SHAH
Chartered Accountants

R.Koria
Partner

Madhusudhan Parkhi
Company Secretary

Melwyn Rego
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai
Date : 25th June 2005

Place : Mumbai
Date : 25th June 2005

IDBI HOMEFINANCE LIMITED
Cash Flow Statement

	For the year ended 31 March,2005		For the year ended 31 March,2004	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before Taxation		10 37 80 493		4 35 64 393
<i>Adjustments for :</i>				
Deferred Revenue Expenses written off	36 96 283		93 40 871	
Preliminary expenses Written Off	1 55 748		1 55 748	
Provision for NPA	96 22 392		87 91 809	
Depreciation	1 17 68 422		1 11 32 759	
Bad Debts	37 931		1 88 713	
Loss on Sale of Fixed Assets	7 91 610		2 20 228	
		<u>2 60 72 386</u>		<u>2 98 30 128</u>
Operating profit before Working Capital Changes		12 98 52 879		7 33 94 521
<i>Adjustments for :</i>				
Trade and other receivables	1 94 38 480		(3 81 07 365)	
Trade Payables	1 00 21 725		28 87 161	
		<u>2 94 60 205</u>		<u>(3 52 20 204)</u>
Cash Generated from Operations		15 93 13 084		3 81 74 317
Direct tax paid / TDS / Refund received	(2 68 94 133)		(1 05 44 493)	
		<u>(2 68 94 133)</u>		<u>(1 05 44 493)</u>
Net Cash From Operating Activities		13 24 18 951		2 76 29 824
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets and Capital Work in Progress	(59 82 716)		(2 57 08 053)	
Sale of Fixed Assets	18 993		92 001	
Net Cash used in Investing activities		(59 63 723)		(2 56 16 052)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital	30 00 00 000		-	
Proceeds from Long Term Borrowings	382 51 97 711		42 36 66 811	
Repayment of Long Term Borrowings	(64 18 21 024)		(189 33 43 517)	
Proceeds from Short Term Borrowings	511 27 45 593		214 87 00 001	
Repayment of Short Term Borrowings	(427 95 51 390)		(27 41 90 091)	
Loans disbursed (Net)	(437 39 38 728)		(42 80 28 786)	
Net Cash From Financing Activities		(5 73 67 838)		(2 31 95 582)
Net Increase In Cash & Cash Equivalents		6 90 87 390		(2 11 81 810)
Cash and Cash Equivalents as on 31.03.2004		6 44 24 953		8 56 06 763
Cash and Cash Equivalents as on 31.03.2005		<u>13 35 12 343</u>		<u>6 44 24 953</u>

Note :

- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- 2) Figures in the brackets indicate Outflows.

As per our report of even date

BY ORDER OF THE BOARD

For CHATURVEDI & SHAH
Chartered Accountants

B. Jitender
Chairman

R.Koria
Partner

Madhusudhan Parkhi
Company Secretary

Melwyn Rego
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai
Date : 25th June 2005

Place : Mumbai
Date : 25th June 2005

IDBI HOMEFINANCE LIMITED
Schedules forming part of Balance Sheet

Schedule 1	As at 31 March,2005 Rs.	As at 31 March,2004 Rs.
SHARE CAPITAL		
Authorised Capital 15,00,00,000 (Previous Year 5,00,00,000) Equity Shares of Rs 10/- each	<u>150 00 00 000</u>	<u>150 00 00 000</u>
Issued,Subscribed & Paid Up Capital 7,99,76,826 Equity Shares of Rs 10/- Each Fully paid up (of the above 7,99,76,826 (Previous year 4,99,76,746) shares are held by the holding co. IDBI & its nominees)	<u>79 97 68 260</u>	<u>49 97 68 260</u>
	<u>79 97 68 260</u>	<u>49 97 68 260</u>
Schedule 2		
RESERVES & SURPLUS	As at 31 March,2005 Rs.	As at 31 March,2004 Rs.
SPECIAL RESERVE *		
As per last Balance Sheet	2 41 10 000	6 10 000
Add: Transfer from Profit and Loss Account	<u>3 90 00 000</u>	<u>2 35 00 000</u>
	6 31 10 000	2 41 10 000
GENERAL RESERVE		
Opening Balance	70 36 177	70 36 177
Add: Transfer from Profit and Loss Account	<u>75 00 000</u>	<u>-</u>
	1 45 36 177	70 36 177
PROFIT & LOSS ACCOUNT	1 36 18 595	1 06 39 453
	<u>9 12 64 772</u>	<u>4 17 85 630</u>
* Represents reserve created in compliance of Provision of Section 36(1) (viii) of the Income Tax Act, 1961 and NHB Act.		
Schedule 3		
LOAN FUNDS	As at 31 March,2005 Rs.	As at 31 March,2004 Rs.
SECURED LOANS		
Term Loans From Banks		
Long Term Loans	564 78 88 917	231 76 56 684
Short Term Loans	<u>119 98 99 207</u>	<u>103 97 33 749</u>
	684 77 88 124	335 73 90 433
National Housing Bank (Refinance)	35 31 21 000	-
Working Capital Loans from Banks	<u>47 56 53 846</u>	<u>10 26 01 646</u>
(Above loans are secured by a negative lien on all assets of the company and an irrevocable Power of attorney given by the company for creation of Charge on the properties of the borrowers of Housing Loans and for recovery of monies directly from the borrowers of Housing Loans in the event of default) (Amount payable within one year is Rs 293,90,00,000/- (Previous year Rs 126,47,35,395/-)	<u>767 65 62 970</u>	<u>345 99 92 079</u>
UNSECURED LOANS		
Short Term Loans		
Commercial Papers	80 00 00 000	100 00 00 000
(The maximum amount outstanding at any time during the year was Rs 100,00,00,000/-) [Previous year Rs. 100,00,00,000/-]	<u>80 00 00 000</u>	<u>100 00 00 000</u>

ANNUAL REPORT

2004 - 2005

IDBI HOMEFINANCE LIMITED Schedules forming part of the Balance Sheet Contd...

Schedule 4

FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2004 Rs.	Additions Rs.	Deductions /Adjustment Rs.	As at March 31, 2005 Rs.	Upto March 31, 2004 Rs.	Additions Rs.	Deductions /Adjustment Rs.	Upto March 31, 2005 Rs.	As at March 31, 2005 Rs.	As at March 31, 2004 Rs.
TANGIBLE ASSETS										
Computers and Softwares	3 47 88 429	13 13 286	21 697	3 60 80 018	76 59 893	57 18 490	-	1 33 78 383	2 27 01 635	2 71 28 536
Office Furniture	84 18 645	4 52 807	21 250	88 50 202	14 41 939	9 12 933	7 117	23 47 755	65 02 447	69 76 706
Office Equipment	95 31 966	7 98 275	1 20 264	1 02 09 977	9 96 134	5 54 973	23 771	15 27 336	86 82 641	85 35 832
Motor Vehicles	36 51 551	-	-	36 51 551	9 54 206	3 46 897	-	13 01 103	23 50 448	26 97 345
Vehicle Two Wheeler	3 345	1 700	-	5 045	3 345	1 700	-	5 045	-	-
Lease Hold Renovation	1 10 20 435	16 98 516	12 94 248	1 14 24 703	61 88 309	41 12 660	5 94 271	97 06 698	17 18 005	48 32 126
INTANGIBLE ASSETS										
Softwares *	-	39 81 510	-	39 81 510	-	1 20 769	-	1 20 769	38 60 741	-
Total	6 74 14 371	82 46 094	14 57 459	7 42 03 006	1 72 43 826	1 17 68 422	6 25 159	2 83 87 089	4 58 15 917	5 01 70 545

Previous Year (31-03-2004) 4 48 88 781 2 28 88 427 3 62 837 6 74 14 371 61 61 675 1 11 32 759 50 608 1 72 43 826 5 01 70 545 -

Capital Work In Progress 5 77 944 28 19 625

- Note: 1. Computers and Softwares include Hard Furnishing Computers of Rs.1,42,275/- (Previous Year Rs. 35,475/-)
 2. Office Equipment includes Hard Furnishing Equipments of Rs 1,66,842/- (Previous Year Rs 78,196/-)
 3. Office Furniture includes Hard Furnishing furniture of Rs.2,94,593/- (Previous Year Rs.2,88,143/-)
 4. Depreciation for the year is net of Rs. 1270/- of earlier year (Previous Year including Rs.75,194/-)
 5. Capital Work In Progress includes advances for capital expenses amounting to Rs 5,77,944/- (Previous Year Rs.22,69,625/-)

* Other than internally generated.

IDBI HOMEFINANCE LIMITED
Schedules forming part of the Balance Sheet Contd...

Schedule 5	As at 31 March,2005 Rs.		As at 31 March,2004 Rs.	
Current Assets and Loans and Advances				
A CURRENT ASSETS				
Sundry Debtors * (Unsecured, Considered good)				
a) Debts Outstanding for a period exceeding Six Months	4 28 313		-	
b) Other debts.	<u>10 08 349</u>	14 36 662	<u>6 873</u>	6 873
Cash and Balances				
Cash On Hand	8 86 397		4 39 534	
Balances with Scheduled Banks In Current Accounts	12 86 94 305		5 02 15 229	
Cheques On Hand	<u>39 31 641</u>	13 35 12 343	<u>1 37 70 190</u>	6 44 24 953
Other Current Assets				
Interest Accrued but not due		10 86 125		18 18 497
		<u>13 60 35 130</u>		<u>6 62 50 323</u>
B LOANS AND ADVANCES				
Installment Due From Borrowers (Secured and considered good)		81 13 222		46 64 661
Advances Recoverable in Cash or in Kind or for value to be received		2 83 06 391		5 18 90 849
Income Tax - Advance Tax and tax deducted at sources		4 12 85 495		1 52 99 335
		<u>7 77 05 108</u>		<u>7 18 54 845</u>
(A+B) Total		<u>21 37 40 238</u>		<u>13 81 05 168</u>
* Includes Rs. 14,21,406/- (Previous Year Rs. 5,100/-) due from holding company.				

Schedule 6	As at 31 March,2005 Rs.		As at 31 March,2004 Rs.	
CURRENT LIABILITIES AND PROVISIONS				
A Current liabilities				
Sundry Creditors for Expenses (Other than Small Scale Industries)		1 42 79 339		92 40 910
Other Liabilities		84 99 388		68 07 632
Interest Accrued but not due on loans.		<u>10 33 644</u>		<u>49 315</u>
		<u>2 38 12 371</u>		<u>1 60 97 857</u>
B Provisions				
Provision For Taxation		4 29 10 092		1 46 09 065
Provision For NPA		2 07 13 036		1 10 90 644
Provision For Retirement Benefits		12 90 839		10 83 628
Provision For Performance Linked Incentive to Employees *		33 50 000		12 50 000
Provision For Proposed Dividend On Equity Shares		2 57 28 139		-
Provision For Tax on Proposed Dividend		<u>36 08 371</u>		<u>-</u>
		<u>9 76 00 477</u>		<u>2 80 33 337</u>
(A+B) Total		<u>12 14 12 848</u>		<u>4 41 31 194</u>

* The company has recognised liability based on substantial degree of estimation for Performance Linked Incentive as on 31st March 2004. of Rs 12,50,000/-. During the year Rs 11,02,720/- was paid to employees and balance of Rs 1,47,280/- was reversed. Liability recognised under this clause for the year is Rs 33,50,000/-. Actual outflow is expected as and when the scheme of Incentive will be approved by Remuneration Committee of Board of Directors.

IDBI HOMEFINANCE LIMITED
Schedules forming part of the Balance Sheet Contd...

Schedule 7	As at 31 March,2005 Rs.	As at 31 March,2004 Rs.
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses	6 22 992	7 78 740
Deferred Revenue Expenditure	2 09 059	39 05 341
Total	8 32 051	46 84 081

Schedules forming part of the Profit and Loss Account

Schedule 8	For the Year Ended 31 March,2005 Rs.	For the Year Ended 31 March,2004 Rs.
OPERATING INCOME		
Interest On Loan [Tax deducted at Source Rs. 31,97,932/- (Previous Year Rs. 6,92,140/-)]	54 93 80 175	44 62 03 663
Total	54 93 80 175	44 62 03 663

Schedule 9	For the Year Ended 31 March,2005 Rs.	For the Year Ended 31 March,2004 Rs.
FEES AND OTHER CHARGES		
Fees	7 04 33 812	2 66 87 613
Other Charges	1 84 24 804	2 08 66 990
Total	8 88 58 616	4 75 54 603

IDBI HOMEFINANCE LIMITED
Schedules forming part of the Profit & Loss Account Contd...

Schedule 10

	For the Year Ended 31 March,2005 Rs.	For the Year Ended 31 March,2004 Rs.
OTHER INCOME		
Interest [Tax deducted at Source Rs. 20,251/- (Previous Year Rs. 10,166/-)]	1 21 915	3 88 556
Database Access Charges	26 397	27 432
Excess Provision Written Back	1 47 280	8 14 526
Miscellaneous Income	21 980	-
Total	3 17 572	12 30 514

Schedule 11

	For the Year Ended 31 March,2005 Rs.	For the Year Ended 31 March,2004 Rs.
INTEREST AND FINANCE CHARGES		
INTEREST		
On Fixed Loan	30 62 66 148	30 74 24 174
On Other Loans	1 32 47 608	24 40 620
Commercial Papers	4 60 77 602	1 23 72 227
BANK AND FINANCE CHARGES	34 36 041	57 51 944
Total	36 90 27 399	32 79 88 965

Schedule 12

	For the Year Ended 31 March,2005 Rs.	For the Year Ended 31 March,2004 Rs.
EMPLOYEES' EMOLUMENTS AND BENEFITS		
Salaries and Allowances	2 87 10 646	2 52 73 538
Contribution to Provident Fund and Other Funds	32 66 042	27 33 477
Staff Welfare and Other Amenities	62 04 147	48 74 762
Total	3 81 80 835	3 28 81 777

IDBI HOMEFINANCE LIMITED
Schedules forming part of the Profit & Loss Account Contd...

Schedule 13**ESTABLISHMENT AND OTHER CHARGES**

	For the Year ended 31 March,2005 Rs.	For the Year ended 31 March,2004 Rs.
Commission	3 06 46 518	1 07 96 779
Legal and Professional charges	2 02 41 110	1 06 57 017
Rent	1 00 53 310	1 03 80 930
Rates and Taxes	12 78 442	58 884
Electricity	24 61 500	21 15 560
Communication Expenses	84 39 744	66 53 421
Travelling Expenses	27 68 188	23 16 896
Printing and Stationery	23 95 538	16 62 687
Repairs and Maintenance - Others	72 18 976	49 06 679
Advertisement and Business Promotion Expenses	88 72 826	14 27 352
Insurance Premium	1 84 623	2 09 968
Management Fees	-	5 39 895
Subscription	-	9 28 104
Payment to Auditors	11 89 817	11 08 146
Loss on Sale of Fixed Assets	7 91 610	2 20 228
Miscellaneous Expenses	13 66 379	* 69 61 199
Preliminary Expenses written off	1 55 748	1 55 748
Deferred Revenue Expenses written off	36 96 283	93 40 871
Total	10 17 60 612	7 04 40 364

* includes Stamp Duty/Filing Fees Expenses of Rs.66,00,000/- for increase in authroised share capital.

IDBI HOMEFINANCE LIMITED

Schedule: 14

NOTES TO ACCOUNTS

1. Previous year figures have been regrouped, rearranged and reclassified wherever necessary.
2. Figures shown against Housing Loans, Debtors and Creditors are subject to confirmation.
3. Housing loans and installments due from borrowers are secured by:
 - (a) Equitable mortgage of property and/or
 - (b) Assignment of life insurance policies and/or
 - (c) Company guarantees or personal guarantees and/or
 - (d) Undertaking to create a security.
4. Classification of loans and provision made for Non Performing Assets is given below.

(Amount in Rs.)

PARTICULARS	STANDARD ASSET	SUB-STANDARD ASSET	DOUBTFUL ASSETS	TOTAL
As at March 31, 2005				
Home Loans	908,23,95,379/-	8,61,32,923/-	5,73,06,306/-	922,58,34,608/
Percentage	98.45	0.93	0.62	100
Provision				
As at Mar 31,2004		1,10,90,644/-		1,10,90,644/-
Provision during the year		-24,77,290/-	1,20,99,682/-	96,22,392/-
Total as at March 31, 2005		86,13,354/-	1,20,99,682/-	2,07,13,036/-
Net NPA		7,75,19,569/-	4,52,06,624/-	12,27,26,193/-
Net NPA as a % of Loan Asset				1.33

IDBI HOMEFINANCE LIMITED

(Amount in Rs.)

PARTICULARS	STANDARD ASSET	SUB-STANDARD ASSET	DOUBTFUL ASSETS	TOTAL
As at March 31, 2004				
Home Loan	475,27,84,034/-	9,91,49,777/-		485,19,33,811/-
Percentage	97.96	2.04		100
Provision				
As at Mar 31,2003		22,98,835/-		22,98,835/-
Provision during the year		87,91,809/-		87,91,809/-
Total as at March 31, 2004		1,10,90,644/-		1,10,90,644/-
Net NPA				8,80,59,133/-
Net NPA as a % of Loan Asset				1.81

In terms of Paragraph 25(2) of the Housing Finance Companies (NHB) Directions, 2001, housing finance companies are required to distinctly indicate provision for sub-standard, doubtful and loss assets for Housing and Non-Housing finance business. In view of the specific extension granted to the company upto September 30, 2005 by National Housing Bank (NHB) vide its letter no. NHB(ND)/HFC(DRS)/ND 51/ 2984/2005 dated June 21, 2005, above information are not given.

5. The erstwhile holding company Tata Finance Ltd. (TFL) has agreed to indemnify company against any housing loan sanctioned upto September 7, 2003 (date of divesting the investment by TFL) becoming a non performing asset within three years from the effective date. This indemnity includes expenses related to recovery action and shortfall in the realisation of amount, subject to an overall cap of Rs. 5,00,00,000/-. Financial statements are not adjusted to reflect any impact of this indemnity.
6. Housing Loans include Rs.6,96,150/- (Previous year Rs.7,47,178/-) given to a Officer of the Company. The maximum balance due at any time during the year was Rs. 7,47,178/- (Previous year Rs.7,96,234/-).

IDBI HOMEFINANCE LIMITED

7. The Deferred Tax asset (liability) as at March 31, 2005 is comprised of the following:

(Amount in Rs.)

Particulars	As on March 31, 2005	As on March 31, 2004
1) Deferred tax liability related to		
a) Fixed Assets	50,20,285/-	48,53,146/-
b) Miscellaneous expenditure	2,09,699/-	2,79,373/-
c) Deferred Revenue expenditure		12,51,334/-
Total Deferred Tax Liability (A)	52,29,984/-	63,83,853/-
2) Deferred Tax Asset		
a) Provision For NPA	69,72,008/-	39,78,769/-
b) Expenses u/s 43B under Income Tax Act	4,66,068/-	3,69,017/-
Total Deferred Tax Asset (B)	74,38,076/-	43,47,786/-
Net Deferred Tax (A-B) Asset (Liability)	22,08,092/-	(20,36,067/-)

8. The Company's main business is to provide loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard 17 on Segment Reporting.
9. As required by Accounting Standard - 18 on 'Related Party Transaction', following persons are considered as related person for the year ended March 31, 2005.

Sr.No.	Name of the Related Party	Nature of Relationship
(1)	IDBI Ltd	Holding Company
(2)	IDBI Bank Ltd.	Fellow Subsidiary
(3)	IDBI Intech Ltd.	Fellow Subsidiary
(4)	IDBI Capital Market Services Ltd.	Fellow Subsidiary
(5)	Mr. Melwyn Rego, Managing Director and CEO	Key Management Personnel

IDBI HOMEFINANCE LIMITED

The nature and volume of transactions of the company during the existence of relationship with the above-referred parties are as follows :

(Amount in Rs.)

Particulars	Holding Company	Fellow Subsidiary Company	Key Management Personnel	Total
Share Capital	30,00,00,000/-	-	-	30,00,00,000/-
	(-)	(-)	(-)	(-)
Loan taken	20,00,00,000/-	-	-	20,00,00,000/-
	(-)	(-)	(-)	(-)
Loan Outstanding as at 31st March 2005	20,00,00,000/-	-	-	20,00,00,000/-
	(-)	(-)	(-)	(-)
Commercial Paper	30,00,00,000/-	-	-	30,00,00,000/-
	(-)	(-)	(-)	(-)
Fixed Deposit	15,00,00,000/-	-	-	15,00,00,000/-
	(-)	(-)	(-)	(-)
Purchase of Fixed Assets	(-)	-	-	(-)
	(10,20,100/-)	(-)	(-)	(10,20,100/-)
Interest on Fixed Deposit	96,848/-	-	-	96,848/-
	(-)	(-)	(-)	(-)
Service rendered by reporting Enterprises	46,420/-	10,205/-	-	56,625/-
	(36,255)	(-)	(-)	(36,255/-)
Interest Payment on Loan	12,74,828/-	-	-	12,74,828/-
	(-)	(-)	(-)	(-)
Bank Charges	3,23,479/-	1,16,964/-	-	4,40,443/-
	(-)	(-)	(-)	(-)
Interest on Commercial Paper	16,47,481/-	-	-	16,47,481/-
	(-)	(-)	(-)	(-)
Staff Expenses	* 25,61,762/-	-	-	25,61,762/-
	(22,47,089/-)	(-)	(33,18,064/-)	(55,65,153/-)
Rent and Other Expenses	11,40,725/-	-	-	11,40,725/-
	(2,02,197/-)	(-)	(-)	(2,02,197/-)
Reimbursement of Expenses	19,17,992/-	-	-	19,17,992/-
	(-14,45,971/-)	(-)	(-)	(-14,45,971/-)
Debtors as at 31 st March 2005	14,21,406/-	-	-	-
	(5,100/-)	(-)	(-)	(-)
Creditors as at 31 st March 2005	-	-	-	-
	(2,62,416/-)	(-)	(-)	(-)

* Includes reimbursement of Managerial Remuneration of Rs 8,09,995/-
Note: Figures in brackets represent previous year figures.

IDBI HOMEFINANCE LIMITED

Related party transactions which are in excess of 10% of the total related party transaction of similar nature are as follows:

(Amount in Rs.)

Nature of Transaction	Name of the Related Party	Amount [In Rs]
Share Capital	IDBI Ltd	30,00,00,000/-
Loan taken	IDBI Ltd	20,00,00,000/-
Commercial Paper	IDBI Ltd	30,00,00,000/-
Fixed Deposit	IDBI Ltd	15,00,00,000/-
Services Rendered by reporting enterprises	IDBI Ltd IDBI Capital Services Ltd	46,420/- 10,205/-
Interest on Fixed Deposit	IDBI Ltd	96,848/-
Interest Payment on Loan	IDBI Ltd	12,74,828/-
Bank Charges	IDBI Ltd IDBI Bank Limited	3,23,479/- 1,16,964/-
Interest on Commercial Paper	IDBI Ltd	16,47,481/-
Staff Expenses	IDBI Ltd	25,61,762/-
Rent and Other Expenses Paid	IDBI Ltd	11,40,725/-
Reimbursement of Expenses	IDBI Ltd	19,17,992/-

10. The calculation of Earnings Per Share as per the Accounting Standard 20 on "Earnings per share" is as under:

(Amount in Rs.)

	Particulars	As at March 31, 2005	As at March 31, 2004
A	Net profit attributable to Equity Shareholders (Rs.)	7,88,15,652/-	3,35,24,453/-
B	Weighted average number of Equity Shares (Nos)	51456278	49976826
(A/B)	Basic & Diluted Earning per Share of Rs.10/- each (Rs.)	1.53	0.67

IDBI HOMEFINANCE LIMITED

11. (a) Details of managerial remuneration is given below:

(Amount in Rs.)

Particulars	For the Year ended March 2005 \$	For the Year ended March 2004 @
Salary and Allowances	4,43,037/-	1,79,985/-
Contribution to Pension Fund and other funds	26,590/-	10,600/-
Perquisites	2,84,838/-	1,14,884/-
Leave Encashment and Gratuity	55,530/-	23,019/-
TOTAL	8,09,995/-	3,28,488/-

\$ excluding provision for Performance Linked Incentive

@ from the date of appointment i.e November 1,2003

(b) The computation of Net Profit for the purpose of Director's Remuneration under Section 349 of Companies Act, 1956 have not been enumerated since no commission has been paid to the Managing Director. Fixed managerial remuneration has been paid to managing director as per Schedule XIII of Companies Act, 1956.

12. Break up of Payment to Auditors is given below :

(Amount in Rs.)

Particulars	For the year ended 31st March 2005	For the year ended 31st March 2004
Audit Fees	6,00,000/- *	6,48,000/-
Tax Audit Fees	1,46,000/- *	54,000/-
Certification and Other Services	3,67,150/-	2,91,600/-
Out of Pocket Expenses	76,667/-	1,14,546/-
TOTAL	11,89,817/-	11,08,146/-

* excluding Service Tax

13. Estimated amount of contracts remaining to be executed on capital amount (net of advances) and not provided for is Rs 64,216/- (Previous year 11,79,060/-)

14. Contingent liabilities

i) In respect of Counter-Indemnity given by the Company to Bank for Instruments misplaced by the borrowers are Rs.12,46,650/- (Previous year Rs.8,71,650/-). Company has been indemnified with the equal amount of counter indemnity by the respective borrowers.

ii) Claims by an ex-employee - Matter is pending at Delhi High Court. Amount not quantifiable (Previous Year Nil)

15. Company has not made any formal estimate of recoverable amount of assets, as there are no indication of existence of potential impairment loss on any asset.

IDBI HOMEFINANCE LIMITED

Schedule: 15

SIGNIFICANT ACCOUNTING POLICIES

1. Method of Accounting

The financial statements are prepared under the historical cost conventions in accordance with generally accepted accounting principles (GAAP) and provisions of the Companies Act, 1956. Generally, revenues are recognised on accrual basis with provision made for known losses and expenses.

2. Use of Estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialized.

3. Revenue Recognition

Interest Income on housing loan is accounted on accrual basis except interest on non-performing asset, Cheque Bounce Charges and Overdue Interest, which are recognized as and when received.

4. Fixed Assets

(a) Fixed Assets are stated at cost less accumulated depreciation. All costs including taxes, freight, finance charges and incidental expenses attributable to the acquisition and installations of fixed assets as well as the subsequent improvements thereto are capitalised. Renovation expenses incurred on lease hold premises giving benefit of enduring nature are capitalised.

(b) Intangible asset are stated at cost less amortisation.

5. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

6. Depreciation / Amortisation

(a) Depreciation on fixed assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except hard furnishing assets (Computers, Furniture & Fixtures and Equipments) purchased for its employees, depreciation has been charged at the rate of 25% and cost of improvement to lease hold premises has been amortized over the lease period.

(b) Intangible asset are amortized pro rata over a period of 36 months from the month of put to use.

7. Retirement Benefits

The company's liabilities towards Gratuity and Superannuation to the employees are covered by a group policy with Life Insurance Corporation of India and payments are made to the fund maintained with Life Insurance Corporation

IDBI HOMEFINANCE LIMITED

of India.

Liability on account of encashment of leave is provided on the basis of Actual Valuation.

8. Asset classification and Provision for Non Performing Assets

The company follows the NHB guidelines for the purpose of income recognition, asset classification and provisioning norms.

9. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from 'timing difference' between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

10. Miscellaneous expenditure

- Preliminary expenses comprise incorporation and other start-up costs, which are amortized over a period of 10 years on a straight-line method from the date of incorporation.
- Deferred Revenue Expenditure includes Expenses at the time of start up/re-launch of the business, Cost of Software ; and are amortized pro rata over a period of 36 months from the month of incurring the expenses or accrual of benefits whichever is later.

11. Provision, Contingent Liabilities and Contingent assets

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements

As per our report of even date

BY ORDER OF THE BOARD

For CHATURVEDI & SHAH
Chartered Accountants

B. Jitender
Chairman

R.Koria
Partner

Madhusudhan Parkhi
Company Secretary

Melwyn Rego
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai
Date : 25th June 2005

Place : Mumbai
Date : 25th June 2005

Branch Network**NORTH****Delhi**

3rd Floor, Kanchenjunga Building,
18 Barakhamba Road,
New Delhi - 110001
Tel. Nos. 011-23323864 - 66,
23310354-5
Fax No. 011-23324863

Chandigarh

Sco 10,11,12
Sector 17 B, Chandigarh
Tel Nos. 0172-3043929, 30

Jaipur

208 B, Sangam Towers
Church Road, M I Road
Jaipur - 302001
Tel. Nos. 0141 -5114565, 5114566
Fax Nos. 0141-2731360

Mumbai**Vashi**

Office No. 32, 3rd Floor,
Shanti Centre, Premises Co-op. Society
Plot No.8, Sector 17, Vashi - 400705
Tel. No. 022-27665450, 27665465
Fax No. 022-27665470

Dadar

"Sapana", Ground Floor,
Plot No. 850, S K Bole Road,
Agarbazar, Dadar (west),
Mumbai - 400 028
Tel. Nos. 022-2438 1703, 2713, 2731
Fax No. 022- 2438 3061

Thane

Shop No.21,
Rajadeep Co Op Hsg Soc.
Gokhale Road, Thane - 400 602
Tel. Nos. 022-25384545
Fax. No.022-25338274

Borivali

501. Soni Shopping Centre, L. T. Road,
Opp TBZ Diamond Showroom
Borivali (west) Mumbai - 4000 92
Tel No. - 022- 28637925, 28017754,
28017759
Fax- 28091990

EAST**Kolkata**

3b, Park Plaza
3rd Floor, 71, Park Street,
Kolkata - 700016.
Tel:033- 22270716,22270714,
22270715,22270717
Fax NO. 033-22270718

WEST**Pune****Central Office & Pune Branch**

1204/2 Gopika Niketan
Ghole Road, Shivajinagar
Pune - 411 004
Tel. Nos. 020-25510625 - 30
Fax No. 020-25510862

Pimpri

A - Wing 1st Floor, Kamla Crossroads,
Cts No.209/b, Opp PCMC Main Office,
Mumbai - Pune Road, Pimpri - 411017
Tel Nos-27426587
Tele Fax No. 020-27425548

Ahmedabad

5 C, Premchand House
Annexe, 172/2 Ashram Road
High Court Lane
Ahmedabad - 380 009
Tel. No.079-26580280,26580739
Fax No. 079-26580699

Baroda

202 / 203, Tithi Complex,
Opp. BPC Complex, Productivity Road
Baroda - 390 005
Tel No 0265-2311838,
2311821, 2326734
Fax. No. 0265-2326715

Nasik - I

Shop No T1 T2 @ T3
Dharmaraj Plaza. Gangapur Road
Nashik - 422013
Tel. Nos. 0253 - 2583067, 2583068
Fax No.0253-2582510

Nasik - II

Shop. No.1, Dande Tower,
Datta Mandu, Deolali, Nashik.

SOUTH**Chennai - I**

IDBI, Khivraj Complex,
Ground Floor,
480, Anna Salai,
Nandanam, Chennai - 600035
Tel. Nos. 044-52040604, 605, 608
Fax No. 044-52040626

Chennai - II

No. 150 G - 1, Arun Excello,
Rangamalika Phase II, Tambaram
Velachery Road, Medavakkam,
Chennai - 601302

Hyderabad

201, Second Floor,
H. No. 3-6-524, Zee Plaza
(opp Minarva Coffee House)
Himayatnagar, Hyderabad - 500029
Tel. Nos. 040-27614644, 27614622
040-55511242,55616932
Fax No. 040-27607595

Bangalore

No. 412, "Jindal Centre",
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Fax No.080-22127935



