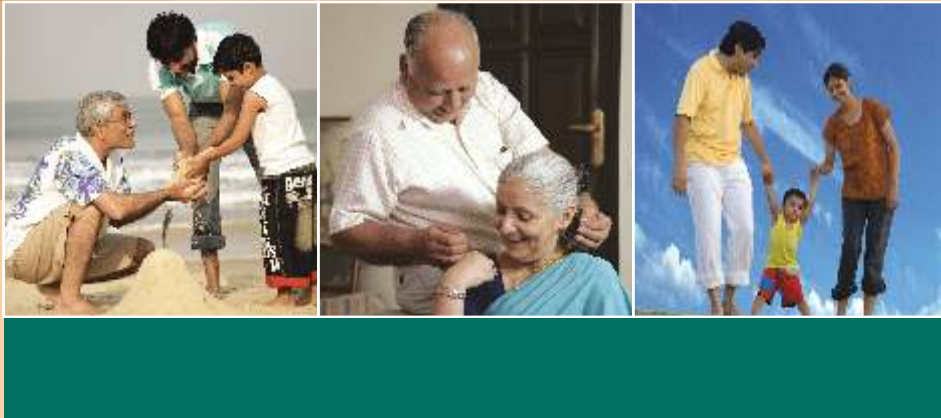




IDBI

Home Finance

IDBI HOMEFINANCE LTD.



9th ANNUAL REPORT 2007 - 2008

BOARD OF DIRECTORS



Shri. Yogesh Agarwal
Chairman



Shri. O. V. Bundellu



Shri. F. J. da Cunha



Shri. S. Ravi



Shri. M. H. Kulkarni
Managing Director & CEO



Shri. G. Soundararajan

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. M. Jayasimhan	-	Chief - HR & Admin & North Region
Shri. Sachin Bhortakay	-	Chief - Internal Audit & Compliance
Shri. T. Jayakumar	-	General Manager - South Region
Shri. Kallol Chatterjee	-	General Manager - West Region
Shri. Ramchandra Vaidya	-	General Manager - Mumbai Region
Shri. Jaspal Singh	-	General Manager - HR & Admin

Statutory Auditors

	:	M/s. A. J. Shah & Co.
		Chartered Accountants
		Fort Chambers, C-Block, 65,
		Tamarind Lane, Fort,
		Mumbai – 400 023.

Registrar & Transfer Agents

	:	Intime Spectrum Registry Ltd.
		C-13, Pannalal Silk Mills Compound,
		L.B.S. Marg, Bhandup (West),
		Mumbai - 400 078.
		Investor Services of India Ltd
		IDBI Building, 2nd Floor,
		Rajiv Gandhi Marg, Sector 11,
		CBD - Belapur,
		Navi Mumbai - 400 614.

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	Axis Bank	10	Punjab National Bank
2	Bank of Maharashtra	11	State Bank of Hyderabad
3	Canara Bank	12	State Bank of Indore
4	Central Bank of India	13	State Bank of Mysore
5	IDBI Bank Limited	14	State Bank of Patiala
6	Indian Overseas Bank	15	Union Bank of India
7	ING Vysya Bank Limited	16	Vijaya Bank
8	National Housing Bank	17	YES Bank
9	Oriental Bank of Commerce		

Debenture Trustees : IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai - 400 001.

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Directors' Report to the Members

Your Directors have pleasure in presenting the 9th Annual Report of the Company together with Audited Balance Sheet as at March 31, 2008 and Profit & Loss Account for the year ended March 31, 2008.

The year under review has been the fourth full financial year after the takeover by IDBI Bank Ltd. During the past four years, the company has been in a position to make a mark in the housing finance sector and is among the top five leading housing finance companies in the country.

During the year, the operations and profitability of the company continued to surge forward. 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 quality service levels.

FINANCIAL RESULTS

During the year 2007-08, the Company has achieved a substantial growth in profits as detailed below, which was achieved in the backdrop of the housing finance sector witnessing increased participation from commercial banks, slow down in the housing sector and significant interest rate volatility :

(Rs. In lakhs)

Particulars	Current Year 2007-2008	Previous Year 2006-2007
Profit Before Tax	4152.90	2961.71
Provision for Tax	1164.28	649.33
Profit After Tax	2988.62	2312.38
Balance brought forward	354.78	130.60
Prior period adjustments	9.61	(13.07)
Profit available for appropriations	3353.01	2429.91
Appropriations		
Transfer to Special Reserves [Under Section 36(1) (viii) of Income Tax Act, 1961]	800.00	1104.90
Transfer to General Reserves	---	---
Proposed Dividend on Equity Shares	1393.21	829.29
Tax on Proposed Dividend	236.77	140.94
Balance carried to Balance Sheet	923.03	354.78
Total	3353.01	2429.91

Dividend

In view of enhanced profitability and positive outlook for the Company, the Board of Directors has recommended payment of an increased dividend of 10% on the equity shares on a pro-rata basis.

OPERATIONS

Profitability

The net interest income during 2007-08 increased by about 56% to Rs. 58.59 crore from Rs. 37.53 crore during 2006-07. Interest cost for the year ended March 31, 2008 increased by about 48% on account of increase in total borrowings by 18% and also re-pricing of the loans during the year. Total income (net of finance charges) increased by about 32% to Rs. 71.23 crore from Rs. 54.11 crore during the year ended March 31, 2007. After considering all non-interest expenses (Rs. 22.64 crore), the PBT for the year ended March 31, 2008 increased by 40% to Rs. 41.53 crore from Rs. 29.62 crore for the year ended March 31, 2007. After taking into account provision for taxation of Rs. 11.64 crore, PAT increased by 29% to Rs. 29.89 crore from Rs. 23.12 crore for the year ended March 31, 2007.

Sanctions & Disbursements

Your Company registered a marginal growth in sanctions and disbursements during the year. The loan sanctions for the year 2007-08 rose by about 5% to Rs. 1173 crore from Rs. 1116 crore in the year 2006-07. Similarly, disbursements during 2007-08 increased by about 2% to Rs. 856 crore from Rs. 840 crore for the year 2006-07.

Loan Outstanding

The outstanding loan portfolio increased from Rs. 2147 crore as at March 31, 2007 to Rs. 2710 crore as at March 31, 2008 registering a growth of about 26% during the year.

Details of Loan Portfolio

The Company continued to focus its business on salaried employees. Out of the total housing loan portfolio of Rs. 2710 crore as on March 31, 2008, 97% of loans were extended to salaried employees with the balance 3% of the loans being given to self-employed businessmen and professionals. As on March 31, 2008, 88% of the loans were at variable interest rate and the balance 12% were at fixed rates of interest (with majority of these loans having fixed rate with a three-year interest rate review clause). The entire outstanding loan portfolio as on March 31, 2008 was extended to individuals. The housing loans, including staff housing loans (Rs. 7.40 crore) are secured. To cater to all segments of home owners, your company besides individual housing loans, also offers 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.

In view of the current interest rates scenario, the company has temporarily suspended the fixed rate product and variants thereof. The company is adopting a cautious approach and reintroduction of the fixed rate product will be decided depending upon the market conditions.

Further Issue of Capital

In August 2007, your Company made a further issue of capital of 1,50,00,000 Equity Shares of Rs. 10/- each for Cash at Par by way of Rights Issue. The issue was fully subscribed. The proceeds of the issue have been used towards the Company's long-term requirement of funds. Consequent upon further issue of capital, 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 16.01% as on March 31, 2008.

Non-performing Assets (NPAs)

Your Company has been conscious of the need to maintain a high level of asset quality. Accordingly, organisational changes have been made to facilitate focus on collections, while at the same time strengthening the credit approval mechanism. These measures have resulted in an improvement in asset quality with Gross NPAs reducing from 1.06% as on March 31, 2007 to 0.99% as on March 31, 2008 with Net NPAs showing a corresponding reduction from 0.73% as on March 31, 2007 to 0.56% as on March 31, 2008. Your Company will strive to maintain and improve its asset quality during the current year.

Borrowings

The Company has outstanding loans from banks aggregating Rs. 2037.46 crore. In addition, your Company has availed of refinance assistance from NHB to the extent of Rs. 206.94 crore. It has also tapped the primary markets through issue of commercial paper for which it has been accorded the highest rating of A1+ by ICRA Ltd for maximum maturity value of Rs. 600 crore. The commercial paper outstanding as on March 31, 2008 aggregated Rs. 300 crore. The Company can borrow a maximum amount equivalent to 16 times of its net worth as per "Housing Finance Companies (NHB) Directions 2001". The aggregate borrowings as at March 31, 2008 including Subordinated Debt of Rs. 80 crore was Rs. 2544.40 crore resulting in a Debt-Equity Ratio of 13.77:1.

The Company has the right to change the rate of interest on the first day of every calendar quarter on variable interest rate loans extended to customers. Accordingly, the short-term loans were raised to fund variable interest rate loans. Moreover, as a matter of prudence, your Company has unavailed bank loans / liquid funds to meet at least 3 months of debt servicing of principal amount of maturing loans. 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 to 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 the prevailing environment, a price advantage can at best be temporary as the 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 business operations.

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 Center at the Corporate Office at Pune, housing the high-end data processing equipment keeping in view the future business plans. The Data Center facilitates 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 is reviewing its Disaster Recovery (DR) 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 Solution (THLS) for business operations, interfaced with the Financial Accounting. The automation measures taken have facilitated quality customer service and have provided 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.

New Corporate Logo

The Company has adopted a new Corporate Logo with a view to identifying itself closely and in more demonstrative way with IDBI group. The new logo has a colour scheme identical to the parent logo and your company is confident to get further mileage with the same.

Particulars of employees

The Company had 187 employees as on March 31, 2008 as against 170 as on March 31, 2007.

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 20% of its total housing income transferred to Special Reserves. The Company has transferred Rs. 8 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

The Board of the Company currently comprises six Directors of which three are Independent Directors.

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.

Corporate Governance

After the issue of Subordinated Debt, the Company has executed Listing Agreement with the Bombay Stock Exchange. The Listing Agreement contains the stipulations inter alia, in connection with the constitution of Board of Directors, Audit Committee etc. The Company has adopted some of the non-mandatory stipulations voluntarily as pro-active measures.

Whistle Blower Policy

The Company has formulated Whistle Blower Policy, which is effective from April 1, 2006. Under the policy any employee of the Company can have access to the Audit Committee or any member thereof in respect of any unethical action on the part of the employees / management. The comprehensive mechanism has been put in place in the Redressal of Grievances under Whistle Blower Policy.

Code of Conduct for Directors and Employees

Pursuant to the listing of Subordinated Debt Issue with the Bombay Stock Exchange, the company voluntarily decided to adopt the provisions of the Code of Conduct for the Directors and Employees. The Code was approved by the Board on October 28, 2006. In terms of the Code, a declaration has been obtained from all the employees and the Directors confirming that the provisions of the Code have been complied with.

Fair Lending Practices Code

During FY 2007, National Housing Bank advised housing finance companies to adopt the Fair Lending Practices Code. Accordingly, the Fair Lending Practices Code was approved by the Board on September 26, 2006. The Code has been uploaded on the Company's website and is displayed on the notice board at all its Branches.

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 provisions of Section 292 (A) of the Companies Act, 1956. The Committee comprises of the following members:

1. Shri F. J. da Cunha
2. Shri G. Soundararajan
3. Shri S. Ravi

Constitution of Resources Committee

With a view to enabling the company to respond quickly to the interest rate volatility, the Resource Committee has been constituted comprising Shri. Yogesh Agarwal, Chairman, Shri. O. V. Bundellu, Director and Shri. M. H. Kulkarni, Managing Director & CEO.

Auditors

M/s. A. J. Shah & Co., 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 FY 2007-08.

Review of accounts by C & AG

The accounts for the year ended March 31, 2008 were reviewed by Comptroller and Auditor General of India (C & AG). The comments on accounts by C & AG are given as Annexure to this report. C & AG has commented that on the basis of its audit nothing significant has come to its knowledge which would give rise to any comment upon or supplement to statutory auditor's report under Section 619(4) of the Companies Act, 1956.

Future Prospects

Several initiatives taken for re-launching of Operations of your Company have started yielding results. The same is reflected in the Operations and Profitability of the Company during FY 2007-08 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 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, 2008.

Appreciation/ Acknowledgment

The Board of Directors wish to thank the National Housing Bank, IDBI Bank Ltd. (the sponsor Bank), Comptroller & Auditor General of India, Registrar of Companies and the Bombay Stock Exchange for their cooperation in various spheres of your Company's functions. The Board of Directors also wishes to thank the rating agencies for their valuable guidance. The Company's good performance during FY 2008 could only have been possible due to the unstinted support of various banks, which sanctioned loans and investors in commercial paper and Subordinated Debt. 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 2007-08.

For and on behalf of the Board of Directors,

(Yogesh Agarwal)
Chairman

Place : Mumbai.

Date : June 6,2008

Annexure to Directors' Report

Comments of the Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956 on the accounts of IDBI Homefinance Limited for the year ended 31 March 2008.

The preparation of financial statements of IDBI Homefinance Limited for the year ended 31 March 2008 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 April 2008.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of IDBI Homefinance Limited for the year ended 31 March 2008. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

**For and on the behalf of
Comptroller and Auditor General of India**

(A. W. K. Langstieh)
Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place: Mumbai.

Date: 23 May 2008

Auditors' Report

To,

The Members of

IDBI HOMEFINANCE LIMITED.

1. We have audited the attached Balance Sheet of IDBI HomeFinance Ltd., as at 31st March 2008, 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, the Profit and Loss Account, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the 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 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 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 the 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 2008;
- 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 **A. J. SHAH & CO.**
Chartered Accountants

HIREN SHAH
(Partner)
Membership No: 100052

Place: Mumbai.

Date: 15th April 2008

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, all the assets have been physically verified by the management during the year as per the program for 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 assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and same have been dealt with in the books of account.
 - (c) In our opinion and according to the information and 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, secured/unsecured granted or taken by the Company to /from 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 hence clauses (iii)-(b) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
 - (b) The Company has taken loans from a Company. The maximum amount outstanding during the year was Rs. 1276,05,48,853/- and year-end balance of such loans was Rs. 1275,89,88,038/-.
 - (c) According to information and explanations given to us, we are of the opinion that rate of interest and other terms and conditions of such loans are 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 loans 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 activities of the Company do not involve purchase of inventory and sale of the goods.
- 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 and 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 and explanations given to us, these contracts or arrangements with IDBI Ltd. are mainly in the nature of reimbursement of cost incurred by IDBI Ltd. for IDBI Homefinance Limited and 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 or any other relevant provisions 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 an 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 and explanations given to us in respect of statutory and other dues:
 - (a) The company has 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 2008 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, following amounts have not been deposited as at 31st March 2008 on account of any dispute:

Annexure to Auditors' Report (Continued)

Name of the statute	Financial year to which the matter pertains.	Forum where matter is pending.	Amount (Rs/-)
Income Tax	2000-01 2001-02 2002-03	Commissioner of Income Tax (Appeal)	25,22,503/-

- x. The Company neither has accumulated losses at the end of the year, nor has 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, banks, and debenture holders.
- 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. Based on our examination of the records and the information and explanations given to us, the Company has not dealt/traded in shares, debentures and other investments during the year. As informed and explained to us, proper records have been maintained of the transactions and contracts relating to dealing/trading in securities (Mutual funds) and timely entries have been made therein. There are no securities as on balance sheet date.
- 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 and belief and according to the information and explanations given to us, the term loans raised during the year and those, which were outstanding at the beginning of the year, have prima facie been used 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 2008, related information 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 and bank borrowings aggregating to Rs. 628,23,04,941 /- 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 had issued unsecured debentures in earlier years which are outstanding as on 31st March 2008. Accordingly no securities are required in respect of said debentures.
- 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 and explanations given to us, no material fraud on or by the company was noticed or reported during the year, although there have been few instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers, the amount whereof are not material in the context of the size of the company and nature of its business and which have been provided for.

For **A. J. SHAH & CO.**
Chartered Accountants

HIREN SHAH
(Partner)
Membership No: 100052

Place: Mumbai.
Date: 15th April 2008

IDBI HOMEFINANCE LIMITED
Balance Sheet as at March 31, 2008

	Schedule No.	Rs.	As at 31 March,2008 Rs.	Rs.	As at 31 March,2007 Rs.
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	144 97 68 260		129 97 68 260	
Reserves & Surplus	2	<u>43 94 38 933</u>	188 92 07 193	<u>30 26 14 035</u>	160 23 82 295
LOAN FUNDS					
Secured Loan	3	2151 45 36 618		1962 15 91 206	
Unsecured Loan	4	<u>392 94 41 387</u>	2544 39 78 005	<u>195 00 00 000</u>	2157 15 91 206
TOTAL			<u>2733 31 85 198</u>		<u>2317 39 73 501</u>
APPLICATION OF FUNDS					
LOANS					
Home Loans		2634 14 70 774		2062 88 34 262	
Other Loans		<u>76 25 01 487</u>	2710 39 72 261	<u>84 06 35 767</u>	2146 94 70 029
FIXED ASSETS					
Gross Block	5	10 60 17 027		10 18 68 197	
Less : Depreciation		<u>6 19 99 858</u>		<u>4 88 60 352</u>	
Net Block		4 40 17 169		5 30 07 845	
Capital Work-in-Progress / Advances		<u>13 15 125</u>	4 53 32 294	<u>11 12 193</u>	5 41 20 038
NET DEFERRED TAX ASSET [Refer Note No. 9 of Schedule 15]			3 85 97 630		2 11 52 804
CURRENT ASSETS, LOANS & ADVANCES					
Cash and Bank Balances	6	34 26 44 424		176 18 92 903	
Other Current Assets		8 46 566		85 76 554	
Loans and Advances		<u>38 92 45 945</u>		<u>22 51 65 968</u>	
		<u>73 27 36 935</u>		<u>199 56 35 425</u>	
LESS : CURRENT LIABILITIES & PROVISIONS					
Liabilities	7	3 81 77 330		3 73 90 778	
Provisions		<u>54 94 32 340</u>		<u>32 93 25 513</u>	
		<u>58 76 09 670</u>		<u>36 67 16 291</u>	
NET CURRENT ASSETS			14 51 27 265		162 89 19 134
MISCELLANEOUS EXPENDITURE	8		1 55 748		3 11 496
TOTAL			<u>2733 31 85 198</u>		<u>2317 39 73 501</u>
Notes forming part of the accounts	15				
Significant Accounting Policies	16				

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

BY ORDER OF THE BOARD

Yogesh Agarwal
Chairman

As per our report of even date
For **A. J. SHAH & Co**
Chartered Accountants

Hiren Shah
Partner

Madhusudan Parkhi
Company Secretary

M.H.Kulkarni
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai.
Date : 15th April 2008

Place : Mumbai.
Date : 15th April 2008

IDBI HOMEFINANCE LIMITED
Profit and Loss Account for the year ended March 31, 2008

	Schedule No.	Rs.	For the year ended 31 March,2008 Rs.	Rs.	For the year ended 31 March,2007 Rs.
<u>INCOME</u>					
Operating Income	9		253 50 56 359		169 61 68 607
Fees and Other Charges	10	10 77 17 676		10 42 52 188	
Less : Service Tax, Education and Secondary Higher Education Cess Recovered		<u>1 14 61 057</u>		<u>1 09 43 334</u>	
Net Fees and Other Charges			9 62 56 619		9 33 08 854
Other Income	11		3 01 56 311		7 24 98 299
TOTAL INCOME			<u>266 14 69 289</u>		<u>186 19 75 760</u>
<u>EXPENDITURE</u>					
Interest and Finance Charges	12		194 92 04 494		132 08 62 499
Employees' Emoluments and Benefits	13		6 49 80 321		5 57 20 207
Establishment and Other Charges	14		16 67 30 165		14 01 30 638
Depreciation			1 58 15 885		1 53 89 586
Provision for Standard Assets other than Housing Loans			21 41 037		8 20 256
Provision for NPA			4 73 07 631		3 28 81 346
TOTAL EXPENDITURE			<u>224 61 79 533</u>		<u>156 58 04 532</u>
<u>PROFIT BEFORE TAXATION</u>			<u>41 52 89 756</u>		<u>29 61 71 228</u>
Less: Provision for Taxation					
Current Tax		13 30 00 000		7 62 00 000	
Deferred Tax		<u>(1 80 21 824)</u>		<u>(1 24 04 144)</u>	
Total		11 49 78 176		6 37 95 856	
Fringe Benefit Tax		<u>14 50 000</u>		<u>11 37 000</u>	
			<u>11 64 28 176</u>		<u>6 49 32 856</u>
<u>PROFIT AFTER TAXATION</u>			<u>29 88 61 580</u>		<u>23 12 38 372</u>
Prior Period Adjustments			-		(13 07 482)
Short provision of Income Tax and FBT for earlier years			(1 58 526)		-
Balance Brought Forward from previous year			3 54 77 858		1 30 59 732
Transitional Liability Adjustments in accordance with AS-15 (Revised): (Net of Deferred Tax of Rs 5,76,998/-)					
Gratuity		6 79 923	-		
Leave Encashment		4 40 629	11 20 552		-
<u>PROFIT AVAILABLE FOR APPROPRIATION</u>			<u>33 53 01 464</u>		<u>24 29 90 622</u>
<u>APPROPRIATIONS</u>					
Special Reserve			8 00 00 000		11 04 90 000
Proposed Dividend on Equity Shares			13 93 21 088		8 29 28 983
Tax on Proposed Dividend			2 36 77 620		1 40 93 781
Balance carried to Balance Sheet			<u>9 23 02 756</u>		<u>3 54 77 858</u>
			<u>33 53 01 464</u>		<u>24 29 90 622</u>
Earnings per Share - Basic and Diluted (Equity shares, par value Rs.10/- each) [Refer Note No. 15 of Schedule 15]			2.15		1.94
Notes forming part of the accounts	15				
Significant Accounting Policies	16				

Schedules 1 to 16 annexed hereto form part of the Balance Sheet and Profit and Loss Account

BY ORDER OF THE BOARD

As per our report of even date
For **A. J. SHAH & Co**
Chartered Accountants

Yogesh Agarwal
Chairman

Hiren Shah
Partner

Madhusudan Parkhi
Company Secretary

M.H.Kulkarni
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai.
Date : 15th April 2008

Place : Mumbai.
Date : 15th April 2008

IDBI HOMEFINANCE LIMITED
Cash Flow Statement

	Rs.	For the year ended 31 March, 2008 Rs.	Rs.	For the year ended 31 March, 2007 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before Taxation		41 52 89 756		29 61 71 228
Adjustments for :				
Preliminary Expenses Written Off	1 55 748		1 55 748	
Provision for Standard Assets other than Housing Loans	21 41 037		8 20 256	
Provision for NPA	4 73 07 631		3 28 81 346	
Depreciation	1 58 15 885		1 53 89 586	
Bad Debts / Advances Written Off	67 70 704		11 25 899	
Loss on Sale/Discarding of Fixed Assets	5 34 019		16 87 842	
Excess Provision Written Back	(24 53 052)		(12 20 038)	
Dividend - Current Investments	(8 33 952)		(11 76 766)	
		<u>6 94 38 020</u>		<u>4 96 63 873</u>
Operating profit before Working Capital Changes		48 47 27 776		34 58 35 101
Adjustments for :				
Current Assets	(5 69 20 298)		(92 91 581)	
Current Liabilities	25 28 417		(1 25 375)	
		<u>(5 43 91 881)</u>		<u>(94 16 956)</u>
Cash Generated from Operations		43 03 35 895		33 64 18 145
Direct Tax Paid / TDS / Refund Received	(13 37 17 969)		(7 79 35 778)	
Prior Period Adjustments	-		(13 07 482)	
		<u>(13 37 17 969)</u>		<u>(7 92 43 260)</u>
Net Cash from Operating Activities		29 66 17 926		25 71 74 885
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets and Capital Work in Progress	(77 21 142)		(1 56 97 969)	
Sale of Fixed Assets	1 58 982		5 39 723	
Investment in Mutual Funds	(223 57 00 000)		(205 91 00 000)	
Proceeds from Mutual Funds	223 57 00 000		205 91 00 000	
Dividend - Current Investments	8 33 952		11 76 766	
Net Cash used in Investing Activities		(67 28 208)		(1 39 81 480)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	15 00 00 000		20 00 00 000	
Proceeds from Long Term Borrowings	1118 03 44 600		309 30 87 205	
Repayment of Long Term Borrowings	(430 99 36 536)		(282 25 06 332)	
Proceeds from Short Term Borrowings	4665 48 30 713		5140 68 17 644	
Repayment of Short Term Borrowings	(4965 28 51 978)		(4571 40 21 895)	
Loans Disbursed (Net)	(563 45 02 232)		(630 17 88 828)	
Dividend Paid	(8 29 28 983)		(5 77 01 164)	
Tax on Dividend Paid	(1 40 93 781)		(80 92 588)	
Net Cash from Financing Activities		<u>(170 91 38 197)</u>		<u>(20 42 05 958)</u>
Net Increase In Cash & Cash Equivalents		(141 92 48 479)		3 89 87 447
Cash and Cash Equivalents as on 31.03.2007		<u>176 18 92 903</u>		<u>172 29 05 456</u>
Cash and Cash Equivalents as on 31.03.2008		<u><u>34 26 44 424</u></u>		<u><u>176 18 92 903</u></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/Income.
- 3) Previous Year figures have been re-grouped, re-arranged and re-classified wherever necessary.

BY ORDER OF THE BOARD

As per our report of even date
For **A. J. SHAH & Co**
Chartered Accountants

Hiren Shah
Partner

Madhusudan Parkhi
Company Secretary

M.H.Kulkarni
Managing Director &
Chief Executive Officer

Yogesh Agarwal
Chairman

F. J. da Cunha
Director

Place : Mumbai.
Date : 15th April 2008

Place : Mumbai.
Date : 15th April 2008

IDBI HOMEFINANCE LIMITED
Schedules forming part of the Balance Sheet

Schedule 1	As at 31 March,2008 Rs.	As at 31 March,2007 Rs.
SHARE CAPITAL		
Authorised Capital 20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of Rs 10/- Each	200 00 00 000	200 00 00 000
Issued, Subscribed & Paid Up Capital 14,49,76,826 (Previous Year 12,99,76,826) Equity Shares of Rs 10/- Each Fully paid up	<u>144 97 68 260</u>	<u>129 97 68 260</u>
(All the above 14,49,76,826 (Previous Year 12,99,76,826) shares are held by the holding co. IDBI Ltd & its nominees)	<u><u>144 97 68 260</u></u>	<u><u>129 97 68 260</u></u>

Schedule 2	Rs.	As at 31 March,2008 Rs.	Rs	As at 31 March,2007 Rs..
RESERVES & SURPLUS				
SPECIAL RESERVE *				
As per last Balance Sheet	24 26 00 000		13 21 10 000	
Add: Transfer from Profit and Loss Account	<u>8 00 00 000</u>	32 26 00 000	<u>11 04 90 000</u>	24 26 00 000
GENERAL RESERVE				
Opening Balance	2 45 36 177		2 45 36 177	
Add: Transfer from Profit and Loss Account	<u>-</u>	2 45 36 177	<u>-</u>	2 45 36 177
SURPLUS BALANCE IN PROFIT & LOSS ACCOUNT		9 23 02 756		3 54 77 858
* Represents reserve created in compliance of Provisions of Section 36 (1) (viii) of the Income Tax Act, 1961 and NHB Act.		<u><u>43 94 38 933</u></u>		<u><u>30 26 14 035</u></u>

Schedule 3	Rs.	As at 31 March, 2008 Rs.	Rs.	As at 31 March, 2007 Rs.
SECURED LOANS				
Term Loans From Banks :				
Long Term Loans	1594 55 04 461		950 08 51 694	
Short Term Loans	<u>249 99 80 435</u>	1844 54 84 896	<u>722 99 46 793</u>	1673 07 98 487
National Housing Bank (Refinance)		206 94 45 000		189 36 86 000
Working Capital Loans from Banks		99 96 06 722		99 71 06 719
(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 money directly from the borrowers of Housing Loans in the event of default) (Amount payable within one year is Rs. 692,51,46,641/- (Previous Year Rs. 1155,26,04,678/-)		<u><u>2151 45 36 618</u></u>		<u><u>1962 15 91 206</u></u>

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

Schedule 4

UNSECURED LOANS

Short Term Loans
Commercial Papers
[The maximum amount outstanding at any time during the year was
Rs. 600,00,00,000/- (Previous Year Rs 315,00,00,000/-)]

Working Capital Loans from Bank

8.40% 600 (Previous Year 600) Unsecured. Redeemable, Non-convertible
Subordinated Bonds in the nature of Debentures of Rs 10,00,000/- each
(Redeemable at par on June 16, 2012)

9.25% 200 (Previous Year 200) Unsecured. Redeemable, Non-convertible
Subordinated Bonds in the nature of Debentures of Rs 10,00,000/- each
(Redeemable at par on February 09, 2017)

	As at 31 March, 2008 Rs.	As at 31 March, 2007 Rs.
	300 00 00 000	115 00 00 000
	12 94 41 387	-
	60 00 00 000	60 00 00 000
	20 00 00 000	20 00 00 000
	392 94 41 387	195 00 00 000

Schedule 5

FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 01, 2007 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	As at March 31, 2008 Rs.	Upto March 31, 2007 Rs.	For the Year Rs.	Deductions/ Adjustments Rs.	Upto March 31, 2008 Rs.	As at March 31, 2008 Rs.	As at March 31, 2007 Rs.
Tangible Assets										
Lease Hold Renovation	2 07 95 309	28 57 222	15 60 276	2 20 92 255	1 44 61 653	37 54 133	14 92 896	1 67 22 890	53 69 365	63 33 656
Data Processing Machines	4 07 08 297	26 08 880	11 17 254	4 21 99 923	2 07 03 155	62 54 726	9 35 416	2 60 22 465	1 61 77 458	2 00 05 142
Office Equipment	1 21 70 398	9 40 638	3 68 380	1 27 42 656	26 47 486	7 65 601	1 25 489	32 87 598	94 55 058	95 22 912
Office Furniture	1 53 22 560	11 09 170	3 21 570	1 61 10 160	46 72 101	13 29 067	1 20 678	58 80 490	1 02 29 670	1 06 50 459
Vehicles	21 28 239	2 300	1 900	21 28 639	11 66 067	2 03 776	1 900	13 67 943	7 60 696	9 62 172
Intangible Assets										
Softwares *	1 07 43 394	-	-	1 07 43 394	52 09 890	35 08 582	-	87 18 472	20 24 922	55 33 504
Total	10 18 68 197	75 18 210	33 69 380	10 60 17 027	4 88 60 352	1 58 15 885	26 76 379	6 19 99 858	4 40 17 169	5 30 07 845

Previous Year	8 97 26 503	1 62 69 229	41 27 535	10 18 68 197	3 53 70 736	1 53 89 586	18 99 970	4 88 60 352	5 30 07 845	-
Capital Work In Progress / Advances									13 15 125	11 12 193

- Note : 1. Data Processing Machines includes Hard Furnishing Computers of Rs. 2,98,688/- (Previous Year Rs. 3,20,208/-).
2. Office Equipment includes Hard Furnishing Equipments of Rs. 1,88,579/- (Previous Year Rs. 2,70,259/-).
3. Office Furniture includes Hard Furnishing Furniture of Rs. 1,68,837/- (Previous Year Rs. 1,97,422/-).
4. Capital Work In Progress includes advances for capital expenses amounting to Rs. 13,15,125/- (Previous Year Rs.11,12,193/-).
5. Depreciation for the year is net of Rs. Nil (Previous Year Rs. 48,762/-) of earlier year.

* Other than internally generated

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

Schedule 6

	As at 31 March, 2008		As at 31 March, 2007	
	Rs.	Rs.	Rs.	Rs.
CURRENT ASSETS, LOANS AND ADVANCES				
A Current Assets				
Cash and Bank Balances				
Cash in Hand [Includes Cash with Courier Agency Rs. 4,57,135/- (Previous Year Rs. Nil)]	17 17 465		12 77 517	
Balances with Scheduled Banks				
In Current Accounts	32 87 86 382		8 91 04 985	
In Deposit Accounts [With Jaipur Consumer Court Rs. 12,411/- (Previous Year Rs. Nil)]	12 411		165 00 00 000	
Cheques on Hand	1 21 28 166	34 26 44 424	2 15 10 401	176 18 92 903
Other Current Assets				
Interest Accrued but not due				
On Loans	8 46 181		8 93 971	
On Deposits with Banks	385	8 46 566	76 82 583	85 76 554
Total (A)		34 34 90 990		177 04 69 457
B Loans and Advances				
Installment Due From Borrowers (Secured and considered good)		1 62 09 713		1 59 73 851
Advances Recoverable in Cash or in Kind or for value to be received (Unsecured) Considered Good [Amount receivable from IDBI Capital Market Services Limited Rs. Nil (Previous Year Rs. 55,843/-) Considered Good] [Maximum Outstanding during the year is Rs. 68,380/- Previous Year Rs. 55,843/-]		11 43 93 320		5 50 52 050
Income Tax - Advance Tax (Includes Fringe Benefit Tax) and tax deducted at sources		25 86 42 912		15 41 40 067
Total (B)		38 92 45 945		22 51 65 968
Total (A+B)		73 27 36 935		199 56 35 425

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

Schedule 7	As at 31 March, 2008 Rs.	As at 31 March, 2007 Rs.
CURRENT LIABILITIES AND PROVISIONS		
A Current Liabilities @		
Sundry Creditors for Expenses *	1 38 58 323	1 52 17 767
Other Liabilities	1 95 24 760	1 76 68 793
Interest Accrued but not due on loans.	47 94 247	45 04 218
Total (A)	<u><u>3 81 77 330</u></u>	<u><u>3 73 90 778</u></u>
B Provisions		
Provision for Taxation (Includes Provision for Fringe Benefit Tax)	25 96 11 416	15 42 18 014
Provision for Standard Assets other than Housing Loans **	29 61 293	8 20 256
Provision for NPA	11 68 72 445	6 95 64 814
Provision for Retirement Benefit	14 88 478	19 42 511
Provision for Performance Linked Incentive to Employees ***	55 00 000	57 57 154
Provision for Proposed Dividend on Equity Shares	13 93 21 088	8 29 28 983
Provision for Tax on Proposed Dividend	2 36 77 620	1 40 93 781
Total (B)	<u><u>54 94 32 340</u></u>	<u><u>32 93 25 513</u></u>
Total (A+B)	<u><u>58 76 09 670</u></u>	<u><u>36 67 16 291</u></u>

[@ The Principal amount and the interest due there upon remaining unpaid to the vendors registered under Micro, Small and Medium Enterprises Development Act, 2006 is Rs. Nil (Previous Year Rs.Nil)] (Refer Note No.10 of Schedule No.15)

[* Sundry creditors for expenses includes Rs.Nil (Previous Year Rs.59,535/-) towards Capital items]

[** Refer Note No. 7 of Schedule 15 of Notes to Accounts]

(*** The company has recognised liability based on substantial degree of estimation for Performance Linked Incentive as at 31st March 2007 of Rs 57,57,154/- (Previous year Rs.54,16,000/-). During the year Rs 40,43,214/- (Previous year Rs.42,36,057/-) was paid to employees and balance of Rs.17,13,940/- (Previous Year Rs 11,79,943/-) was reversed as excess provision written back. The Liability recognised under this clause for the year is Rs.55,00,000/- (Previous year Rs.57,57,154/-). Actual outflow is expected as and when the scheme of Incentive will be approved by the Remuneration committee of Board of Directors)

Schedule 8	As at 31 March, 2008 Rs.	As at 31 March, 2007 Rs.
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	1 55 748	3 11 496
Total	<u><u>1 55 748</u></u>	<u><u>3 11 496</u></u>

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

Schedule 9	For the year ended 31 March, 2008 Rs.	For the year ended 31 March, 2007 Rs.
OPERATING INCOME		
Interest on Loans [Tax Deducted at Source Rs.26,75,888/- (Previous Year Rs.27,57,804/-)]	253 50 56 359	169 61 68 607
Total	<u><u>253 50 56 359</u></u>	<u><u>169 61 68 607</u></u>

Schedule 10	For the year ended 31 March, 2008 Rs.	For the year ended 31 March, 2007 Rs.
FEES AND OTHER CHARGES		
Fees	7 29 34 812	7 77 35 548
Other Charges [Tax Deducted at Source Rs.10,393/- (Previous Year Rs.Nil)]	3 47 82 864	2 65 16 640
Total	<u><u>10 77 17 676</u></u>	<u><u>10 42 52 188</u></u>

Schedule 11	For the year ended 31 March, 2008 Rs.	For the year ended 31 March, 2007 Rs.
OTHER INCOME		
Interest [Tax Deducted at Source Rs.56,11,491/- (Previous Year Rs.1,54,72,104/-)]	2 56 27 009	6 91 14 016
Dividend - Current Investments	8 33 952	11 76 766
Excess Provision Written Back & no longer required	24 53 052	12 20 038
Miscellaneous Income [Tax Deducted at Source Rs.52,229/- (Previous Year Rs.52,510/-)]	11 91 237	9 87 479
Bad Debts Recovered	51 061	-
Total	<u><u>3 01 56 311</u></u>	<u><u>7 24 98 299</u></u>

Schedule 12	For the year ended 31 March, 2008 Rs.	For the year ended 31 March, 2007 Rs.
INTEREST AND FINANCE CHARGES		
Interest		
On Fixed Loans	157 43 28 343	106 61 25 212
On Debentures	6 89 00 000	5 29 84 932
On Commercial Papers	26 33 05 852	16 66 27 562
On Other Loans	2 83 15 229	1 99 42 126
Bank and Finance Charges	1 43 55 070	1 51 82 667
Total	<u><u>194 92 04 494</u></u>	<u><u>132 08 62 499</u></u>

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

Schedule 13

	For the year ended 31 March, 2008 Rs.	For the year ended 31 March, 2007 Rs.
EMPLOYEES' EMOLUMENTS AND BENEFITS		
Salaries and Allowances	4 92 16 789	4 31 82 693
Contribution to Provident Fund, ESIC and Other Funds	47 38 556	31 68 526
Staff Welfare and Other Amenities	1 10 24 976	93 68 988
Total	<u>6 49 80 321</u>	<u>5 57 20 207</u>

Schedule 14

	Rs.	For the year ended 31 March, 2008 Rs.	Rs.	For the year ended 31 March, 2007 Rs.
ESTABLISHMENT AND OTHER CHARGES				
Commission		3 26 23 941		3 12 45 052
Legal and Professional Charges		4 02 32 324		3 30 65 614
Rent		2 80 75 314		2 17 67 414
Rates and Taxes		5 48 978		5 20 317
Electricity		57 00 393		43 66 795
Communication Expenses		1 16 62 442		88 14 732
Traveling Expenses		59 77 778		43 06 959
Printing and Stationery		25 31 065		26 99 738
Repairs and Maintenance - Others		62 94 991		60 27 460
Advertisement and Business Promotion Expenses		69 23 848		70 09 901
Computer Expenses		1 50 92 592		86 94 688
Insurance Premium		1 97 761		1 70 730
Payment to Auditors		19 30 300		22 77 518
Loss on Sale/Discarding of Fixed Assets		5 34 019		16 87 842
Miscellaneous Expenses		14 67 427		48 69 947
Debenture Issue Expenses		10 540		13 24 284
Bad Debts/ Advances Written Off	67 70 704		16 20 804	
Less : Provision for Doubtful Debts/ Advances Written Back	-	67 70 704	4 94 905	11 25 899
Preliminary Expenses Written Off		1 55 748		1 55 748
Total		<u>16 67 30 165</u>		<u>14 01 30 638</u>

IDBI HOMEFINANCE LIMITED

Schedule: 15

NOTES TO ACCOUNTS

1. Previous year figures have been re-grouped, re-arranged and re-classified wherever necessary.
2. Figures shown against Loans, Advances Receivable and Payables are subject to confirmation.
3. The Company has issued Unsecured Redeemable Non Convertible Subordinated Bond in the nature of Debentures [NCD] aggregating to Rs.80,00,00,000/- (Previous Year Rs. 80,00,00,000/-) on a private placement basis. Ministry of Finance & Company Affairs, Department of Company Affairs, vide their general circular no. 4/2003 dated 16.01.2003 clarified that no Debenture Redemption Reserve is required in the case of privately placed debentures by Housing Finance Companies registered with National Housing Bank under Housing Finance Companies (NHB) Directions 2001, and hence no Debenture Redemption Reserve has been created by company for the above referred Non Convertible Subordinated Bond in the nature of Debentures [NCD].
4. 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.
5. The erstwhile holding company Tata Finance Ltd. (TFL) has agreed to indemnify company against any 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. The claims in respect of the above can be made by company only after completion of five 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 and will be recognised as and when the amounts are indemnified.
6. Housing Loans include Rs. 5,30,848/- (Previous Year Rs. 5,87,888/-) given to a Officer of the Company. The maximum balance due at any time during the year was Rs. 5,87,888/- (Previous Year Rs. 6,43,080/-).
7. A general provision of 0.40% of total outstanding amount of Non-Housing Loans, which are Standard Assets, has been made as per NHB's Direction No. NHB.HFC.DIR.18/CMD/2007 dated 26th March 2007, as shown below:

(Amount in Rs.)

Particulars	*As at 31st March 2007	Additional provisioning during the year	As at 31st March 2008
Provision against outstanding amount of Non-Housing Loans, which are Standard Assets.	Rs. 8,20,256/-	Rs. 21,41,037/-	Rs. 29,61,293/-

* @ 0.10% of total outstanding amount of Standard Non-Housing Loans.

IDBI HOMEFINANCE LIMITED

8. Classification of loans and provision made for Non Performing Assets and Standard Assets (other than Housing Loans) is given below.

(Amount in Rs.)

PARTICULARS	STANDARD ASSETS	SUB-STANDARD ASSETS	DOUBTFUL ASSETS	LOSS ASSETS	TOTAL
As at 31st March 2008					
Home Loans	2609,50,91,360/-	5,53,65,738/-	13,03,05,879/-	6,07,07,797/-	2634,14,70,774/-
Other Loans	73,99,35,017/-	29,93,355/-	1,28,99,813/-	66,73,302/-	76,25,01,487/-
Total Loans	2683,50,26,377/-	5,83,59,093/-	14,32,05,692/-	6,73,81,099/-	2710,39,72,261/-
Percentage	99.01	0.22	0.52	0.25	100.00
Provision					
As at 31st March ,2007					
Home Loans	-	76,45,190/-	2,61,74,374/-	2,54,02,670/-	5,92,22,234/-
Other Loans	-	1,99,166/-	46,58,598/-	54,84,816/-	1,03,42,580/-
Standard Assets other than Housing Loans *	8,20,256/-	-	-	-	8,20,256/-
Total (A)	8,20,256/-	78,44,356/-	3,08,32,972/-	3,08,87,486/-	7,03,85,070/-
Provision during the year					
Home Loans	-	(21,08,575/-)	1,25,26,004/-	3,53,05,127/-	4,57,22,556/-
Other Loans	-	1,00,174/-	2,96,415/-	11,88,486/-	15,85,075/-
Standard Assets other than Housing Loans *	21,41,037/-	-	-	-	21,41,037/-
Total (B)	21,41,037/-	(20,08,401/-)	1,28,22,419/-	3,64,93,613/-	4,94,48,668/-
Total as at 31st March 2008					
Home Loans	-	55,36,615/-	3,87,00,378/-	6,07,07,797/-	10,49,44,790/-
Other Loans	-	2,99,340/-	49,55,013/-	66,73,302/-	1,19,27,655/-
Standard Assets other than Housing Loans *	29,61,293/-	-	-	-	29,61,293/-
Total (A+B)	29,61,293/-	58,35,955/-	4,36,55,391/-	6,73,81,099/-	11,98,33,738/-
Net NPA	-	5,25,23,138/-	9,95,50,301/-	-	15,20,73,439/-
Net Standard Assets	2683,20,65,084/-				2683,20,65,084/-
Net NPA as a % of Loan Assets					0.56

* Refer Note No. 7 of Schedule 15 of Notes to Accounts

IDBI HOMEFINANCE LIMITED

(Amount In Rs.)

PARTICULARS	STANDARD ASSETS	SUB-STANDARD ASSETS	DOUBTFUL ASSETS	LOSS ASSETS	TOTAL
As at 31st March 2007					
Home Loans	2042,37,55,191/-	7,64,51,425/-	10,32,24,976/-	2,54,02,670/-	2062,88,34,262/-
Other Loans	81,86,15,914/-	19,91,611/-	1,45,43,426/-	54,84,816/-	84,06,35,767/-
Total Loans	2124,23,71,105/-	7,84,43,036/-	11,77,68,402/-	3,08,87,486/-	2146,94,70,029/-
Percentage	98.94	0.37	0.55	0.14	100.00
Provision					
As at 31st March, 2006					
Home Loans	-	89,20,652/-	1,90,31,888/-	38,62,638/-	3,18,15,178/-
Other Loans	-	8,41,126/-	40,22,204/-	4,960/-	48,68,290/-
Standard Assets other than Housing Loans *	-	-	-	-	-
Total (A)	-	97,61,778/-	2,30,54,092/-	38,67,598/-	3,66,83,468/-
Provision during the year					
Home Loans	-	(12,75,462/-)	71,42,486/-	2,15,40,032/-	2,74,07,056/-
Other Loans	-	(6,41,960/-)	6,36,394/-	54,79,856/-	54,74,290/-
Standard Assets other than Housing Loans *	8,20,256/-	-	-	-	8,20,256/-
Total (B)	8,20,256/-	(19,17,422/-)	77,78,880/-	2,70,19,888/-	3,37,01,602/-
Total as at 31st March 2007					
Home Loans	-	76,45,190/-	2,61,74,374/-	2,54,02,670/-	5,92,22,234/-
Other Loans	-	1,99,166/-	46,58,598/-	54,84,816/-	1,03,42,580/-
Standard Assets other than Housing Loans *	8,20,256/-	-	-	-	8,20,256/-
Total (A+B)	8,20,256/-	78,44,356/-	3,08,32,972/-	3,08,87,486/-	7,03,85,070/-
Net NPA	-	7,05,98,680/-	8,69,35,430/-	-	15,75,34,110/-
Net Standard Assets	2124,15,50,849/-				2124,15,50,849/-
Net NPA as a % of Loan Assets					0.73

* Refer Note No. 7 of Schedule 15 of Notes to Accounts

IDBI HOMEFINANCE LIMITED

9. The Deferred Tax Asset as at 31st March 2008 is comprised of the following:

(Amount in Rs.)

Particulars	As at 31st March 2007	Adjustment During the year	As at 31st March 2008
Deferred Tax Liability related to			
a) Fixed Assets	34,38,030/-	(19,77,639/-)	14,60,391/-
b) Miscellaneous Expenditure	1,05,877/-	(52,938/-)	52,939/-
Total (A)	35,43,907/-	(20,30,577/-)	15,13,330/-
Deferred Tax Asset related to			
c) Provision for NPA	2,36,45,080/-	1,60,79,864/-	3,97,24,944/-
d) Expenses u/s 43B of Income Tax Act	10,51,631/-	* (6,65,615/-)	3,86,016/-
Total (B)	2,46,96,711/-	1,54,14,249/-	4,01,10,960/-
Net Closing Balance of Deferred Tax Asset (A-B)	2,11,52,804/-	1,74,44,826/-	3,85,97,630/-

Note: Figures in brackets represent reduction during the year.

* Includes Transitional effect as per Accounting Standard – 15 (Revised) of Rs. 5,76,998/-

10. Company has not received any claims against Interest on outstanding amount due to any vendors registered under Micro, Small and Medium Enterprise Development Act, 2006.
11. 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'.
12. As required by Accounting Standard - 18 on 'Related Party Transaction', following persons are considered as related person for the year ended 31st March 2008.

Sr.No.	Name of the Related Party	Nature of Relationship
(1)	IDBI Ltd	Holding Company
(2)	IDBI Capital Market Services Ltd.	Fellow Subsidiary
(3)	IDBI Gilts Ltd	Fellow Subsidiary
(4)	IDBI Intech Ltd.	Fellow Subsidiary
(5)	Shri Melwyn Rego, Managing Director and CEO (Upto 3rd December 2007)	Key Management Personnel
(6)	Shri MH Kulkarni, Managing Director and CEO (From 4th December 2007)	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	15,00,00,000/-	-	-	15,00,00,000/-
	(20,00,00,000/-)	-	-	(20,00,00,000/-)
Loans Taken	953,00,00,000/-	-	-	953,00,00,000/-
	(100,00,00,000/-)	-	-	(100,00,00,000/-)
Loans Repaid	-	-	-	-
	(50,00,00,000/-)	-	-	(50,00,00,000/-)
Loans Outstanding as at 31st March 2008	1153,00,00,000/-	-	-	1153,00,00,000/-
	(200,00,00,000/-)	-	-	(200,00,00,000/-)
Debenture Issued	-	-	-	-
	(10,00,00,000/-)	-	-	(10,00,00,000/-)
Debenture Outstanding as at 31st March 2008	10,00,00,000/-	-	-	10,00,00,000/-
	(10,00,00,000/-)	-	-	(10,00,00,000/-)
Cash Credit Availed	3147,18,40,492/-	-	-	3147,18,40,492/-
	(927,16,24,710/-)	-	-	(927,16,24,710/-)
Cash Credit Repaid	3079,36,03,264/-	-	-	3079,36,03,264/-
	(882,08,73,900/-)	-	-	(882,08,73,900/-)
Outstanding Balance (in Cash Credit) as at 31st March 2008	112,89,88,038/-	-	-	112,89,88,038/-
	(45,07,50,810/-)	-	-	(45,07,50,810/-)
Balance In Current Accounts as at 31st March 2008	32,78,20,057/-	-	-	32,78,20,057/-
	(3,22,29,793/-)	-	-	(3,22,29,793/-)
Fixed Deposits Placed	35,00,12,411/-	-	-	35,00,12,411/-
	(362,06,22,714/-)	-	-	(362,06,22,714/-)
Fixed Deposits Matured	75,00,00,000/-	-	-	75,00,00,000/-
	(322,06,22,714/-)	-	-	(322,06,22,714/-)
Outstanding Balance (in Fixed Deposit) as at 31st March 2008	12,411/-	-	-	12,411/-
	(40,00,00,000/-)	-	-	(40,00,00,000/-)
Service Rendered to Other Enterprises	-	2,50,160/-	-	2,50,160/-
	(-)	(2,34,000/-)	-	(2,34,000/-)
Interest Income	1,02,10,522/-	-	-	1,02,10,522/-
	(2,24,90,888/-)	-	-	(2,24,90,888/-)
Interest Expenses	34,72,22,860/-	-	-	34,72,22,860/-
	(14,14,19,537/-)	-	-	(14,14,19,537/-)

IDBI HOMEFINANCE LIMITED

Particulars	Holding Company	Fellow Subsidiary Company	Key Management Personnel	Total
Bank and Financial Charges	77,72,263/- (59,51,163/-)	- (1,50,000/-)	- -	77,72,263/- (61,01,163/-)
Staff Expenses **	* 34,18,824/- (* 38,03,613/-)	- -	4,17,324/- (2,76,627/-)	38,36,148/- (40,80,240/-)
Rent and Other Expenses	29,58,360/- (28,03,595/-)	- -	- -	29,58,360/- (28,03,595/-)
Payment of Dividend	8,29,28,983/- (5,77,01,164/-)	- -	- -	8,29,28,983/- (5,77,01,164/-)
Reimbursement of TDS	1,60,396/- (3,38,979/-)	- -	- -	1,60,396/- (3,38,979/-)

* Includes reimbursement of Managerial Remuneration of Rs.13,75,937/- (Previous Year Rs 13,88,952/-)

** Excluding provision for Performance Linked Incentive.

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
Share Capital	IDBI Ltd	15,00,00,000/- (20,00,00,000/-)
Loans Taken	IDBI Ltd	953,00,00,000/- (100,00,00,000/-)
Loans Repaid	IDBI Ltd	- (50,00,00,000/-)
Debenture Issued	IDBI Ltd	- (10,00,00,000/-)
Cash Credit Availed	IDBI Ltd	3147,18,40,492/- (927,16,24,710/-)
Cash Credit Repaid	IDBI Ltd	3079,36,03,264/- (882,08,73,900/-)
Fixed Deposits Placed	IDBI Ltd	35,00,12,411/- (362,06,22,714/-)
Fixed Deposits Matured	IDBI Ltd	75,00,00,000/- (322,06,22,714/-)
Interest Income	IDBI Ltd	1,02,10,522/- (2,24,90,888/-)
Interest Expenses	IDBI Ltd	34,72,22,860/- (14,14,19,537/-)
Bank and Financial Charges	IDBI Ltd	77,72,263/- (59,51,163/-)
Staff Expenses	IDBI Ltd	34,18,824/- (38,03,613/-)
Staff Expenses	Shri Melwyn Rego	2,08,316/- (2,76,627/-)
Staff Expenses	Shri MH Kulkarni	2,09,008/- (-)
Rent and Other Expenses	IDBI Ltd	29,58,360/- (28,03,595/-)
Payment of Dividend	IDBI Ltd	8,29,28,983/- (5,77,01,164/-)
Reimbursement of TDS	IDBI Ltd	1,60,396/- (3,38,979/-)

Note: Figures in brackets represent previous year figures

IDBI HOMEFINANCE LIMITED

13. The details of the Investments purchased and sold during the year are as under:

Investment in Mutual Fund

Sr No.	Name of the Mutual Fund	Face Value (In Rs.)	For the year ended 31 st March 2008		For the year ended 31 st March 2007	
			No of units	Cost (In Rs.)	No of units	Cost (In Rs.)
1	Birla	10	1,50,00,000	15,00,00,000/-	2 73 82 230	27,38,22,300/-
2	Fidelity	10	1,50,00,000	15,00,00,000/-	-	-
3	Franklin	1000	1,50,000	15,00,00,000/-	-	-
4	HDFC	10	3,90,40,000	39,04,00,000/-	3 79 63 524	37,96,35,240/-
5	ING Vysya	10	7,76,20,000	77,62,00,000/-	5 70 25 517	57,02,55,173/-
6	Pru ICICI	10	3,85,40,000	38,54,00,000/-	2 91 02 775	29,10,27,753/-
7	Tata	1000	2,00,000	20,00,00,000/-	-	-
8	UTI	1000	33,700	3,37,00,000/-	5 45 536	54,55,36,300/-

14. Consequent to adoption of Accounting Standard on 'Employee Benefits' (AS-15) (*Revised 2005*) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard:

- (i) An amount of Rs. 6,79,923/- being the difference (net of deferred tax effect of Rs. 3,50,108/-) between the liability as per actuarial valuation and the balance of plan assets as per company's previous accounting policy as on March 31st, 2007 towards Gratuity is a resulting asset and has been adjusted to the opening balance of Profit & Loss Account in terms of AS-15 (*Revised*).
- (ii) An amount of Rs. 4,40,629/- being the difference (net of deferred tax effect of Rs. 2,26,890/-) between the liability as per actuarial valuation and the liability provided as per company's previous accounting policy as on March 31st, 2007 towards compensated absences is a resulting asset and has been adjusted to the opening balance of Profit & Loss Account in terms of AS-15 (*Revised*).
- (iii) The charge to the Profit & Loss Account for the year is higher by Rs. 6,77,230/- towards Gratuity & lower by Rs. 1,03,698/- towards compensated absences as compared to the expenses as per company's previous accounting policy.
- (iv) The details of company's employee benefits which are certified by the Actuary and relied upon by the auditors are given below:

(Amount in Rs.)

Change in Benefit Obligation:	Gratuity
Liability at the beginning of the year	16,37,045/-
Interest Cost	1,37,086/-
Current Service Cost	2,96,139/-
Past Service Cost (Non Vested Benefit)	-
Past Service Cost (Vested Benefit)	-
Liability Transfer in	-

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Liability Transfer Out	-
Benefit Paid	(4,39,223/-)
Actuarial (gain)/ loss on obligations	4,70,721/-
Liability at the end of the year	21,01,768/-
Tables of Fair Value of Plan Assets :	
Fair Value of Plan Assets at the beginning of the year	26,67,076/-
Expected Return on Plan Assets	1,95,797/-
Contributions	-
Transfer from other company	-
Transfer to other company	-
Benefit Paid	(4,39,223/-)
Actuarial gain/(loss) on Plan Assets	30,919/-
Fair Value of Plan Assets at the end of the year	24,54,569/-
Total Actuarial Gain/(Loss) To Be Recognised	(4,39,802/-)
Recognition Of Transitional Liability	
Transition Liability at start	-
Transition Liability Recognised during year	-
Transition Liability at end	-
Actual Return on Plan Assets :	
Expected Return on Plan Assets	1,95,797/-
Actuarial gain/(loss) on Plan Assets	30,919/-
Actual Return on Plan Assets	2,26,716/-
Amount Recognised in the Balance Sheet :	
Liability at the end of the year	21,01,768/-
Fair Value of Plan Assets at the end of the year	24,54,569/-
Difference	3,52,801/-
Unrecognised Past Service Cost	-
Unrecognised Transition Liability	-
Amount Recognised in the Balance Sheet	3,52,801/-
Expenses Recognised in the Income Statement:	
Current Service Cost	2,96,139/-
Interest Cost	1,37,086/-
Expected Return on Plan Assets	(1,95,797/-)
Past Service Cost (Non Vested Benefit) Recognised	-
Past Service Cost (Vested Benefit) Recognised	-
Recognition of Transition Liability	-
Actuarial Gain or Loss	4,39,802/-
Expense Recognised in P & L	6,77,230/-

IDBI HOMEFINANCE LIMITED

Balance Sheet Reconciliation	
Opening Net Liability	(10,30,031/-)
Expense as above	6,77,230/-
Employers Contribution	-
Amount Recognised in Balance Sheet	(3,52,801/-)
Category of Assets:	
Government of India Assets	-
Corporate Bonds	-
Special Deposits Schemes	-
Equity Shares of Listed Companies	-
Property	-
Insurer Managed Funds	24,54,569/-
Other	-
Total	24,54,569/-
Principle Assumptions	
	Gratuity (%)
Discount Rate	8.00
	* (8.00)
Rate of Return on Plan Assets	8.00
	* (8.00)
Salary Escalation	5.00
	* (5.00)

* Figures in brackets represent previous year figures

15. Calculation of Earnings per Share as per the Accounting Standard 20 on 'Earnings per share' is as under:

	Particulars	As at 31st March 2008	As at 31st March 2007
A	Net Profit Attributable to Equity Shareholders (Rs.)	29,98,23,606/-	22,99,30,890/-
B	Weighted Average Number of Equity Shares (Nos.)	13,93,21,088	11,84,69,977
(A/B)	Basic & Diluted Earning Per Share of Rs. 10/- each (Rs.)	2.15	1.94

IDBI HOMEFINANCE LIMITED

16. Details of managerial remuneration is given below:

(Amount in Rs.)

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007
Salary and Allowances	** 9,41,613/-	* 12,91,316/-
Contribution to Pension Fund and other funds	63,753/-	38,796/-
Perquisites	4,24,672/-	2,62,243/-
Leave Encashment and Gratuity	3,63,223/-	73,224/-
TOTAL ***	17,93,261/-	16,65,579/-

* Includes payment towards Performance Linked Incentive for FY 2005 and 2006 aggregating Rs. 2,65,539/- and arrears of salary for the period from June 2003 to July 2006 aggregating Rs. 4,43,045/-.

** Including payment towards Performance Linked Incentive for FY 2006-2007 of Rs. 2,00,000/-.

*** Pertains to Shri M. H. Kulkarni Rs. 5,50,707/- (Previous Year Rs. Nil) and Shri Melwyn Rego Rs. 12,42,554/- (Previous Year Rs. 16,65,579/-) and excludes Provision for Performance Linked Incentive.

(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.

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

(Amount in Rs.)

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007*
Audit Fees	9,55,060/-	8,50,000/-
Tax Audit Fees	2,80,900/-	2,50,000/-
Certification and Other Services	4,92,998/-	9,67,500/-
Out of Pocket Expenses	2,01,342/-	2,10,018/-
TOTAL	19,30,300/-	22,77,518/-

* Excluding Service Tax

18 Miscellaneous Expenses includes Rs. 1,90,000/- (Previous Year Rs. 2,30,000/-) paid to Directors towards Sitting Fees.

19 Estimated amount of contracts remaining to be executed on capital amount (net of advances) and not provided for is Rs. 2,18,625/- (Previous Year Rs. 22,12,355/-).

IDBI HOMEFINANCE LIMITED

20. Contingent liabilities:

- i) In respect of counter indemnities given to the bankers for Rs. 88,84,468/- (Previous Year Rs. 81,39,468/-) against various instruments misplaced by the borrowers and vendors. However the company has been indemnified for the said amount by taking counter indemnity from the respective borrowers and vendors.
- ii) Claims against the company not acknowledged as debts Rs. 19,28,776/- (Previous Year Rs. 3,62,076/-), excluding cost of petition.
- iii) Indemnity Bond issued in favour of HDFC Bank Ltd for Rs. 28,069/- (Previous Year Rs. 28,069/-) towards reversal of inadvertently credit given to the salary account of the employee.
- iv) Disputed income tax demands in respect of earlier years aggregating to Rs. 25,22,503/- (Previous Year Rs. Nil).
- v) Claim made by a Guarantor of a defaulting borrower is pending before Kolkata High Court. The claim has been contested by the company. The company does not expect the claim to crystallise in a liability. Pending the outcome of the matter, amount of the claim cannot be precisely ascertained.

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

IDBI HOMEFINANCE LIMITED

Schedule: 16

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 year. 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 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 assets 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 year 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) Assets costing upto Rs 5,000/- are being depreciated fully in the year of acquisition.

(c) Intangible assets comprises of software are amortized pro rata over a period of 36 months from the month of put to use or license period.

IDBI HOMEFINANCE LIMITED

7. Investments

Investments are classified as Long Term Investment and Current Investments and are valued in accordance with guidelines of National Housing Bank and Accounting Standards on 'Accounting for Investments' (AS-13), issued by The Institute of Chartered Accountants of India. Current Investment are carried at lower of cost and market value/NAV, computed individually. Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investments is made only if such decline is other than temporary in the opinion of the management.

8 Employee Benefits**(a) Provident Fund & Superannuation Fund Contributions:**

The company's contributions paid and payable during the year towards provident Fund are made to Regional Provident Fund Commissioner & are charged in Profit & Loss Account every year.

The company's contributions paid and payable during the year towards Superannuation are made to Superannuation Fund managed by the Life Insurance Corporation of India (LIC) & are charged in Profit & Loss Account every year.

(b) Gratuity:

The company's contributions paid and payable during the year towards Gratuity are made to Gratuity Fund managed by the Life Insurance Corporation of India (LIC). The net present value of company's obligation towards gratuity to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.

(c) Compensated Absences:

The employees of the company are entitled to compensated absences. The employee can carry forward unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or resignation for the unutilized accrued compensated absences. Such compensated absences are treated as Long term benefit to employees. The net present value of company's obligation towards such Long term compensated absences to employees is actuarially determined based on the projected unit credit method. Actuarial gains and losses are immediately recognized in the Profit & Loss Account.

(d) Other Employee Benefits:

Liability on account of other benefits are determined on an undiscounted basis and recognized over the period of service, which entitles the employees to such benefits.

9. 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.

IDBI HOMEFINANCE LIMITED

10. 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 virtual certainty that the assets will be realised in future.

11. Miscellaneous Expenditure

Miscellaneous Expenditure comprises of Preliminary expenses which is incurred during 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.

12. 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

BY ORDER OF THE BOARD

Yogesh Agarwal
Chairman

As per our report of even date
For **A. J. SHAH & Co**
Chartered Accountants

Hiren Shah
Partner

Madhusudan Parkhi
Company Secretary

M.H.Kulkarni
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai.
Date : 15th April 2008

Place : Mumbai.
Date : 15th April 2008

Balance Sheet Abstract and Company's General Business Profile
 [Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956]

1) Registration Details

Registration No.	55-103177	State Code	11
Balance Sheet Date	31032008		
	DD MM YYYY		

2) Capital Raised during the year [Amount in Rs '000]

Public Issue	Right Issue
NIL	150000
Bonus Issue	Private Placement
NIL	NIL

3) Position of Mobilisation and deployment of funds [Amount in '000]

Total Liabilities	Total Assets
27333185	27333185

Sources of Funds

Paid up Capital	Reserves and Surplus
1449768	439439
Secured Loan	Unsecured Loan
21514537	3929441

Application of Funds

Loans	Net Fixed Assets
27103972	45332
Deferred Tax Asset	Net Current Assets
38598	145127
Miscellaneous Expenditure	
156	

4) Performance of the company [Amount in '000]

Total Income	Total Expenditure
2661469	2246179
Profit Before Tax	Profit after Tax
415290	298862
Earning Per Share	Dividend Rate %
2.15	10

5) Generic Name of Three Principle Services of the company [As per monetary items]

Item Code No. [ITC Code]	NIL
Product Description	HOUSINGFINANCE

BY ORDER OF THE BOARD

Yogesh Agarwal
Chairman

Madhusudan Parkhi
Company Secretary

M.H.Kulkarni
Managing Director &
Chief Executive Officer

F. J. da Cunha
Director

Place : Mumbai.
Date : 15th April 2008

Branch Network

NORTH

Chandigarh

SCO. 10,11,12, 1st Floor,
Sector 17 B, Chandigarh 160 017
Tel. Nos. 0172-3043929, 30

Delhi

3rd Floor, Kanchenjunga Building, 18 Barakhamba
Road, New Delhi 110 001
Tel. Nos. 011-23323864 – 66
Off. 011-23324862, 23324864
Fax No. 011-23324863

Jaipur

310, 311,3rd Floor, Sangam Towers, Church Road,
M. I. Road, Jaipur 302 001
Tel. Nos. 0141-5114565, 5114566, 5102840-41
Fax No. 0141- 2387090

MUMBAI

Borivali

501, 5th Floor, Soni Shopping Centre,
Opp. L. T. Road, Borivali (West), Mumbai 400 092
Tel. Nos. 022-28907754, 28907759, 28907925
Fax No. 022-28931990

Dadar

"Sapna", Ground Floor, Plot No. 850, SK Bole Road,
Agarbazar, Dadar (West), Mumbai 400 028
Tel. Nos. 022- 2438 1703, 2713, 2731
Fax No. 022- 2438 3061, 0124

Thane

Dattatray Tower, 2nd Floor, Naikwadi, Gokhale Road,
Naupada, Thane (W) 400 602
Tel. Nos. 022-25338271-73, 25384545
Fax. No. 022-25338274, 25340745

Vashi

Office No. 3A&B, 1st Floor, Devavrata Building,
Shri Venkatesh Marg, Sector 17, Vashi,
Navi Mumbai 400 705
Tel. Nos. 022 - 27665450, 27665465, 5458, 5462, 5712
022-2781224, 617
Fax No. 022 - 27665470

WEST

Ahmedabad

1-2-3 Onyx Complex, H L Commerce College Road,
Near Rajhans Society, Navrangpura,
Ahmedabad 380 009
Tel. Nos. 079-2630 4035, 26304136-37
Telefax 079-26304137

Nashik

Shop No T1, T2, T3 & T5
Dharmaraj Plaza, Gangapur Road,
Near Old Gangapur Naka, Nashik 422 013
Tel. Nos. 0253-2583067, 2576861, 2310819-20
Tele Fax No. 0253-2583068

Pimpri

A - Wing 1st Floor, Kamla Crossroads,
CTS No.209/B/S, Opp PCMC Main Office, Mumbai -
Pune Road, Pimpri, Pune 411 017
Tel. Nos. 020-66117878, 66110639-40, 27426587
Tele Fax No. 020-27425548

Pune

1206/B, The Esquire Building, First Floor, Apte Road,
Shivajinagar, Pune 411 005
Tel. Nos. 020 - 25520781/82, 25121916, 25510774
Telefax : 020-25510774

Vadodara

202 / 203, Tithi Complex, 2nd Floor,
Opp. BPC Complex, Productivity Road,
Alkapuri, Vadodara 390 007
Tel. Nos. 0265-2311838, 2311821
Tele Fax No. 0265- 2326715

SOUTH

Bengaluru - Koramangala

No. 412," Jindal Centre", 1st Floor, 100 Feet Road,
4th Block, Koramangala,Bengaluru 560 034
Tel. Nos. 080-25635830 - 35, 40607000
Fax No. 080-25635832

Bengaluru - Yelahanka

Pruthvi Mansion, 1st Floor,
No.686, 3rd 'A' Cross, Yelahanka New Town,
Opp Sheshadripuram College,Bengaluru 560 064
Tel. Nos. 080-41607000, 41603124-25
Fax No. 080-28561032

Chennai - Medavakkam

No. 150 G - 1, Arun Excello,
Ragamalika Phase II, Tambaram,
Velachery Road, Medavakkam, Chennai 600 100
Tel. Nos. 044-65714332, 65714333
Fax No. 044-22771652

Chennai - Nandanam

IDBI, Khivraj Complex, Ground Floor, 480, Anna
Salai, Nandanam, Chennai - 600035
Tel. Nos. 044-42040604, 605, 608, 609
Fax No. 044-42040626

Hyderabad

201, Second Floor,H. No.3-6-524, Zee Plaza,
Himayatnagar, Hyderabad 500 029
Tel. Nos. 040-27614644, 27614622
Fax No. 040-27607595

EAST

Kolkata

6th Floor, IDBI House, 44, Shakespeare Sarani,
Kolkata 700 017
Tel. Nos. 033 22893091/92



IDBI HOMEFINANCE LTD.



IDBI HOMEFINANCE LTD.

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