TATA CAPITAL HOUSING FINANCE LIMITED

Annual Report 2012-13

DIRECTORS' REPORT

TO THE MEMBERS OF
TATA CAPITAL HOUSING FINANCE LIMITED

The Directors present their Fifth Annual Report and the Audited Statement of Accounts for the Financial Year ("FY") ended March 31, 2013.

1. OPERATIONS

Tata Capital Housing Finance Limited ("Company" or "TCHFL"), is a wholly owned subsidiary of Tata Capital Limited ("TCL"), and is registered with the National Housing Bank ("NHB") to carry on housing finance activities. The Company offers a range of Housing Loans and Loans against Property to various segments of society viz. salaried individuals, self employed individuals, self employed professionals, non-individual entities, etc. and has been focusing on business opportunities available within the Tata ecosystem.

Apart from Housing Loans and Loans against Property to the retail segment, TCHFL also provides project finance loans to developers. The Company intends to keep growing its business at a healthy rate, with Rural and Affordable Housing Finance, as one of its focus areas.

During the year under review, the Company disbursed Mortgage Loans amounting to Rs. 2,591 crore (Previous Year: Rs. 1,652.51 crore). This included Housing Loans of Rs. 2,084 crore and reported an increase of 57% over the previous year. The Company's loan portfolio stood at Rs. 4,237 crore on March 31, 2013 (March 31, 2012: Rs. 2,136.62 crore), representing an increase of 98%. The Company recorded Gross Income of Rs.387.08 crore and Profit after Tax of Rs. 38.47crore during the year, as compared to Gross Income of Rs. 171.41 crore and Profit after Tax of Rs. 7.59 crore, in the previous year. The Cost to Income ratio in FY 2012-13 was 56.3% as compared to 65.3% in the previous year. With stable asset quality, the Gross Non Performing Assets ("NPA") and Net NPA was 0.39% and 0.33%, respectively, on March 31, 2013.

2. INDUSTRY OUTLOOK AND ECONOMIC SCENARIO

In a short span of three years, India's growth has plummeted from the 8% - 9% range to 5% levels, a decadal low in GDP growth. While a weak global macro environment has contributed, a significant part of the decline is due to domestic factors – centered on policy-related issues which have resulted in a near collapse in investments.

The Central Statistics Office has projected GDP growth for FY 2012-13 of 5%, lower than the Reserve Bank of India's ("RBI") baseline projection of 5.5%. The slowdown in growth was evident in all three sectors: services fell to 6.6%, with industry at 3.1% and agriculture at 1.8%. The key reason for the lower growth was a sharper than expected deceleration in services to 6.6%. While things do look grim, incremental policy changes have surpassed expectations, but the momentum needs to be sustained for India to get out of the 5% deficit trap. Capital flows have so far been buoyant, thus comfortably financing the rising deficit. However, a key concern as highlighted by the RBI Governor, is the composition of financing - the share of FDI has been relatively static and there is growing dependence on portfolio flows, NRI deposits and overseas loans. This is a concern, especially in the context of risks being faced by most global economies.

The divergence between Wholesale Price Index ("WPI") and Consumer Price Index ("CPI") continued to widen during the year. Both WPI and CPI have been well above RBI's medium term inflation target of 4%. A large part of this is sticky in nature and attributable to supply side factors and high wage inflation as a result of social welfare spending.

Liquidity conditions were moderate throughout FY 2012-13 on account of lower domestic capital formation. The RBI used all tools to ease liquidity in FY 2012-13, cutting the repo rate by 1% between April 2012 and March 2013. It has also cut the Cash Reserve Ratio by 1.5% and the Statutory Liquidity Ratio by 1%. The easing of the rates was not entirely passed through by the banks, with banks cutting Prime Lending Rate largely by 25 to 40 bps.

The year ahead will be challenging on the interest rate front and overall growth may be subdued as the policy window for reforms will progressively get narrow for the government, given the substantial election calendar.

The home loan industry is expected to grow at a compounded annual growth rate of 16.2% from FY 2011-12 to FY 2015-16 on a large base of Rs. 6.3 trillion. Mortgage penetration in India, despite a rising trend, is still quite low not only relative to advanced economies but even relative to its peers like Malaysia, Korea, Thailand and China. Mortgage to GDP ratio in India is currently only 9% and is expected to grow to 12% by FY 2015. This implies a huge growth opportunity for the sector as also for the Company. BCG-Indian Banks Association Report of FY 2011 estimates that the total outstanding mortgages in India will increase eight fold with the Mortgage to GDP ratio increasing to 20% by FY 2020.

As per CRISIL Research, Housing Loan disbursement is expected to register a growth of 16.3% during FY 2012-13, with expected disbursement of around Rs. 2,378 billion. The medium and long-term demand for residential housing is likely to remain strong led by buoyant economic growth, enhanced affordability of houses and increased finance penetration.

Finance penetration, which is expected to increase in FY 2012-13 to 40.8% in the urban areas and 8.3% in the rural areas, is expected to grow to 43% in urban areas and 8.8% in rural areas by FY 2015-16.

The market share of Housing Finance Companies ("HFCs") and Non Banking Finance Companies ("NBFCs") has increased from 25% in FY 2006-07 to 35% in FY 2011-12. Over the years, the market share of HFCs and NBFCs in total housing credit growth has significantly improved as compared to banks.

Against the above backdrop, the Company will continue to follow its strategy of maintaining a balanced housing loan book between the salaried and self-employed segment and grow its disbursement significantly to become one of the major players among the HFCs over the next few years.

3. FINANCIAL RESULTS

The performance of the Company for the FY ended March 31, 2013, is summarized below:

(Rs. in crore)

	Particulars	**For the year ended March 31, 2013**	**For the year ended March 31, 2012**
(i)	Total Income	387.08	171.41
(ii)	Total Expenditure	348.61	160.34
(iii)	Profit / (Loss) before tax	38.47	11.07
(iv)	Provision for Tax (net of deferred tax)	10.59	3.48
(v)	Net Profit / (Loss) after tax	**27.88**	**7.59**
(vi)	Balance brought forward from previous year	4.87	(1.20)
(vii)	Amount available for appropriation	32.75	6.39
	Appropriations		
(a)	Transfer to Special Reserve	5.58	1.52
(b)	Proposed dividend on Compulsorily Convertible Cumulative Preference Shares	2.27	-
(c)	Dividend Distribution Tax	0.39	-
(d)	Balance carried to Balance Sheet	**24.51**	**4.87**

The Company's Gross Income for the FY ended March 31, 2013 increased to Rs. 387.08 crore, from Rs. 171.41 crore in the previous FY, an increase of 125.8%.

Interest Expenses for the year increased by 139.8% to Rs. 271.07 crore from Rs. 113.02 crore in the previous year.

Total Income (Net Interest Margin plus other revenue) of the Company increased by 98.7%, to Rs. 116.01 crore from Rs. 58.39 crore, in the previous year. Total Income included Investment and Fee Income of Rs. 1.65 crore and Rs. 2.85 crore, respectively for the FY.

Operating Cost increased by 72.3% to Rs. 54.02 crore, from Rs. 31.34 crore in the previous year. Manpower expenses for the year were Rs. 21.06 crore as against Rs. 14.42 crore in the previous year, an increase of 46%.

The cumulative provisioning on the asset book as on March 31, 2013 was Rs. 21.56 crore, of which, standard asset provisioning amounted to Rs.18.92 crore.

The provision for taxation during the year was Rs. 10.59 crore.

The Net Profit After Tax for the year increased by 267.3%, from Rs. 7.59 crore in the previous year to Rs. 27.88 crore in the current financial year.

An amount of Rs. 5.58 crore is proposed to be transferred to Special Reserve Fund pursuant to Section 29C of the National Housing Bank Act, 1987.

4. REGULATORY GUIDELINES

The Company has complied with the NHB Directions relating to accounting standards, prudential norms for asset classification, income recognition, provisioning and capital adequacy.

During the year under review, NHB issued a clarification circular on prepayment penalty of dual rate loans stating that once the loan is converted to floating rate, it would not attract any pre payment penalty. NHB also issued a policy circular during the year on the risk weightage norms for the housing loans being guaranteed by mortgage guarantee companies and a clarification circular on Loan to Value Computation. NHB also issued an amendment to the weightage matrix of credit conversion factor in the Principal Directions on non funded / off balance sheet items. The Company has complied with the said Directions.

5. DIVIDEND

During FY 2012-13, the Company has issued and allotted Compulsorily Convertible Cumulative Preference Shares ("CCCPS") aggregating Rs. 105 crore, more particularly mentioned in para 6 below and these CCCPS are entitled to a fixed cumulative dividend of 9% p.a. Accordingly, the Directors have recommended for the approval of the Members, dividend of 9% on CCCPS for FY 2012-13 on a pro – rata basis from their respective dates of allotment. The said dividend, if approved by the Members, would involve a cash outflow of Rs. 2.65 crore (including dividend distribution tax of Rs. 0.39 crore).

With a view to conserving the resources of the Company and taking into consideration the business plans of the Company, the Board of Directors do not recommend any dividend for the year on the equity share capital of the Company.

6. SHARE CAPITAL

During the year under review, based on the authority granted by the Members at the Extraordinary General Meetings of the Company held on October 19, 2012 and December 14, 2012, the Authorised Share Capital of the Company was increased from Rs. 500 crore divided into 50 crore Equity Shares of Rs.10/- each to Rs. 600 crore divided into 55 crore Equity Shares of Rs.10/- each and 5 crore CCCPS of Rs. 10/- each. This was further increased to Rs. 900 crore, divided into 60 crore Equity Shares of Rs.10/- each and 30 crore CCCPS of Rs. 10/- each.

The Paid-up Share Capital of the Company as on March 31, 2013 was Rs. 358.33 crore (March 31, 2012: Rs. 233.33 crore) consisting of 25,33,33,332 Equity Shares of Rs. 10/- each and 10,50,00,000 CCCPS of Rs. 10/- each.

During the year under review, the Company issued and allotted 2,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 3/- each aggregating Rs. 26,00,00,000/- to TCL, on a 'Rights basis'. Apart from the issue of equity shares, the Company has also issued and allotted 10,50,00,000 CCCPS of Rs.10/- each at par, aggregating Rs. 1,05,00,00,000 to TCL, on a 'Rights basis', details of which are, as under:

Sr. No.	Date of Allotment	No. of CCCPS
1	November 12, 2012	2,60,00,000
2	December 3, 2012	2,40,00,000
3	January 4, 2013	3,00,00,000
4	March 28, 2013	2,50,00,000
	Total	**10,50,00,000**

As per the terms of the Issue, the conversion ratio of the CCCPS would be determined closer to the date of conversion.

7. BORROWINGS

During FY 2012-13, the Company met its funding requirements through a combination of short term debt (comprising Commercial Paper and Bank Loans) and long term debt (comprising Non Convertible Debentures ("NCDs"), Subordinated Debt and Bank Loans). During the year, the Company issued, through private placements, Secured Redeemable NCDs of an aggregate Face Value of Rs. 738.40 crore, Unsecured Redeemable Non-Convertible Subordinated Debentures as Tier II Capital of an aggregate Face Value of Rs. 79.30 crore and received NHB funding of Rs.85.28 crore. The aggregate debt outstanding as at March 31, 2013 was Rs. 3,793.22 crore (of which Rs. 1,471.19 crore was payable within one year). The Debt Equity ratio of the Company as at March 31, 2013 was 9.26 times.

The Company has been regular in repayment of its borrowings and payment of interest.

The Company has raised NCDs with tenor of upto 10 years which has helped in Asset Liability Management and has strengthened the long term resource base of the Company.

8. CREDIT RATING

During the year under review, the Company received the following ratings:

RATING	NATURE OF SECURITIES
CRISIL A1+	Short Term Debt (including Commercial Paper)
CRISIL AA+ Stable	Secured NCDs, Subordinated Debt and Long Term Bank facilities
ICRA AA+ Stable	Subordinated Debt
ICRA A1+	Short Term Debt (including Commercial Paper)

9. RISK MANAGEMENT

Risk management is an integral part of the Company's business strategy.

The risk management oversight structure includes Committees of the Board and senior management committees. The Board sets and approves the strategic plans and objectives for risk management and risk philosophy.

The Risk Management Committee of the Board assists the Board in its oversight of various risks including credit risk, operational risk, market risk, liquidity risk, investment risk, etc. The Committee reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposures related to specific issues and provides oversight of risk across the organization.

In addition, the Asset Liability Committee of the Board reviews the Liquidity and Interest rate risk profile of the organization on a periodic basis. Operational risk is monitored on an ongoing basis through a key risk indicators (KRIs). Fraud risk is managed through a fraud risk management framework within the organization.

10. HUMAN RESOURCES

The Company had 301 employees as at March 31, 2013, including 148 Customer Relationship Executives. The Company recognizes the value of its human capital and is continuously upgrading the skill levels of its workforce through regular internal and external training and management development programmes.

11. COMPLIANCE

The Company has complied with the applicable provisions of the Companies Act, 1956 ("Act"), the National Housing Bank Act, 1987, The Housing Finance Companies (NHB) Directions, 2010 and other applicable regulations.

The Capital Adequacy Ratio ("CAR") of the Company was 12.9% on March 31, 2013 against the CAR of 12% prescribed by NHB.

12. DEPOSITS

The Company has not accepted any public deposits during the year under review.

13. ACCOUNTS AND ACCOUNTING STANDARDS

The Company adheres to the Accounting Standards issued by The Institute of Chartered Accountants of India ("ICAI") in the preparation of its financial statements and has not adopted a treatment different from that prescribed in any Accounting Standard issued by ICAI and the Companies (Accounting Standards) Rules, 2006, as amended from time to time.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of the activities which are being carried out by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy and technology absorption, are not applicable to the Company. During the year under review, the Company did not have any earnings in foreign exchange and had incurred an expenditure of Rs. 0.68 lakh towards travel / training.

15. DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Shailesh H Rajadhyaksha, Director is liable to retire by rotation at the ensuing Annual General Meeting ("AGM"), and is eligible for re-appointment.

16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company. The Chairman of the Audit Committee is an Independent Director.

The Company's internal control system is commensurate with the size, nature and operations of the Company.

17. CORPORATE GOVERNANCE

A summary of the Corporate Governance measures adopted by the Company is given below:

i. The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others.

ii The Board comprises Mr. Praveen P Kadle (Chairman), Mr. Janki Ballabh (Independent Director). Mr. Govind Sankaranarayanan, Mr. S H Rajadhyaksha and Mr. R Vaithianathan. Mr. Vaithianathan is the Managing Director ("MD") of the Company and the other four Directors are Non - Executive Directors.

During FY 2012-13, eight Board Meetings were held. Board Meetings were held at least once in every three months.

iii Mr. R Vaithianathan was appointed as the MD of the Company for a period of 5 years with effect from June 1, 2012.

iv The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These are the Audit Committee, Asset Liability Committee and Risk Management Committee. The Company Secretary is the Secretary of all the aforementioned Committees.

v The Audit Committee comprises Mr. Janki Ballabh (Chairman), Mr. Govind Sankaranarayanan and Mr. S H Rajadhyaksha. Besides the Members of the Committee, meetings of the Audit Committee are attended by the Statutory Auditors, Internal Auditor, MD and the Company Secretary. The Company has engaged an Internal Auditor who reports to the Chairman of the Audit Committee as also to the Chief Internal Auditor of the group, to ensure independence and objectivity of the internal audit function.

During FY 2012-13, six Audit Committee Meetings were held.

vi During FY 2012-13, four Asset Liability Committee Meetings were held and four Risk Management Committee Meetings were held.

vii Sitting fees for attending Board Meetings and Meetings of Committees of the Board are paid within the maximum prescribed limits.

viii The Board has adopted the following policies for the Company:

a) Tata Code of Conduct for its employees including the Managing Director;
b) Collection and Recovery Policy;
c) Fair Practices Code;
d) Know Your Customer Policy;
e) Anti Money Laundering Policy;
f) Home Loan Credit Policy;
g) Policy for Determining Interest Rates, Processing and Other Charges;
h) Asset Liability Management Policy;
i) Risk Management Policy;
j) Investment Policy;
k) Model Code of Conduct for Direct Selling Agents; and
l) Tata Sons Guidelines for the Composition of the Board of Directors, Committees of the Board and Retirement age of Directors.

m) Whistle - Blower Policy which provides a formal mechanism for all employees of the Company to make protected disclosures to the Management about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. No employee of the Company has been denied access to the Audit Committee.

ix. TCL has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons Limited on behalf of its subsidiaries including TCHFL, for subscribing to the TATA BEBP Scheme. The Company abides by the Tata Code of Conduct and the norms for using the Tata Brand identity.

x. Mr. G. Srinivasan is the Compliance Officer of the Company.

xi. During FY 2012-13, there were no related party transactions by the Company, besides the transactions mentioned elsewhere in the Annual Report. The said transactions were in the normal course of business and on an arm's length basis.

18. AUDITORS

Messrs Deloitte Haskins & Sells ("DHS"), Chartered Accountants, who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing AGM and offer themselves for re-appointment. The Company has received a letter from DHS to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act and that, they are not disqualified for such appointment within the meaning of Section 226 of the Act. It is proposed to re-appoint DHS to examine and audit the accounts of the Company for FY 2013-14.

19. PARTICULARS OF EMPLOYEES

Information in accordance with sub-section (2A) of Section 217 of the Act, read with the Companies (Particulars of Employees) Rules, 1975 (as amended from time to time) and forming part of the Directors' Report for the year ended March 31, 2013, is provided in an Annexure forming part of this Report.

20. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Act, the Directors, based on the representations received from the Operating Management, confirm that:

i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;

ii. they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013, and of the profit of the Company for the year ended on that date;

iii they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; and

iv they have prepared the annual accounts on a 'going concern' basis.

21. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from the National Housing Bank and convey their appreciation to TCL, the holding company, the Company's Bankers, lenders, debenture holders and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation of its employees for their commendable efforts, team work and professionalism.

For and on behalf of the Board of Directors

Praveen P Kadle
Chairman

Mumbai, May 3, 2013

TO THE BOARD OF DIRECTORS OF
TATA CAPITAL HOUSING FINANCE LIMITED

Auditors' Report under The Housing Finance Companies (NHB) Directions 2010 vide Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010 (hereinafter referred to as 'Directions to the Auditors') in respect of the financial year ended March 31, 2013

We have issued our audit report dated this 3rd day of May, 2013 to the members of Tata Capital Housing Finance Limited on the financial statements of the Company examined by us for the financial year ended on March 31, 2013 under Section 227 of the Companies Act, 1956 (hereinafter referred to as 'Auditors' Report on the Financial Statements, dated May 3, 2013'). In terms of Chapter IV - Directions to the Auditors, in addition to our report under Section 227, we are required to issue a separate report to the Board of Directors of the Company on the matters specified in paragraphs 34 and 35 thereof.

On the basis of our audit of the Financial Statements of the Company as at and for the year ended on March 31, 2013 covered by our Audit Report on the Financial Statements, dated May 3, 2013, and on the basis of the information and explanations given to us, we report as under:-

A. (i) The Company has obtained a Certificate of Registration from the National Housing Bank; under Registration No.04.0073.09 dated April 2, 2009 in terms of Section 29A of the National Housing Bank Act, 1987.

(ii) The Company has generally complied with provisions of The Housing Finance Companies (NHB) Directions, 2010 to the extent applicable to it.

B. (i) The Board of Directors has passed a resolution on April 10, 2012 for non-acceptance of any public deposits during the financial year 2012-13.

(ii) The Company has not accepted any public deposits during the financial year 2012- 2013.

(iii) In our opinion, the Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.

(iv) The capital adequacy ratio as disclosed in the return submitted to National Housing Bank for the half year ended September, 2012 has been correctly determined and the ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank. The Company has not yet furnished the Schedule II for the half year ended March 31, 2013 (since Company has the time till May 15, 2013 for furnishing such return to Bank).

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)
SANJIV V. PILGAONKAR
Partner
Membership No.:39826

Mumbai, May 3, 2013

AUDITORS' REPORT

TO THE MEMBERS OF
TATA CAPITAL HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **TATA CAPITAL HOUSING FINANCE LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March , 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditor's Report) Order, 2003 (the "Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:

   a) 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.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.

e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 117366W)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

MUMBAI, 3 May, 2013

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

Having regard to the nature of the Company's business / activities, paragraph 4(xiii) of the Order is not applicable.

1 **In respect of the Company's fixed assets:**

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

2 The Company is primarily engaged in the business of providing long term finance for housing loans and therefore does not hold any physical inventories. Therefore the provisions of paragraph 4(ii) of the Order are not applicable to it.

3 According to the information and explanations given to us the Company has not granted /taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (a) to (g) of paragraph 4(iii) of the Order are not applicable to it.

4 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 for the purchase of fixed assets and sale of services. There are no purchases of inventory and sale of goods during the period of audit. During the course of our audit, we have not observed any major weakness in such internal control system.

5 To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements, the particulars of which need to be entered into register maintained in section 301 of the Companies Act, 1956.

6 According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in the case of the Company.

7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8 The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the services rendered by the Company. Accordingly paragraph 4(viii) of the Order is not applicable to it.

9 (a) According to the information and explanations provided to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, service tax, income tax, cess and other material statutory dues applicable to it and there are no dues payable in respect of Employees' State Insurance, Investor Education and Protection Fund, Excise duty, Custom Duty and Sales Tax.

(b) There were no undisputed amounts payable in respect of income-tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues in arrears as at March 31, 2013 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 income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

10 The Company has been incorporated on October 15, 2008. Therefore the provisions of paragraph 4 (x) of the Order are not applicable to it.

11 In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.

12 In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

13 In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. Therefore, the provisions of paragraph 4 (xiv) of the Order are not applicable to it.

14 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

15 In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.

16 The Company is engaged in the housing finance business and is governed by National Housing Bank ("NHB") Directions for raising deposits and deployment of its funds in its business and the Company has followed the NHB guidelines for fund raising and deployment of funds and is adhering to the Asset Liabilities Management guidelines ("ALCO") prescribed by the NHB and accordingly based on the above information, we report that the Company has generally not used its short term funds in long term investments.

17 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

18 The Company has created security for debentures issued and outstanding as at March 31, 2013.

19 During the year, the Company has not raised any money by way of a public issue. Accordingly, the provisions of paragraph 4(xx) are not applicable to it.

20 To our 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 were some instances of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation, made by the borrowers, the amounts whereof are not material in the context of the size of the Company and the nature of its business and which have been provided for.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117366W)

Sanjiv v. pilgaonkar
Partner
Membership No.:39826

Mumbai, May 3, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at March 31, 2013	As at March 31, 2012
		Rs. in Lakhs	Rs. in Lakhs
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	2	35,833	23,333
(b) Reserves and Surplus	3	5,460	2,338
2 Non-current liabilities			
(a) Long-term borrowings	4	232,203	150,164
(b) Long-term liabilities	5	3,821	803
(c) Long-term provisions	6	1,827	893
3 Current liabilities			
(a) Short-term borrowings	7	96,613	30,875
(b) Trade payables	8	1,685	726
(c) Other Current liabilities	9	54,524	6,603
(d) Short-term provisions	10	580	235
TOTAL		**432,546**	**215,970**
II. ASSETS			
1. Non-Current assets			
(a) Fixed Assets	11	167	88
(b) Deferred tax assets (net)	12	780	357
(c) Loans and advances - Financing Activity	13	405,221	207,445
(d) Long-term loans and advances - Others	14	124	118
(e) Other non-current assets	15	1,904	1,041
2. Current assets			
(a) Cash and Bank balances	16	4,963	211
(b) Loans and advances - Financing Activity	13	18,474	6,217
(c) Short-term loans and advances	17	56	16
(d) Other current assets	18	857	477
TOTAL		**432,546**	**215,970**
See accompanying notes forming a part of the financial statements	1-31		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai
Date : May 3, 2013

For and on behalf of the Board of Directors

Praveen P. Kadle
(Chairman)

Janki Ballabh
(Director)

S. H. Rajadhyaksha
(Director)

G. Sankaranarayanan
(Director)

R.Vaithianathan
(Managing Director)

Ketan Thaker
(Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

		Note No.	For the Year ended March 31, 2013	For the Year ended March 31, 2012
			Rs. in lakhs	Rs. in lakhs
I	Revenue from Operations	19	38,258	16,619
II	Investment Income	20	165	341
III	Other Income	21	285	181
IV	**Total Revenue (I + II + III)**		**38,708**	**17,141**
V	**Expenses :**			
	Finance cost	22	27,107	11,302
	Employee benefits expenses	23	2,106	1,442
	Other operating expenses	24	5,402	3,134
	Amortisation of expenses	18	215	146
	Depreciation	11	31	10
	Total expenses		**34,861**	**16,034**
VI	**Profit before tax (IV -V)**		**3,847**	**1,107**
VII	**Tax expense :**			
	(1) Current tax		1,482	658
	(2) Deferred tax		(423)	(310)
	Total Tax expense		**1,059**	**348**
VIII	**Profit for the year (VI - VII)**		**2,788**	**759**
IX	**Earnings per share :**			
	(1) Basic		1.02	0.47
	(2) Diluted		1.02	0.47
See accompanying notes forming a part of the financial statements		1-31		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai
Date : May 3, 2013

For and on behalf of the Board of Directors

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(Chairman)

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(Director)

R.Vaithianathan
(Managing Director)

Ketan Thaker
(Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
		Rs. in lakhs	Rs. in lakhs
1 NET CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		3,847	1,107
Adjustments for :			
Amortisation of share / debenture issue expenses		215	147
Interest on fixed deposit		-	-
Profit on sale of Mutual Fund Investments (Current Investments-non-trade)		(165)	(341)
Miscellaneous Income			
Discounting charges on Commercial Paper		5,754	3,359
Depreciation		31	10
Provision for employee benefits		23	12
Provision against standard assets		977	842
Provision for doubtful debts		185	78
Interest Income		(36,222)	(15,437)
Interest Expenses		21,353	7,943
Operating Profit / (Loss) before working capital changes and adjustment for interest received and interest paid		**(4,002)**	**(2,280)**
Adjustments for :			
Loans and advances - Financing Activity		(208,761)	(143,071)
Loans and advances - Others		(1,324)	(887)
Current Liabilities and Provisions		1,214	527
Cash used in operations before adjustment for interest received and interest paid		**(212,873)**	**(145,711)**
Interest received		34,764	14,338
Interest paid		(21,388)	(3,828)
Cash used in operations		**(199,497)**	**(135,201)**
Taxes paid		(1,471)	(464)
NET CASH USED IN OPERATING ACTIVITIES		**(200,968)**	**(135,665)**
2 NET CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of Fixed Assets		7	5
Purchase of Fixed Assets		(117)	(42)
Purchase of Mutual Funds		(394,890)	(185,794)
Redemption of Mutual Funds		395,055	186,135
NET CASH FLOW FROM INVESTING ACTIVITIES		**55**	**304**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
		Rs. in lakhs	Rs. in lakhs
3 NET CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Share Capital		2,600	10,000
Issue of Preference share capital		10,500	-
Share Issue Expenses		(11)	(152)
Proceeds from long -term borrowings		132,779	115,833
Repayment of long-term borrowings		(6,079)	-
Debenture Issue / Loan Processing Expenses		(177)	(159)
Net proceeds from short- term borrowings		66,053	9,918
NET CASH FLOW FROM FINANCING ACTIVITIES		**205,665**	**135,440**
Net increase in cash and cash equivalents		**4,752**	**79**
Cash and cash equivalents as at the beginning of the year, comprising :			
Bank balances with scheduled banks		99	19
Cash on hand		11	1
Cheques on hand		101	112
Total		**211**	**132**
Cash and cash equivalents as at the end of the year, comprising :			
Bank balances with scheduled banks		4,711	99
Cash on hand		25	11
Cheques on hand		227	101
Total		**4,963**	**211**
See accompanying notes forming a part of the financial statements	**1-31**		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Mumbai
Date : May 3, 2013

For and on behalf of the Board of Directors

Praveen P. Kadle
(Chairman)

Janki Ballabh
(Director)

S. H. Rajadhyaksha
(Director)

G. Sankaranarayanan
(Director)

R.Vaithianathan
(Managing Director)

Ketan Thaker
(Company Secretary

1. Notes forming part of the Financial Statements

A CORPORATE INFORMATION

Tata Capital Housing Finance Limited (the "Company") was incorporated on October 15, 2008. The Company obtained the certificate of registration under the National Housing Bank ("NHB") as required under Section 29A of the NHB Act, 1987 on April 2, 2009. The Company is a wholly owned subsidiary of Tata Capital Limited. The main objects of the Company, inter alia are to carry out the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase / construction / repair and renovation of new / existing flats / houses for residential purposes and provide property related services.

B SIGNIFICANT ACCOUNTING POLICIES

I BASIS FOR PREPARATION OF ACCOUNTS

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the generally accepted accounting principles and in compliance with the relevant provisions of the Companies Act, 1956, The National Housing Bank Act, 1987 and The Housing Finance Companies, (NHB) Directions, 2010.

II USE OF ESTIMATES

The preparation of financial statements require the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Example of such estimates includes provision for non - performing loans, provision for employee benefit plans and provision for income taxes.

III REVENUE RECOGNITION

Interest income on loans

Income on loan transactions is accounted for by using the internal rate of return method. Consequently, a constant rate of return on net outstanding amount is accrued over the period of the contract, except that no income is recognised on non-performing assets as per the prudential norms for income recognition issued by the NHB for Housing Finance Companies (the "HFC's). Interest income on such assets is recognised on receipt basis. Repayment of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commences once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed on a monthly rest basis.

Fee and Other Charges

Upfront / Processing fees collected from the customer for processing loans are primarily towards documentation charges. This is accounted as income when the amount becomes due provided recovery thereof is not uncertain.

Income from Current and Long-term Investments

Income from dividend on shares of corporate bodies and units of mutual funds is accounted on accrual basis when the Company's right to receive dividend is established.

IV LOANS AND RECEIVABLES AND CREDIT LOSS ALLOWANCES

a. Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income. Loans are carried net of the allowances for credit losses.

A loan is recognised as non-performing ("NPA") at the earlier of the date it has been individually provided for when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest and a loan the repayment installment or interest has been in arrears for 90 days. Allowances for credit losses are made on an individual basis at rates prescribed under the Housing Finance Companies (NHB) Directions, 2010, (the "NHB Directions") unless, the management estimates that a higher individual allowance is required to reduce the carrying value of an impaired asset, including accrued interest, to its estimated realisable amount. The fair value of the underlying security is taken into consideration to estimate the realisable amount of the loan. NPAs and rescheduled loans which are yet to complete one year of satisfactory performance under the re-negotiated or rescheduled terms are classified as "Sub-standard".

When the Company is no longer reasonably assured of the collection of the balance outstanding amount of principal or interest or if a loan remains classified as an NPA for a period exceeding 2 years, the loan is classified as "Doubtful" and to the extent to which the loan is not covered by the realistic value of the security, the Company makes a provision on an individual basis. In addition, depending on the period for which the loan has remained in the "Doubtful" category, a further provision on the secured portion after considering the minimum provisions prescribed for such loans under the NHB Directions.

When a loan is identified as a "Loss Asset" that is adversely affected by a potential threat of non-recoverability, the outstanding balance is fully written off or fully provided for.

b. Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the Company's loan portfolios based on the NHB Directions.

V INVESTMENTS

Current investments comprising investments in mutual funds are stated at the lower of cost or market value, determined on an individual investment basis.

VI FIXED ASSETS

Fixed Assets are stated at cost less depreciation, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for the intended use.

VII DEPRECIATION AND AMORTISATION

Depreciation on tangible fixed assets is provided on straight-line method at the rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful life of the asset, whichever is higher.

All capital assets with individual value less than Rs 5,000 are depreciated fully in the month in which they are purchased.

Depreciation rates used by the Company are :

Asset	Depreciation rates/Amortisation rates
Building	4 percent
Office Equipment	10 percent
Vehicles	23.75 percent
Plant & Machinery	25 percent
Furniture & Fixtures	Higher of 10 percent or rate determined based on period of lease
Leasehold improvements	Lease Period

VIII OPERATING LEASES

Payments under an operating lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the Statement of Profit and Loss on a straight-line basis over the lease term, unless another systematic basis is more appropriate.

IX TAXATION

Income Tax

The Company's income taxes include current tax on the Company's taxable profits and deferred tax. Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax assets and liabilities are measured using enacted tax rates and tax regulations or those that have been substantively enacted at the balance sheet date.

The Company has transferred an amount of Rs.558 Lakhs (Previous year Rs.152 Lakhs) to Special Reserve Account in terms of section 36 (1) (viii) of the Income Tax Act, 1961, which has also been considered as a transfer of profit to a reserve fund for the purpose of compliance with section 29 C (i) of the National Housing Bank Act 1987.

Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a year different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reassessed at each balance sheet date, based upon management's judgment as to whether their realisation is considered as reasonably certain.

X DEFERRED REVENUE EXPENDITURE

Miscellaneous expenditure, comprising share issue expenses such as stamp duty and registration fees, amortised over a period of 36 months from the month in which the Company has incurred the expenditure. Loan processing charges incurred on loans taken is amortised over the tenure of loan or over a period of 36 months whichever is earlier.

XI PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Company has present obligations, as result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. Contingent liabilities are not recognised but disclosed in the financial statements. A Contingent asset is neither recognised nor disclosed in the financial statements.

XII EARNINGS PER SHARE

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earning per share comprises the weighted average number of shares considered for deriving earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit per share are included.

XIII EMPLOYEE STOCK PURCHASE SCHEME

The Company follows the intrinsic value method to account for the compensation cost of it's stock based employee compensation plans.

XIV EMPLOYEE BENEFITS

(i) Short Term

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

(ii) Long Term

The Company has both defined-contribution and defined-benefit plans. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

(a) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund and family pension fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(b) Defined-benefit plans

An expense for defined-benefit gratuity is calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

(iii) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

The Company provides for Long Term Service Awards in accordance with its policy based on actuarial valuation as at the balance sheet date determined by an independent actuary.

Acturial gains and losses, based on an actuarial valuation done by the independent actuary annually, are recognised immediately in the Statement of Profit and Loss as income or expense.

XV SEGMENT REPORTING

The Company is engaged in the business of providing loans for purchase, construction, repairs and renovation etc, of houses/ flats to individuals and corporate bodies and has it's operations within India. There being only one 'business segment' and 'geographical segment', the segment information is not provided.

NOTES TO THE ACCOUNTS

2 SHARE CAPITAL

PARTICULARS	As at March 31, 2013 Rs. in lakhs	As at March 31, 2012 Rs. in lakhs
AUTHORISED		
600,000,000 Equity shares of Rs.10 each (As at March 31,2012: 500,000,000)	60,000	50,000
300,000,000 9% Compulsorily Convertible Cumulative Preference shares of Rs.10 each (As at March 31,2012 : Rs. Nil)	30,000	-
	90,000	50,000
ISSUED, SUBSCRIBED & PAID UP		
253,333,332 (as at March 31, 2012: 233,333,332) Equity shares of Rs.10 each	25,333	23,333
105,000,000 (as at March 31, 2012: Nil) 9% Compulsorily Convertible Cumulative Preference shares of Rs.10 each	10,500	-
	35,833	23,333

Note : All the equity shares & preference shares are held by the holding company, Tata Capital Limited and its nominees.

2 (a) Reconciliation of number of shares outstanding

PARTICULARS	No. of shares	Rs in Lakhs
Opening Share Capital as on April 01, 2011		
Equity Face Value Rs. 10 fully paid up	150,000,000	15,000
9% Preference Share Capital, Face Value of Rs.10 fully paid up	-	-
Additions during the previous year		
Equity		
a) Rights Issue (Equity shares of Rs.10 each were issued at premium of Rs. 2 per share)	83,333,332	8,333
Opening Share Capital as on April 01, 2012		
Equity Face Value Rs. 10 fully paid up	233,333,332	23,333
9% Preference Share Capital, Face Value of Rs.10 fully paid up	-	-
Total	**233,333,332**	**23,333**
Additions during the year		
Equity		
a) Rights Issue (Equity shares of Rs.10 each were issued at premium of Rs. 3 per share)	20,000,000	2,000
9% Preference Share Capital		
a) Rights Issue (Preference shares of Rs.10 each, compulsorily convertible after 9 years)	105,000,000	10,500
Total	**125,000,000**	**12,500**
Closing Share Capital as on March 31, 2013		
Equity Face Value Rs.10 fully paid up	253,333,332	25,333
9% Preference Share Capital of Rs.10 fully paid up	105,000,000	10,500
Total	**358,333,332**	**35,833**

2 (b) **Rights, preferences and restrictions attached to shares**

Equity Shares :

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Preference Shares :

The Company has issued 105,000,000, 9% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value Rs. 10/- each, convertible after 9 years from the date of issue. However,CCCPS holders have an option to convert into equity share at an earlier date. The CCCPS holders have a right to receive dividend, prior to the Equity Shareholders. The dividend proposed by the Board of Directors on the CCCPS is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders are eligible to receive the remaining assets of the Company before distribution to the Equity Shareholders, in proportion to their shareholding.

3 **RESERVES AND SURPLUS**

PARTICULARS	**As at March 31, 2013**	**As at March 31, 2012**
	Rs in Lakhs	**Rs in Lakhs**
(a) Securities Premium Reserve		
Opening Balance	1,667	-
Add : Addition / Transfer during the year	600	1,667
Less : Transfer / Adjustment during the year	-	-
Closing Balance	2,267	1,667
(b) Special Reserve Account (see Footnote)		
Opening Balance	184	32
Add : Addition / Transfer during the year	558	152
Less : Transfer / Adjustment during the year	-	-
Closing Balance	742	184
(c) Surplus in the Statement of Profit and Loss		
Opening Balance	487	(120)
Add : Profit for the year	2,788	759
Less : Transfer to Special Reserve	558	152
Less : Proposed Dividend on Preference Shares	227	-
Less : Dividend distribution tax on Preference Shares	39	-
Closing Balance	2,451	487
Total	**5,460**	**2,338**

Footnote :

As required by Section 29C of National Housing Bank Act 1987,and Section 36 (1) (viii) of the Income Tax Act,1961, the Company has transferred an amount of Rs.558 Lakhs (previous year Rs.152 Lakhs) to Special Reserve.

4 LONG TERM BORROWINGS

PARTICULARS	As at March 31, 2013 Rs. in Lakhs	As at March 31, 2012 Rs. in Lakhs
(a) Bonds / Debentures		
Secured		
(i) Privately Placed Non-Convertible Debentures (Refer Note No. 4.1 below)	57,640	4,000
(ii) Privately Placed Non-Convertible Debentures - Zero Coupon Bond (Net of unamortised Discount Rs.162 Lakhs, Previous year Rs. 576 Lakhs) (Refer Note No.4.1 below)	36,638	43,735
Unsecured		
(i) Non-Convertible Subordinated Debentures (Refer Note No. 4.2 below)	16,450	8,520
(b) Term loans		
Secured		
(i) From Banks (Refer Note No. 4.3 below)	93,234	92,667
(ii) From National Housing Bank (Refer Note No.4.4)	8,241	1,242
Unsecured		
(i) From Banks	20,000	-
Total	**232,203**	**150,164**

4.1 Privately Placed Non-Convertible Debentures are secured by charge on the immovable properties, book debts and receivables against secured loans, and to the extent of shortfall in asset by cover by way of a pari passu charge on the current assets of the Company.

Description of Secured Redeemable Non Convertible Debentures (ZCD)	Issue Date	Redemption Date	No. of NCDs	As at March, 31, 2013 Rs. in Lakhs	As at March 31, 2012 Rs. in Lakhs
TCHFL - Series U - FY 2012-13	12-Mar-13	10-Mar-23	100	1,000	-
TCHFL - Series R - FY 2012-13	18-Jan-13	18-Jan-23	150	1,500	-
TCHFL - Series Q - FY 2012-13	28-Dec-12	28-Dec-22	100	1,000	-
TCHFL - Series G - FY 2012-13	18-May-12	18-May-22	100	1,000	-
TCHFL - Series K - FY 2012-13	3-Oct-12	3-Oct-19	100	1,000	-
TCHFL - Series G - FY 2011-12	18-Nov-11	18-Nov-18	100	1,000	1,000
TCHFL - Series T - FY 2012-13	12-Mar-13	10-May-16	20	200	-
TCHFL - Series S - FY 2012-13	5-Feb-13	28-Apr-16	626	6,260	-
TCHFL - Series O - FY 2012-13	30-Oct-12	30-Oct-15	100	1,000	-
TCHFL - Series N - FY 2012-13	29-Oct-12	29-Oct-15	500	5,000	-
TCHFL - Series L - FY 2012-13	12-Oct-12	12-Oct-15	200	2,000	-
TCHFL - Series E - FY 2012-13	29-May-12	29-May-15	51	510	-
TCHFL - Series B - FY 2012-13	17-Apr-12	17-Apr-15	17	170	-
TCHFL - Series P - FY 2012-13	26-Dec-12	26-Dec-14	2000	20,000	-
TCHFL - Series P - FY 2012-13	26-Dec-12	26-Dec-14	500	5,000	-
TCHFL - Series C - FY 2011-12	2-Nov-11	23-Oct-14	70	700	700
TCHFL - Series D - FY 2011-12	8-Nov-11	23-Oct-14	30	300	300
TCHFL - Series J - FY 2012-13	7-Sep-12	7-Sep-14	1000	10,000	-
TCHFL - Series M - FY 2012-13	5-Oct-12	5-Nov-13	500	5,000	-
TCHFL - Series A - FY 2011-12	16-Sep-11	16-Sep-13	150	1,500	1,500
TCHFL - Series B - FY 2011-12	27-Sep-11	13-Sep-13	50	500	500
Subtotal				**64,640**	**4,000**
Of which Current maturities have been classified under other Current Liabilities (Note No.9)				7,000	-
Long term borrowings				**57,640**	**4,000**

Description of Secured Redeemable Non Convertible Debentures (ZCB)	Issue Date	Redemption Date	No. of NCDs	As at March 31, 2013 Rs. in Lakhs	As at March 31, 2012 Rs. in Lakhs
[A] Long Term NCD (Zero Coupon Bond redeemable at Premium)					
TCHFL - Series H - FY 2012-13	16-Jul-12	1-Oct-15	40	400	-
TCHFL - Series C - FY 2012-13	4-May-12	4-Aug-15	50	500	-
TCHFL - Series BC - FY 2011-12	23-Feb-12	1-Jun-15	180	1,800	1,800
TCHFL - Series A - FY 2012-13	10-Apr-12	2-Apr-15	250	2,500	-
TCHFL - Series BF - FY 2011-12	7-Mar-12	6-Mar-15	100	1,000	1,000
TCHFL - Series BB- FY 2011-12	17-Feb-12	9-Feb-15	100	1,000	1,000
TCHFL - Series W- FY 2011-12	1-Feb-12	3-Feb-15	50	500	500
TCHFL - Series T- FY 2011-12	25-Jan-12	23-Jan-15	50	500	500
TCHFL - Series H - FY 2011-12	23-Nov-11	10-Nov-14	600	6,000	6,000
TCHFL - Series I - FY 2012-13	24-Jul-12	24-Jul-14	200	2,000	-
TCHFL - Series Q - FY 2011-12	16-Jan-12	10-Jul-14	300	3,000	3,000
TCHFL - Series Y- FY 2011-12	9-Feb-12	13-May-14	160	1,600	1,600
TCHFL - Series F - FY 2012-13	15-May-12	8-May-14	330	3,300	-
TCHFL - Series P - FY 2011-12	16-Jan-12	25-Apr-14	350	3,500	3,500
TCHFL - Series V - FY 2012-13	15-Mar-13	11-Apr-14	200	2,000	-
TCHFL - Series W - FY 2012-13	15-Mar-13	10-Apr-14	250	2,500	-
TCHFL - Series BH - FY 2011-12	20-Mar-12	8-Apr-14	220	2,200	2,200
TCHFL - Series K - FY 2011-12	23-Dec-11	9-Dec-13	200	2,000	2,000
TCHFL - Series BD - FY 2011-12	28-Feb-12	14-Aug-13	40	400	400
TCHFL - Series R - FY 2011-12	20-Jan-12	22-Jul-13	50	500	500
TCHFL - Series U- FY 2011-12	27-Jan-12	19-Jul-13	150	1,500	1,500
TCHFL - Series S - FY 2011-12	25-Jan-12	16-Jul-13	60	600	600
TCHFL - Series N - FY 2011-12	6-Jan-12	2-Jul-13	87	870	870
TCHFL - Series L - FY 2011-12	23-Dec-11	12-Jun-13	50	500	500
TCHFL - Series J - FY 2011-12	2-Dec-11	5-Jun-13	80	800	800
TCHFL - Series BG - FY 2011-12	16-Mar-12	31-May-13	30	300	300
TCHFL - Series I - FY 2011-12	2-Dec-11	29-May-13	67	670	670
TCHFL - Series BE - FY 2011-12	2-Mar-12	21-May-13	82	820	820
TCHFL - Series F - FY 2011-12	11-Nov-11	21-Apr-13	100	1,000	1,000
TCHFL - Series Z - FY 2011-12	27-Feb-12	8-Apr-13	160	1,600	1,600
TCHFL - Series E - FY 2011-12	11-Nov-11	3-Apr-13	150	1,500	1,500
Total (A)				**47,360**	**34,160**
[B] Long Term NCD (Zero Coupon Bond issued at Discount)					
TCHFL - Series O - FY 2011-12	13-Jan-12	13-Jan-15	250	2,500	2,500
TCHFL - Series X- FY 2011-12	6-Feb-12	03-Feb-14	110	1,100	1,100
TCHFL - Series M - FY 2011-12	23-Dec-11	23-Dec-13	140	1,400	1,400
TCHFL - Series BA- FY 2011-12	14-Feb-12	30-Aug-13	579	5,790	5,790
TCHFL - Series V- FY 2011-12	31-Jan-12	17-Jul-13	52	520	520
Total				**11,310**	**11,310**
Less : Unamortised discount as on March 31,2013				760	1,735
Total (B)				**10,550**	**9,575**
Total (A+B)				**57,910**	**43,735**
Of which Current maturities have been classified under other Current Liabilities (Note No.9)				**21,272**	-
Long term borrowings				**36,638**	**43,735**

Note : Coupon rate of "NCDs" outstanding as on March 31, 2013 varies from 9.76% to 10.46%

4.2 Particulars of Unsecured Redeemable Non Convertible Subordinated Debentures (Tier II Bonds) outstanding as on March 31,2013

Description of NCD	Issue Date	Redemption Date	No. of NCDs	As at March, 31, 2013 Rs. in Lakhs	As at March 31, 2012 Rs. in Lakhs
TCHFL Tier II Bonds 'E' FY-2012-13	26-Mar-13	28-Mar-23	100	1,000	-
TCHFL Tier II Bonds 'E' FY-2012-13	28-Mar-13	28-Mar-23	50	500	-
TCHFL Tier II Bonds 'D' FY-2012-13	22-Aug-12	22-Aug-22	330	3,300	-
TCHFL Tier II Bonds 'B' FY-2012-13	30-May-12	30-May-22	3	30	-
TCHFL Tier II Bonds 'C' FY-2012-13	30-May-12	30-May-22	300	3,000	-
TCHFL Tier II Bonds 'A' FY-2012-13	10-May-12	10-May-22	10	100	-
TCHFL Tier II Bonds 'F' FY-2011-12	12-Mar-12	12-Mar-22	102	1,020	1,020
TCHFL Tier II Bonds 'E' FY-2011-12	25-Jan-12	25-Jan-22	135	1,350	1,350
TCHFL Tier II Bonds 'D' FY-2011-12	4-Nov-11	4-Nov-21	101	1,010	1,010
TCHFL Tier II Bonds 'C' FY-2011-12	28-Oct-11	28-Oct-21	11	110	110
TCHFL Tier II Bonds 'B' FY-2011-12	29-Sep-11	29-Sep-21	253	2,530	2,530
TCHFL Tier II Bonds 'A' FY-2011-12	29-Jul-11	29-Jul-21	250	2,500	2,500
Total				**16,450**	**8,520**

Note : Coupon rate of "NCDs" outstanding as on March 31, 2013 varies from 9.75% to 10.25%

4.3 Loans and advances from banks are secured by pari passu charge on the current assets of the Company and are repayable at maturity ranging between 3 years to 5 years from the date of loan taken. Rate of Interest payable on Term loan varies between 10.20% to 10.50%

4.4 Loan from National Housing Bank is secured by way of hypothecation of book debt and is repayable in 28/60 quarterly installments. Rate of Interest payable on Term loan varies between 7.50% to 9.75%

5 LONG TERM LIABILITIES

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Others		
Interest accrued but not due on borrowings	3,821	803
Total	**3,821**	**803**

6 LONG TERM PROVISIONS

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Provision for employee benefits	20	5
(b) Provisions against Standard Assets	1,807	888
Total	**1,827**	**893**

7 SHORT TERM BORROWINGS

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Loans repayable on demand		
Secured		
(i) Cash Credit	17,422	9,850
(ii) Bank Overdraft as per Books	13,904	7,558
(b) Loans and advances from Related Parties		
Unsecured		
(i) Inter-Corporate Deposits	4,050	-
(c) Other loans and advances		
Unsecured		
(i) Commercial Paper*	61,237	13,467
*Net of unamortised discount of Rs. 1063 Lakhs (as at March 31, 2012 Rs.383 Lakhs)		
Total	**96,613**	**30,875**

8 TRADE PAYABLES

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(i) Payable to Micro, Medium and Small Enterprises (Refer note below)		
(ii) Others		
(a) Accrued employee benefit expenses	326	200
(b) Accrued expenses	1,214	499
(c) Payable to holding company	42	-
(d) Others	103	27
Total	**1,685**	**726**

Note : The Company has received information from their "Suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information received, there are no amount unpaid as at the year end.

9 OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Current maturities of long-term debt - Term Loan from Banks		
(i) From Banks (Refer Note No. 4.3 above)	20,832	5,683
(ii) From National Housing Bank (Refer Note No.4.4 above)	1,401	161
(b) Privately Placed Non-Convertible Debentures (Refer Note 4.1 above)	7,000	-
(c) Privately Placed Non-Convertible Debentures - Zero Coupon Bond (Net of unamortised Discount Rs.598 Lakhs, Previous year Nil) (Refer Note 4.1 above)	21,272	-
(d) Interest accrued but not due on borrowings	3,580	564
(e) Advance Interest Income	224	-
(f) Other payables		
(i) Statutory Remittances	142	63
(ii) Payable to fellow subsidiary	73	132
Total	**54,524**	**6,603**

10 SHORT TERM PROVISIONS

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Provision for employee benefits	40	21
(b) Provision for Standard Assets	85	27
(c) Provision for Proposed Dividend	227	-
(d) Provision for Dividend distribution tax	39	-
(e) Provision for Income tax (Net of Advance Tax Rs. 1,938 Lakhs, Previous year Rs.459 Lakhs)	189	187
Total	**580**	**235**

11 FIXED ASSETS

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Opening balance as at April 01 2012	Additions	Disposals	Closing balance as at March 31, 2013	Opening balanceas April 1, 2012	Depreciation/ Amortisatioin for the year	Disposals	Closing Balance as at March 31, 2013	As at March 31, 2013	As at March 31, 2013
TANGIBLE FIXED ASSETS										
Building	48	-	-	48	3	2	-	5	43	45
Office Equipment	11	21	-	32	1	3	-	4	28	10
Vehicles	41	27	9	59	8	14	2	20	39	33
Plant & Machhinery	-	9	-	9	-	1	-	1	8	-
Furniture & Fixttures	-	16	-	16	-	2	-	2	14	-
Leasehold Improvements	-	44	-	44	-	9	-	9	35	-
INTANGIBLE FIXED ASSETS	-	-	-	-	-	-	-	-	-	-
Total	**100**	**117**	**9**	**208**	**12**	**31**	**2**	**41**	**167**	**88**
Previous financial year	67	42	9	100	6	10	5	12	88	-

12 DEFERRED TAX ASSET

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Deferred Tax Asset (net)	780	357
Total	**780**	**357**

12 (a) The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Deferred Tax Asset		
On account of employee benefit expenses	45	31
On account of provision for doubtful loans	90	25
On account of provision for standard assets	643	297
Less : Deferred Tax Liability		
Deferred tax liabilities on account of depreciation on fixed assets	(2)	(4)
Net Deferred Tax Asset	**780**	**357**

13 LOANS AND ADVANCES - FINANCING ACTIVITY-SECURED UNLESS OTHERWISE STATED

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
NON-CURRENT		
(a) Housing Loans		
(i) Considered good	313,443	160,336
(ii) Considered doubtful	181	36
	313,624	160,372
Less : Provision for Doubtful loans	181	36
	313,443	**160,336**
(b) Non Housing Loans		
(i) Considered good	91,778	47,109
(ii) Considered doubtful	78	43
	91,856	47,152
Less : Provision for Doubtful loans (Refer Note 13.1)	78	43
	91,778	**47,109**
TOTAL	**405,221**	**207,445**
CURRENT MATURITIES		
(a) Housing Loans		
(i) Considered good	13,686	4,138
(ii) Considered doubtful*	3	-
	13,689	**4,138**
Less : Provision for Doubtful loans	3	-
	13,686	**4,138**
(b) Non Housing Loans		
(i) Considered good	4,788	2,079
(ii) Considered doubtful*	3	-
	4,791	2,079
Less : Provision for Doubttful loans	3	-
	4,788	**2,079**
TOTAL	**18,474**	**6,217**
TOTAL - LOANS AND ADVANCES FINANCING ACTIVITY	**423,695**	**213,662**

* Previous year figures are less than Rs. 50,000

13.1 As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognised on the basis of ninety days overdue. The total provision carried by the Company in terms of paragraph 25(2) of the Housing Finance Companies (NHB) Directions, 2010 and NHB circular NHB(ND)/(DRS)/Pol-No.09/2004-05 dated May 18,2005 in respect of Housing and Non Housing Loans is as follows.

Category	Provision against Sub-standard Assets		Provision against Doubtful Assets		Provision against Loss Assets	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Housing	168	32	-	4	16	-
Non-Housing	81	44	-	-	-	-
Total	**249**	**76**	**-**	**4**	**16**	**-**

13.2 Loans granted by Tata Capital Housing Finance Limited are secured against hypothecation of mortgage of property.

14 LONG-TERM LOANS AND ADVANCES - OTHERS (UNSECURED CONSIDERED GOOD)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Others		
(a) Deposits	37	2
(b) Loan To TCL Employee Welfare Trust	66	68
(c) Advance payment of Income tax (Net of Provision for tax Rs.38 Lakhs, Previous year Rs.38 Lakhs)	21	29
(d) Others	-	19
Total	**124**	**118**

15 OTHER NON-CURRENT ASSETS

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Others		
(a) Deferred Expenditure (to the extent not written off or adjusted) (Refer Note 18 (a) below)	105	155
(b) Unamortised commission paid to direct marketing agents	1,799	886
Total	**1,904**	**1,041**

16 CASH AND BANK BALANCES

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Cash on hand	25	11
(b) Cheques, drafts on hand	227	101
(c) Balances with banks - In Current accounts (Refer Note (i) below)	4,711	99
Total	**4,963**	**211**

(i) Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is Rs. 4,963 Lakhs. (Previous year Rs.211 lakhs)

17 SHORT-TERM LOANS AND ADVANCES

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Others		
(a) Prepaid Expenses	16	4
(b) Others	40	12
Total	**56**	**16**

18 OTHER CURRENT ASSETS

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(i) Unamortised expenditure - Share issue and Loan processing charges (Refer Note 18 (a) below)	174	151
(ii) Unamortised commission paid to direct marketing agents	683	326
Total	**857**	**477**

18 **(a) Unamortised expenditure - Share issue and Loan processing charges**

PARTICULARS	As at March 31, 2013	As at March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Unamortised Share issue expenses		
Opening balance	147	50
Add : Expenses incurred during the year	11	152
Less : written off during the year	66	55
Closing balance	92	147
(b) Unamortised Debenture issue expenses		
Opening balance	138	76
Add: Expenses incurred during the year	151	133
Less: written off during the year	137	71
Closing balance	152	138
(c) Unamortised loan processing charges		
Opening balance	21	15
Add: Expenses incurred during the year	26	26
Less: written off during the year	12	20
Closing balance	35	21
Total	**279**	**306**

PARTICULARS	As at March 31, 2013		As at March 31, 2012	
	Non-Current	Current	Non-Current	Current
	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
(a) Unamortised Share issue expenses	27	65	83	64
(b) Unamortised Debenture issue expenses	59	93	62	76
(c) Unamortised loan processing charges	19	16	10	11
Total	105	174	155	151
Grand Total		**279**		**306**

NOTES TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS ACCOUNT

19 **REVENUE FROM OPERATIONS**

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Interest Income	36,222	15,437
(b) Income from Financing activity (Refer note below)	2,036	1,182
Total	**38,258**	**16,619**

Note : Income from Financing activity includes loan processing fees, termination and other charges

20 **INVESTMENT INCOME**

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Profit on sale of Current Investments (Net)	165	341
Total	**165**	**341**

21 OTHER INCOME

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
Processing fee income	285	181
Total	**285**	**181**

22 FINANCE COST

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Interest expense on loan from Banks	11,812	6,387
(b) Interest on Non - Convertible Debentures	8,364	1,391
(c) Discount charges on Zero Coupon Bond	975	165
(d) Discounting charges on commercial paper	5,754	3,359
(e) Interest on Inter Corporate Deposit	202	-
Total	**27,107**	**11,302**

23 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Salaries, wages and bonus	1,946	1,338
(b) Contribution to provident fund, superannuation fund and other funds	85	62
(c) Staff welfare expenses	75	42
Total	**2,106**	**1,442**

24 OTHER OPERATING EXPENSES

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(a) Advertisement and Publicity	166	305
(b) Business development expenses	182	69
(c) Direct Marketing Agents' Commission expenses	582	218
(d) Director's sitting fee	9	7
(e) Facility management and office upkeep charges	34	1
(f) Insurance	3	2
(g) IT Outsourcing expenses	570	271
(h) Legal and professional fees	600	245
(i) Loan Processing charges	627	476
(j) Postage and courier expenses	13	12
(k) Printing and stationery	29	18
(l) Provision for Doubtful loans	185	78
(m) Provision for standard assets - Home Loan	592	651
(n) Provision for standard assets-Home Equity	385	191
(o) Rates and taxes	7	1
(p) Record management charges	15	14
(q) Rent	610	328
(r) Repairs and maintenance expenses	5	2

24 OTHER OPERATING EXPENSES (Contd.)

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(s) Stamping charges	15	8
(t) Service providers charges	387	38
(u) Telephone expenses	40	29
(v) Travelling and conveyance	178	101
(w) Others	169	67
Total	**5,402**	**3,134**

24 (a) The Company has made a standard asset provision of Rs. 743 (previous year Rs. 742 Lakhs) lakhs being 0.40% of the Standard Non Housing loans as specified by the National Housing Bank circular No. NHB(ND)/DRS/DIR-3/CMD/2011 dated August 5,2011.

(b) National Housing Bank (NHB) has amended Provisions of Standard Housing Loans vide circular dated January 19, 2012, NHB(ND)/DRS/Pol No.45/2011-12. As per the revised guidelines, Housing Finance Companies are required to make a general provision of 1% of the total outstanding loans in respect of commercial real estate (office building, retail space, etc).

The Company has made provision of Rs.234 (previous year Rs.100 Lakhs) lakhs for such outstanding commercial estate loans.

(c) Other expenses includes Audit Fee (excluding service tax) as below.

PARTICULARS	For the Year ended March 31, 2013	For the Year ended March 31, 2012
	Rs in Lakhs	Rs in Lakhs
(i) Statutory audit fees	22	14
(ii) Tax audit fees	2	2
(iii) Other services	2	2
Total	**26**	**18**

Notes forming part of Financial Statements

25 Contingent Liabilities and Commitments:

(a) Contingent Liabilities Rs. Nil.(Previous year Rs. Nil)

(b) Commitments:

(i) Loan sanctioned but not / partly disbursed Rs. 69,901Lakhs, (Previous year Rs 40,824 Lakhs)

(ii) Other commitments Rs. 11 Lakhs, (Previous year Rs.1 Lakh)

26 Employee benefits

Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund cover substantially all regular employees. While both, the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund are made by only the Company. The contributions are based on a certain proportion of the employees salary. The Company recognised a charge of Rs 64 lakhs (Previous year Rs. 49 lakhs) towards provident fund and family pension fund contribution and Rs.8 lakhs (Previous year Rs.7 lakhs) towards contribution to superannuation fund in the Statement of Profit and Loss during the current year. The Company is in the process of creating a superannuation fund for its employees.

Defined Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. On adoption of the Accounting Standard (AS 15) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

Reconciliation of Benefit Obligations and Plan Assets **(Rs. in Lakhs)**

Particulars	2012-13	2011-12
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	15	9
Current Service Cost	10	6
Interest Cost	1	1
Actuarial Losses / (Gain)	3	(1)
Transfer In	89	-
Benefits Paid	-	-
Closing Defined Benefit Obligation	118	15
Experience Gain / (Loss) adjusted on plan liability	-	-
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	13	-
Acquisition Cost / Transfer in	89	-
Expected Return on Plan Assets	1	-
Contributions by Employer	-	13
Actuarial Gains / (Losses)*	-	-
Benefits paid	-	-
Closing Fair Value of Plan Assets *	103	13
Reconciliation of present Value of the obligation and the Fair value of the plan Assets		
Fair Value of plan assets at the end of the year	103	13
Present value of the defined obligations at the end of the year	118	15
Funded status [Surplus / (Deficit)]	(15)	(2)
Unrecognised past service cost	-	-
Net Asset / (Liability) recognised in the balance sheet	(15)	(2)
Net Gratuity cost for the year ended March 31, 2013		
Service Cost	10	6
Interest on Defined benefit Obligation	1	1
Expected return on plan assets	(1)	-
Net actuarial loss recognised in the year	3	(1)
Net Gratuity Cost	13	6
Assumptions		
Discount Rate	8.00%	8.70%
Expected Rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	7.50% p.a for first 5 years and 5% thereafter	7.50% p.a for first 5 years and 5% thereafter.
Mortality table	Indian Assured Lives (1994-96) (modified Ultimate)	LIC (1994-96) Ultimate
Withdrawal rate	0 – 2 years:10%	0 – 2 years:10%
	3 – 4 years: 5%	3 – 4 years: 5%
	5 – 9 years: 2.5%	5 – 9 years: 2.5%
	10 and more: 1%	10 and more: 1%

The estimate of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors. The above information is certified by the actuary.

Experience adjustment	2012-13	2011-12	2010-11	2009-10	2008-09
- On Plan Liabilities	*	*	(3)	1	N.A.
- On Plan Assets	*	-	-	-	-
Present value of benefit obligation	118	15	6	3	-
Fair value of Plan Assets	103	13	-	-	-
Excess of (obligation over plan assets)	15	2	6	3	-

* less then Rs. 50,000/-

The Company expects to contribute approximately Rs 15 lakhs to the gratuity fund in the year ending March 2013.

27 Disclosure as required by Accounting Standard (AS) – 18 on "Related Party Disclosures" notified under the Companies (Accounting Standard) Rules, 2006 :

A. List of related parties and relationship :

Ultimate holding Company	Tata Sons Limited
Holding Company	Tata Capital Limited
Fellow Subsidiaries (With which Company had transactions)	TC Travel and Services Limited Tata Securities Limited Tata Capital Financial Services Limited Tata Infrastructure Capital Limited
Subsidiaries of ultimate holding company (With which Company had transactions)	Tata Consultancy Services Limited e-Nxt Financials Limited Tata Business Support Services Limited Tata AIA Life Insurance Company Limited Tata AIG General Insurance Company Limited
Key Management Personnel	Mr. R. Vaithianathan

B. Transactions carried out with related parties referred in "A" above, in ordinary course of business :

(Rs. in Lakhs)

Sr. No.	Party Name	Nature of transaction	2012-13	2011-12
1	Tata Sons Limited (Ultimate Holding Company	a) Expenses - Brand Equity Contribution b) Balance Payable	 96 96	 42 42
2	Tata Capital Limited (Holding Company) (Refer Note below)	a) Subscription of Share Capital - Equity Shares - Preference Shares - Subordinated debt b) ICD taken / repaid during the year - ICDs accepted during the year - ICDs repaid during the year c) Interest Expense on - ICDs - Debentures - Share Application Money Pending Allotment d) Reimbursement of expense e) Management Fee f) Balance Payable	 2,600 10,500 3,300 64,200 60,150 189 206 20 16 268 4,092	 10,000 - - - - - - - - -

(Rs. in Lakhs)

Sr. No.	Party Name	Nature of transaction	2012-13	2011-12
3	Tata Capital Financial Services Limited (Refer Note below)	a) Asset Transfer		
		- Fixed Assets	82	-
		- Security Deposit	34	-
		b) Others		
		- ESOP & Leave salary transfer	8	-
		c) Expenses		
		- Reimbursement of expenses	150	1,006
		- Rent Expenses	500	314
		- Brokerage	16	-
		d) Income		
		- Sourcing fee	284	181
		e) Balance Payable		
		- Towards expense payable on Company's behalf	73	15
4	e-Nxt Financials Limited.	a) Expenses		
		- Service provided charges	383	134
		b) Balance Payable	129	30
5	TC Travel and Services Limited	a) Expenses		
		- Service provided charges	60	5
		b) Balance Payable	3	2
6	Tata Consultancy Services Limited	a) Expenses		
		- I.T. Service provided charges	537	271
		b) Balance Payable	178	30
7	Tata Infrastructure Capital Limited	a) Expenses		
		- Service provided charges	-	4
		b) Balance Payable	-	1
8	Tata Securities Limited	a) Expenses		
		- Arranger fee paid	2	*
		b) Balance Payable	-	-
9	Tata AIA Life Insurance Company Limited	a) Amount paid on behalf of customer	584	251
		b) Administrative Income earned	128	30
		c) Balance payable	79	21
10	Tata AIG General Insurance Company Limited	a) Expenses		
		- Insurance premium paid *	-	-
11	Tata Business Support Services Limited	a) Expenses		
		- Service Provided Charges	13	-
		b) Balance Payable	-	-
12	Key Management Personnel	a) Remuneration	155	-

* Less than Rs. 50,000/-

Note : As on April 01, 2011, lending and other allied business of the Tata Capital Limited was transferred to Tata Capital Financial Services Limited

28 Earnings per Share (EPS):

Particulars		2012-13	2011-12
Profit after tax		2,788	-
Less : Preference share dividend on Compulsorily convertible cumulative preference shares		266	-
Profit after tax available to equity shareholders	Rs. in lakhs	2,522	759
Weighted average number of Equity shares used in computing Basic earnings per share	Nos	246,264,839	160,018,215
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	1.02	0.47
Profit after tax for Basic EPS	Rs. in lakhs	2,522	-
Add : Preference share dividend on Compulsorily convertible preference shares	Rs. in lakhs	266	-
Profit after tax for Diluted EPS		2,788	-
Weighted average number of Equity shares used in computing Diluted earnings per share	Nos	265,666,314	-
Face value of equity shares	Rupees	10	10
Diluted earnings per share	**Rupees**	**1.02**	**0.47**

29 Lease Payments

(Rs. in Lakhs)

Lease Payments	2012-13	2011-12
- Within one year	88	-
- Later than one year and not later than five years	216	-
- Later than five years	37	-

30 Disclosure of details as required under amended guidelines on Asset Liability Management (ALM) issued by NHB vide circular dated October 11, 2010, NHB(ND)/DRS/Pol No.35/2010-11.

I Capital to Risk Assets Ratio (CRAR)

Items	As at March 31, 2013	As at March 31, 2012
CRAR (%)	13.43%	15.80%
CRAR – Tier I Capital (%)	9.04%	11.47%
CRAR – Tier II Capital (%)	4.39%	4.33%

II Exposure to Real Estate Sector

(Rs. In Lakhs)

Category	2012-13	2011-12
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
(i) Individual housing loans up to Rs. 15 lakh	38,876	18,064
(ii) Individual housing loans above Rs. 15 lakh	272,344	145,933
(iii) Other housing loans		
- Loan given to corporate	5,975	2,108
- Non Housing Loan against residential property	70,724	36,841
- Non Housing Loan against non residential property	-	-

(Rs. In Lakhs)

Category	2012-13	2011-12
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure includes non-fund based (NFB) limits.	33,576	9,801
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total	**421,495**	**212,747**

III Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities for the year 2012-13

(Rs. In Lakhs)

Particulars	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30/31 days (One month)	18,708	8,150	3,878	-
Over One months to 2 months	-	55,302	1,018	-
Over 2 months upto 3 months	350	1,786	941	-
Over 3 months to 6 months	350	17,195	3,140	-
Over 6 months to 1 year	34,151	11,333	9,496	-
Over 1 year to 3 years	49,871	81,111	42,783	-
Over 3 years to 5 years	68,969	6,460	42,935	-
Over 5 to 7 years	2,101	2,000	49,726	-
Over 7 to 10 years	207	20,950	85,083	-
Over 10 years	327	-	184,696	-
Total	**175,034**	**204,287**	**423,696**	**-**

Maturity pattern of certain items of Assets and Liabilities for the year 2011-12

(Rs. In Lakhs)

Particulars	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30/31 days (One month)	7,556	-	1,353	-
Over One months to 2 months	-	-	439	-
Over 2 months upto 3 months	-	7,834	389	-
Over 3 months to 6 months	4,992	3,734	1,249	-
Over 6 months to 1 year	10,704	1,899	2,786	-
Over 1 year to 3 years	34,263	24,032	15,497	-
Over 3 years to 5 years	59,262	23,506	19,053	-
Over 5 to 7 years	384	1,000	22,404	-
Over 7 to 10 years	-	8,520	40,674	-
Over10 years	-	-	109,818	-
Total	**117,161**	**70,525**	**213,662**	**-**

31 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Praveen P. Kadle (Chairman)	**Janki Ballabh** (Director)	**S. H. Rajadhyaksha** (Director)
R.Vaithianathan (Managing Director)	**G. Sankaranarayanan** (Director)	**Ketan Thaker** (Company Secretary)