

BALANCE SHEET AS AT MARCH 31, 2011

Amount (in Rs.)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS :			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	1,500,000,000	400,000,000
(b) Reserves & Surplus	2	3,200,000	-
2 LOAN FUNDS			
(a) Secured Loans	3	4,503,051,746	500,119,069
(b) Unsecured Loans	4	999,453,484	45,992,676
3 TOTAL		7,005,705,230	946,111,745
APPLICATION OF FUNDS :			
4 FIXED ASSETS	5		
(a) Gross Block		6,670,236	892,636
(b) Less: Provision for depreciation		649,818	141,334
(c) Net Block		6,020,418	751,302
(d) Capital Work-in-Progress		-	-
		6,020,418	751,302
5 DEFERRED TAX ASSET (Net)		4,878,377	-
6 CURRENT ASSETS, LOANS AND ADVANCES			
(a) Inventories		-	-
(b) Sundry Debtors		-	-
(c) Cash and Bank Balances	6	13,168,430	7,121,307
(d) Loans and Advances - Financing Activity	7	6,956,901,315	907,692,971
(e) Loans and Advances - Others	8	46,580,335	14,421,579
		7,016,650,080	929,235,857
7 Less: CURRENT LIABILITIES & PROVISIONS			
(a) Current Liabilities	9	37,948,475	12,757,079
(b) Provisions	10	10,087,319	871,280
		48,035,794	13,628,359
8 NET CURRENT ASSETS [(6) Less (7)]		6,968,614,286	915,607,498
9 MISCELLANEOUS EXPENDITURE	11	14,163,304	4,993,926
(To the extent not written off or adjusted)			
10 PROFIT AND LOSS ACCOUNT		12,028,845	24,759,019
11 TOTAL		7,005,705,230	946,111,745
12 NOTES TO ACCOUNTS	17		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered AccountantsJanki Ballabh
DirectorPraveen P. Kadle
DirectorSanjiv V. Pilgaonkar
PartnerS. H. Rajadhyaksha
DirectorG. Sankaranarayanan
DirectorMumbai
Date : April 28, 2011Avan Doomasia
(Company Secretary and Manager)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Amount (in Rs.)

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME :			
1 Income from financing activity	12	399,784,129	24,897,469
2 Other income	13	11,177,573	2,087,471
		410,961,702	26,984,940
EXPENDITURE :			
3 Interest cost	14	226,353,472	6,684,713
4 Employee costs	15	81,845,917	26,179,319
5 Other operating expenses	16	84,106,515	10,631,473
6 Amortisation of expenses	11	6,581,504	2,530,617
7 Depreciation	5	508,484	141,334
		399,395,892	46,167,456
		11,565,810	(19,182,516)
PROFIT / (LOSS) BEFORE TAXES			
8 PROVISION FOR TAXES			
(a) Current Tax		3,761,330	-
(b) Deferred Tax asset		(4,878,377)	-
(c) MAT Credit Entitlement		(3,247,317)	-
(d) Fringe Benefit Tax		-	1,197
		15,930,174	(19,183,713)
		15,930,174	(19,183,713)
Balance brought forward from previous year		(24,759,019)	(5,575,306)
AMOUNT AVAILABLE FOR APPROPRIATION		(8,828,845)	(24,759,019)
9 APPROPRIATIONS:			
Transfer to Special Reserve		3,200,000	-
Balance carried to Balance Sheet		(12,028,845)	(24,759,019)
		(8,828,845)	(24,759,019)
10 Earnings per share			
Basic and Diluted (in Rupees)		0.24	(1.06)
Weighted average number of equity shares		65,657,534	18,104,110
Face value per share (in Rupees)		10	10
11 NOTES TO ACCOUNTS	17		

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

Janki Ballabh
Director

Praveen P. Kadle
Director

Sanjiv V. Pilgaonkar
Partner

S. H. Rajadhyaksha
Director

G. Sankaranarayanan
Director

Mumbai
Date : April 28, 2011

Avan Doomasia
(Company Secretary and Manager)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount (in Rs.)

	For the year ended March 31, 2011	For the year ended March 31, 2010
1 NET CASH FLOW (USED IN) OPERATING ACTIVITIES		
Profit / (loss) before taxes	11,565,810	(19,182,516)
Adjustments for :		
Amortisation of expenses	6,581,504	2,530,617
Interest on fixed deposit	-	(395,142)
Profit on sale of Mutual Fund Investments (Current Investments-non-trade)	(363,274)	(1,692,329)
Discounting charges on Commercial Papers	38,773,000	-
Depreciation	508,484	141,334
Provision for standard assets	7,286,139	-
Provision for doubtful debts	161,615	-
Operating Profit / (Loss) before working capital changes	64,513,278	(18,598,036)
Adjustments for :		
Loans and advances - Financing Activity	(6,056,656,098)	(907,692,970)
Loans and advances - Others	(28,984,959)	(13,979,659)
Other current assets	-	-
Current Liabilities and Provisions	34,407,435	5,864,930
Cash used in operations	(5,986,720,344)	(934,405,735)
Taxes paid	(3,687,810)	(185,512)
NET CASH FLOW (USED IN) OPERATING ACTIVITIES	(5,990,408,154)	(934,591,247)
2 NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,777,600)	(892,636)
Purchase of Mutual Funds	(695,322,617)	(389,160,254)
Redemption of Mutual Funds	695,685,891	390,852,583
Interest on fixed deposit	-	930,190
NET CASH FLOW (USED IN) / FROM INVESTING ACTIVITIES	(5,414,326)	1,729,883
3 NET CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity share capital	1,100,000,000	300,000,000
Share issue expenses	(4,100,000)	(400,000)
Proceeds from long-term borrowings	4,207,542,126	470,009,315
Repayment of long-term borrowings	(410,010,128)	-
Loan processing charges incurred	(11,650,882)	(2,250,000)
Proceeds from short-term borrowings (net)	1,120,088,487	76,102,430
NET CASH FLOW FROM FINANCING ACTIVITIES	6,001,869,603	843,461,745
Net increase / (decrease) in cash and cash equivalents	6,047,123	(89,399,619)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount (in Rs.)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Cash and cash equivalents as at the beginning of the year, comprising:		
Bank balances with scheduled banks	6,973,361	96,520,926
Cash on hand	-	-
Cheques on hand	147,946	-
Total	7,121,307	96,520,926
Cash and cash equivalents as at the end of the year, comprising:		
Bank balances with scheduled banks	1,878,821	6,973,361
Cash on hand	133,375	-
Cheques on hand	11,156,234	147,946
Total	13,168,430	7,121,307

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

Janki Ballabh
Director

Praveen P. Kadle
Director

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Partner

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Director

G. Sankaranarayanan
Director

Mumbai
Date : April 28, 2011

Avan Doomasia
(Company Secretary and Manager)

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2011**

Amount (in Rs.)

SCHEDULE "1"	As at March 31, 2011	As at March 31, 2010
SHARE CAPITAL		
Authorised		
150,000,000 Equity shares of Rs.10 each	1,500,000,000	1,000,000,000
	<u>1,500,000,000</u>	<u>1,000,000,000</u>
Issued		
150,000,000 (as at March 31, 2010: 40,000,000) Equity shares of Rs.10 each	1,500,000,000	500,000,000
	<u>1,500,000,000</u>	<u>500,000,000</u>
Subscribed and Paid Up		
150,000,000 (as at March 31, 2010: 40,000,000) Equity shares of Rs.10 each	1,500,000,000	400,000,000
	<u>1,500,000,000</u>	<u>400,000,000</u>

Notes:

- 1) All the equity shares are held by the holding company, Tata Capital Limited and its nominees. The ultimate holding company is Tata Sons Limited.
- 2) The Company has subscribed for 110,000,000 equity shares of Rs.10 each out of which 10,000,000 shares of Rs.10 each were issued in the previous year.

Amount (in Rs.)

SCHEDULE "2"	As at March 31, 2011	As at March 31, 2010
RESERVES AND SURPLUS		
Special Reserve (Refer Note 12 of Schedule 17)	3,200,000	-
	<u>3,200,000</u>	<u>-</u>

Amount (in Rs.)

SCHEDULE "3"	As at March 31, 2011	As at March 31, 2010
SECURED LOANS		
Loans and Advances from Banks:		
(a) Term loans	4,267,541,313	470,009,315
(b) Cash credit facility from Banks	235,510,433	30,109,754
	<u>4,503,051,746</u>	<u>500,119,069</u>

Notes :-

- 1) Repayable within one year is Rs.250,000,000 (as at March 31, 2010 : Rs. Nil), excluding bank overdraft.
- 2) Loans and advances from banks are secured by pari passu charge on the receivables from home loans.

Amount (in Rs.)

SCHEDULE "4"	As at March 31, 2011	As at March 31, 2010
UNSECURED LOANS		
(a) Bank overdraft as per books	263,425,384	45,992,676
(b) Commercial Paper	736,028,100	-
(Net of unamortised discount of Rs. 13,971,900/- (as at March 31, 2010 Nil))		
(Amount raised during the year Rs. 750,000,000 (as at March 31, 2010: Rs. Nil))		
	<u>999,453,484</u>	<u>45,992,676</u>

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2011**

SCHEDULE "5"

FIXED ASSETS

Amount (in Rs.)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Opening balance as at April 01, 2010	Additions/ Adjustments	Deletions/ Adjustments	Closing balance as at March 31, 2011	Balance upto March 31, 2010	Depreciation for the year	Deletions/ Adjustments	Balance upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
TANGIBLE FIXED ASSET										
Building	-	4,777,600	-	4,777,600	-	115,711	-	115,711	4,661,889	-
Vehicle	892,636	1,000,000	-	1,892,636	141,334	392,773	-	534,107	1,358,529	751,302
Total	892,636	5,777,600	-	6,670,236	141,334	508,484	-	649,818	6,020,418	751,302
Previous financial year	-	892,636	-	892,636	-	-	-	141,334	751,302	-

SCHEDULE "6"

Amount (in Rs.)

CASH AND BANK BALANCES	As at March 31, 2011	As at March 31, 2010
(a) Cash on hand	133,375	-
(b) Cheques on hand	11,156,234	147,946
(c) Bank Balances with Scheduled Banks - Current Account	1,878,821	6,973,361
	13,168,430	7,121,307

SCHEDULE "7"

Amount (in Rs.)

LOANS AND ADVANCES - FINANCING ACTIVITY	As at March 31, 2011	As at March 31, 2010
SECURED		
Housing Loans (Secured, unless otherwise stated)		
(a) Considered good unless otherwise stated (see footnote)		
(i) Individual	4,936,152,383	885,006,322
(ii) Corporate Bodies	398,428,163	22,686,649
	5,334,580,546	907,692,971
(b) Considered doubtful		
(i) Individual	161,615	-
(ii) Corporate Bodies	-	-
	161,615	-
Less : Provision for doubtful loans	161,615	-
	5,334,580,546	907,692,971
Non Housing Loans (Secured, unless otherwise stated)		
(a) Considered good unless otherwise stated (see footnote)		
(i) Individual	1,446,865,522	-
(ii) Corporate Bodies	175,455,247	-
	1,622,320,769	-
(b) Considered doubtful		
(i) Individual	-	-
(ii) Corporate Bodies	-	-
	1,622,320,769	-
	6,956,901,315	907,692,971

Notes:

- Housing Loans & Non Housing Loans are secured against hypothecation of mortgage of property
- Includes interest accrued but not due on loans Rs. 43,681,199/- (March 31, 2010: Rs. 4,853,707/-)

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET
AS AT MARCH 31, 2011**

SCHEDULE "8"

Amount (in Rs.)

LOANS AND ADVANCES - OTHERS	As at March 31, 2011	As at March 31, 2010
UNSECURED - considered good		
(a) Advances recoverable in cash or in kind or for value to be received	36,187,390	5,279,659
(b) Amount recoverable from TCL Employee Welfare Trust	6,777,228	8,700,000
(c) Advance payment of Income tax (net of provision)	368,400	441,920
(d) MAT Credit Entitlement	3,247,317	-
	<u>46,580,335</u>	<u>14,421,579</u>

SCHEDULE "9"

Amount (in Rs.)

CURRENT LIABILITIES	As at March 31, 2011	As at March 31, 2010
(a) Sundry creditors		
(i) Payable to Micro and Small Enterprises (Refer note below)	-	-
(ii) Others	33,431,426	11,157,505
(b) Other liabilities	3,287,291	633,047
(c) Payable to holding company	1,229,758	966,527
	<u>37,948,475</u>	<u>12,757,079</u>

Note: On the basis of response received against enquiries made by the Company, the amount of principal of outstanding in respect of Micro and Small Enterprises as at Balance sheet date is Rs. Nil (Previous year Rs. Nil)

SCHEDULE "10"

Amount (in Rs.)

PROVISIONS	As at March 31, 2011	As at March 31, 2010
Provision for retirement and other employee benefit schemes	2,801,180	871,280
Contingent Provisions against Standard Assets [Refer Note 11 of Schedule 17]	7,286,139	-
	<u>10,087,319</u>	<u>871,280</u>

SCHEDULE "11"

Amount (in Rs.)

MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	As at March 31, 2011	As at March 31, 2010
(a) Opening balance of unamortised share issue expenses	3,278,913	4,874,543
Share issue expenses incurred during the year	4,100,000	400,000
Less: Written off during the year	2,328,965	1,995,630
Closing balance of unamortised share issue expenses	<u>5,049,948</u>	<u>3,278,913</u>
(b) Opening balance of unamortised loan processing charges	1,715,013	-
Loan processing charges incurred during the year	11,650,882	2,250,000
Less: Written off during the year	4,252,539	534,987
Closing balance of unamortised loan processing charges	<u>9,113,356</u>	<u>1,715,013</u>
	<u>14,163,304</u>	<u>4,993,926</u>

**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31,2011**

SCHEDULE "12"

Amount (in Rs.)

INCOME FROM FINANCING ACTIVITY	For the year ended March 31, 2011	For the year ended March 31, 2010
(a) Interest Income	355,631,980	20,433,725
(b) Others	44,152,149	4,463,744
	<u>399,784,129</u>	<u>24,897,469</u>

SCHEDULE "13"

Amount (in Rs.)

OTHER INCOME	For the year ended March 31, 2011	For the year ended March 31, 2010
(a) Interest on fixed deposit (Tax deducted at source NIL, previous year Rs. 179,797/-)	-	395,142
(b) Profit on redemption of Mutual Funds	363,274	1,692,329
(c) Service charges (Including Tax Deducted at Source Rs. 987,810/-, previous Year NIL)	10,814,299	-
	<u>11,177,573</u>	<u>2,087,471</u>

SCHEDULE "14"

Amount (in Rs.)

INTEREST	For the year ended March 31, 2011	For the year ended March 31, 2010
Interest expenses		
(a) On fixed period loans	182,815,009	4,522,938
(b) On others	4,765,463	2,161,775
(c) Discounting charges on commercial paper	38,773,000	-
	<u>226,353,472</u>	<u>6,684,713</u>

SCHEDULE "15"

Amount (in Rs.)

EMPLOYEE COSTS	For the year ended March 31, 2011	For the year ended March 31, 2010
(a) Salaries, wages and bonus	75,721,860	24,214,469
(b) Contribution to provident fund, superannuation fund & other funds	4,326,536	1,611,222
(c) Staff welfare expenses	1,797,521	353,628
	<u>81,845,917</u>	<u>26,179,319</u>

**SCHEDULES TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31,2011**

SCHEDULE "16"

Amount (in Rs.)

OTHER OPERATING EXPENSES	For the year ended March 31, 2011	For the year ended March 31, 2010
(a) Auditors' remuneration		
(i) Statutory audit fees	1,500,000	500,000
(ii) Tax audit fees	200,000	100,000
(iii) Other services	21,949	73,192
(b) Advertisement and Publicity	9,543,495	-
(c) Bank charges	92,955	22,477
(d) Business development	893,077	41,019
(e) Direct Marketing Agents' Commission expenses	5,136,387	204,917
(f) Facility management and office upkeep charges	124,790	328,178
(g) Insurance charges	13,483	77,052
(h) IT Outsourcing expenses	8,328,222	-
(i) Legal and professional fees	11,288,025	2,426,035
(j) Loan Processing fees	19,897,918	3,067,895
(k) Postage and courier	252,941	7,754
(l) Printing and stationery	1,346,369	166,073
(m) Provision for Doubtful loans	161,615	-
(n) Provision for standard assets - Home Loan	796,856	-
(o) Provision for Standard Assets-Home Equity	6,489,283	-
(p) Rates and taxes	20,720	2,500
(q) Record management charges	435,572	13,334
(r) Recruitment	5,759	3,306
(s) Rent	9,499,195	674,955
(t) Repairs and maintenance expenses - Vehicle	37,528	49,809
(u) Stamping charges	623,381	301,570
(v) Telephone	826,312	319,043
(w) Training expenses	20,000	10,000
(x) Travelling and conveyance	6,136,233	2,233,768
(y) Others expenses	414,450	8,596
	84,106,515	10,631,473

Schedule annexed to and forming part of the Balance Sheet as at March 31, 2011 and Profit and Loss Account for the year ended March 31, 2011.

Schedule "17"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. 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 are in compliance with the relevant provisions of the Companies Act, 1956, The National Housing Bank Act, 1987 and National Housing Finance Companies, (NHB) Directions, 2010.

2. 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 recognized prospectively in the current and future periods. Example of such estimates includes provision for employee benefit plans and provision for income taxes.

3. 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 recognized on non-performing assets as per the prudential norms for income recognition issued by NHB for HFC's. Interest income on such assets is recognized 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.

4. PROVISIONS FOR HOUSING LOANS

- a. The Company provides an allowance for loan receivables based on the prudential norms issued by NHB relating to income recognition, asset classification and provisioning for non-performing assets.
- b. In addition, the company provides for standard assets as required by the directions issued by NHB.

5. INVESTMENTS

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

6. FIXED ASSETS

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

7. 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 year in which they are purchased.

Depreciation rates used by the Company are:

Asset	Depreciation rates
Vehicle	23.75%
Building	4.00%

8. 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.

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 utilized. 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 realized.

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

9. MISCELLANEOUS EXPENDITURE

Miscellaneous expenditure, comprising share issue expenses such as stamp duty and registration fees, amortized 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 amortized over the period of the loan.

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized 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.

11. 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.

12. 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.

13. 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.

(iii) 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.

(iv) 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.

(v) 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 conducted by an independent actuary.

14. 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 its operations within India. There being only one 'business segment' and 'geographical segment', the segment information is not provided.

B. NOTES TO THE ACCOUNTS

1. 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.

2. Loans granted by Tata Capital Housing Finance Limited are secured by :

- a. Equitable mortgage of property and
- b. Undertaking to create a security.

3. Employee Stock purchase scheme

Pursuant to the "Tata Capital Limited Employee Stock Purchase / Option Scheme" (the "ESOP Scheme"), covering the employees and directors of Tata Capital, its subsidiaries and holding company. 564,769 shares of Rs.10 per share at a premium of Rs.2 per share, being the intrinsic value of the share were allotted to the employees of Tata Capital Housing Finance Company Limited (the Company).

The Company has provided interest free loan of Rs. 6,777,228/- to its employees for subscribing to these shares. The related cost on account of the stock options, if any, will be absorbed by Tata Capital limited.

Due to this there is no financial impact on the Profit & Loss account of the Company. In view thereof, basic and diluted earnings per share would remain unchanged.

4. Contingent Liabilities and Commitments

Contingent Liabilities and Commitments Rs. Nil as on March 31, 2011 (Previous year Rs. Nil)

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. Nil (Previous year Rs. Nil)

5. 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 employee's salary.

The Company recognised a charge of Rs. 2,744,375/- (Previous year Rs. 896,753/-) towards provident fund and family pension fund contribution and Rs. 986,769/- (Previous year Rs. 671,081/-) towards contribution to superannuation fund in the Profit and Loss account 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 profit and loss account.

Reconciliation of Benefit Obligations and Plan Assets

(Amount in Rs.)

Particulars	2010-11	2009-10
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	319,138	275,750
Current Service Cost	263,290	61,230
Interest Cost	26,270	23,440
Actuarial Losses / (Gain)	305,830	(41,282)
Experience adjustment for Plan liabilities	-	-
Benefits Paid	-	-
Closing Defined Benefit Obligation	914,528	319,138
Experience Gain / (Loss) adjustment on plan liabilities	(308,850)	55,440
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	-	-
Expected Return on Plan Assets	-	-
Actuarial Gains / (Losses)	-	-
Inter-Company Allocations	-	-
Contributions by Employer	-	-
Benefits paid	-	-
Closing Fair Value of Plan Assets	-	-

Particulars	2010-11	2009-10
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	-	-
Present value of the defined obligations at the end of the year	914,528	319,138
Funded status [Surplus / (Deficit)]	(914,528)	(319,138)
Liability recognized in the balance sheet	(914,528)	(319,138)
Net Gratuity cost for the year ended March 31, 2011		
Service Cost	263,290	61,230
Interest on Defined benefit Obligation	26,270	23,440
Expected return on plan assets	-	-
Actuarial (Gains) / Losses	305,830	(41,282)
Net Gratuity Cost	595,390	43,388
Assumptions		
Discount Rate	8.25% p.a.	8.23% p.a.
Expected Rate of Return on Plan Assets	Not applicable	Not applicable
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	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal rate	0 – 2 years: 10% 3 – 4 years: 5% 5 – 9 years: 2.5% 10 and more: 1%	0 – 2 years: 10% 3 – 4 years: 5% 5 – 9 years: 2.5% 10 and more: 1%

Experience Adjustment

Particulars	2010-11	2009-10	2008-09
On plan liability	(308,850)	55,440	N.A.
On plan assets	NIL	NIL	NIL
Present value of benefit obligation	914,528	319,138	NIL
Fair value of plan assets	NIL	NIL	NIL

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

The contributions expected to be made by the Company during the financial year 2011-12 is Rs. 798,355/-.

6. Disclosure as required by Accounting Standard (AS) 18 on "Related Party Disclosures"

A) List of related party and relationships:

Ultimate holding Company	Tata Sons Limited
Holding Company	Tata Capital Limited
Fellow subsidiaries (With which the Company had transactions)	TC Travel & Services Limited
Subsidiaries of ultimate holding company	Tata Consultancy Services Limited e-Nxt Financials Limited Tata Infrastructure Capital Limited

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

Sr.No	Party Name	Nature of Transaction	2010-11	2009-10	
1	Tata Sons Limited (Ultimate Holding Company)	a) Expenses - Brand Equity Contribution	602,759	Nil	
		b) Balance Payable	602,759	Nil	
2	Tata Capital Limited (Holding Company)	a) Equity shares subscribed during the year	1,000,000,000	300,000,000	
		b) Purchase of fixed asset	Nil	892,636	
		c) Inter-corporate deposits (ICDs) taken and repaid during the year	40,000,000	229,500,000	
		Expenses			
		d) - Interest expenses on ICDs taken	Nil	1,365,260	
		e) - Reimbursement of expenses and payments on our behalf	48,052,149	6,723,394	
		Income			
f) - Sourcing fee Balance Payable	10,814,297	Nil			
g) - Towards expenses incurred on the Company's behalf	1,229,758	966,527			
3	e-Nxt Financials Limited	a) Expenses-Service providers charges	4,107,450	7,500	
		b) Balance Payable	1,285,149	3,750	
4	TC Travel & Services Limited	a) Expenses-Service charges	1,031,559	Nil	
		b) Balance Payable	1,52,184	Nil	
5	Tata Consultancy Services Limited	a) Expenses-Service charges	8,328,222	Nil	
		b) Balance Payable	4,216,375	Nil	
6	Tata Infrastructure Capital Limited	a) Expenses-Service charges	323,774	Nil	
		b) Balance Payable	323,774	Nil	

7. Earnings per Share: (Amount in Rs.)

Particulars	2010 -11	2009 -10
Profit / (Loss) after tax	15,930,174	(19,183,713)
Weighted average number of equity shares used in computing basic earnings per share	65,657,534	18,104,110
Face value of equity shares	10	10
Basic and Diluted earnings per share	0.24	(1.06)

8. The major components of Deferred tax assets & differed tax liabilities arising out of timing differences are as under

Particulars	As at March 31,2011	As at March 31,2010
Deferred Tax Asset		
Deferred Tax Assets on account of section 43B of Income Tax Act 1961	1,854,295	-
Deferred Tax Assets on account of disallowance u/s 40(a)	486,675	-
Deferred Tax Assets on account of provision for doubtful debts	52,436	-
Deferred Tax Assets on account of provision for Standard Assets	2,363,988	-
Deferred Tax Liability		
Deferred tax liabilities on account of depreciation on fixed assets	(120,983)	-
Net Deferred Tax Asset	4,878,377	-

9. During the period the Company had invested its temporary surplus pending deployment in units of mutual funds. Details of the same are given below.

Name of Mutual Fund	Balance as on 01.04.2010		Purchased during the year		Sold during the year		Balance as on 31.03.2011	
	No. of units	Amount (in Rs.)	No. of units	Amount (in Rs.)	No. of units	Amount (in Rs.)	No. of units	Amount (in Rs.)
Tata Liquid Fund SHIP Growth	-	-	285,091	502,072,617	285,091	502,072,617	-	-
LIC Mutual Fund Liquid Scheme - Growth Option	-	-	9,538,218	165,250,000	9,538,218	165,250,000	-	-
Tata Floating Rate Short Term Inst Plan-Growth	-	-	1,853,091	28,000,000	1,853,091	28,000,000	-	-
Total	-	-	11,676,400	695,322,617	11,676,400	695,322,617	-	-

10. As per the Housing Finance Companies (NHB) Directions, 2010, non-performing assets are recognized 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.

(Amount in Rs.)

Category	Sub-Standard Assets	
	Current Year	Previous Year
Housing	161,615	-
Non Housing	-	-

The Company did not have any doubtful assets/ loss assets as on 31st March 2011. (Previous year Rs. NIL)

11.

- a. The Company has made a standard asset provision of Rs. 6,489,283/- being 0.40% of the standard Non Housing loans as specified by the National Housing Bank circular No. NHB(ND)/DRS/DIR-18-07/1336/2007 dated March 26, 2007.

National Housing Bank (NHB) has amended Provisions of Standard Housing Loans vide circular dated December 24, 2010, NHB(ND)/DRS/Pol No.37/2010-11. As per the revised guidelines, Housing Finance Companies are required to make a general Provision of 0.4% of the total outstanding loans other than housing loans to individuals as under.

- (i) 0.20% by March 31, 2011
 (ii) 0.40% by September 30, 2011

- b. Further the company has made a standard assets provision of Rs.7,96,856/- being 0.20% of the standard housing loan given to non individuals as specified by circular NHB(ND)/DRS/Pol No.37/2010-11 dated December 24,2010.

12. As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of net profits every year to a reserve. The Company has transferred an amount of Rs. 3,200,000/- (previous Year NIL) to Special Reserve.

13. 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 Ratio (CRAR)

Items	2010-11	2009-10
i) CRAR (%)	19.37%	41.96%
ii) CRAR Tier I capital (%)	19.37%	41.96%
iii) CRAR Tier II capital (%)	NIL	NIL

- II. Exposure To Real Estate Sector (Amount in Rs)

Category	2010-11	2009-10
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgage on Residential property that is or will be occupied by the borrower or that is rented;		
(i) Housing Loan to Individuals upto Rs. 15 Lakhs	551,824,420	118,379,260
(ii) Housing Loan to individual/ corporate more than 15 lakhs	4,750,849,233	784,460,005
(iii) Other Housing Loans;		
- Loan given to corporate	174,095,738	-
- Non Housing Loan against residential property	1,203,772,196	-
- Non Housing Loan against Non-residential mortgage property	232,927,670	-
(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	-	-

Category	2010-11	2009-10
(iii) Investment in Mortgage Backed Securities(MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

III. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Amount in Rs.)

	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investments
1 day to 30/31 days (One month)	263,425,384	149,730,668	24,265,925	-
Over one month to 2 months	-	-	19,919,420	-
Over 2 months up to 3 months	-	197,271,146	18,200,900	-
Over 3 months to 6 months	485,507,079	389,026,286	57,558,308	-
Over 6 months to 1 year	3,381	-	123,387,581	-
Over 1 year to 3 years	1,235,041,285	-	567,456,578	-
Over 3 years to 5 years	27,82,500,001	-	691,890,941	-
Over 5 to 7 Years	-	-	812,899,715	-
Over 7 to 10 Years	-	-	1,467,543,997	-
Over 10 Years	-	-	3,173,939,565	-
Total	4,766,477,130	736,028,100	6,957,062,930	-

14. Previous year figures have been regrouped wherever necessary.

For and on behalf of the Board of Directors

Praveen P. Kadle
(Director)

Janki Ballabh
(Director)

S. H. Rajadhyaksha
(Director)

Mumbai
Date: April 28, 2011

G. Sankaranarayanan
(Director)

Avan Doomasia
(Company Secretary and Manager)

Balance Sheet Abstract and Company's General Profile
I REGISTRATION DETAILS

REGISTRATION NO.	U67190MH2008PLC187552		
BALANCE SHEET DATE	March 31, 2011	STATE CODE	11

II CAPITAL RAISED DURING THE YEAR (RS in thousand)

PUBLIC ISSUE	NIL	RIGHT ISSUE	1,100,000,000
BONUS ISSUE	NIL	PRIVATE PLACEMENT	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RS in thousand)

TOTAL LIABILITIES	7,005,705,230	TOTAL ASSETS	7,005,705,230
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SOURCES OF FUNDS

PAID UP CAPITAL	1,500,000,000	RESERVES AND SURPLUS	3,200,000
SECURED LOANS	4,503,051,746	UNSECURED LOANS	999,453,484
DEFERRED TAX LIABILITY	NIL		

APPLICATION OF FUNDS

NET FIXED ASSETS	6,020,418	INVESTMENTS	NIL
DEFERRED TAX ASSETS	4,878,377	NET CURRENT ASSETS	6,968,614,286
MISC EXPENDITURE	14,163,304	ACCUMULATED LOSSES	12,028,845

IV PERFORMANCE OF THE COMPANY (AMT IN RS)

TURNOVER	410,961,702	TOTAL EXPENDITURE	399,395,892
PROFIT BEFORE TAX	11,565,810	PROFIT AFTER TAX	15,930,174
EARNINGS PER SHARE IN RS.	0.24	DIVIDEND RATE%	NIL

V GENERIC NAMES OF PRODUCT/ SERVICES OF THE COMPANY

HOUSING FINANCE COMPANY