

# Report on Corporate Governance

The detailed report on Corporate Governance for the financial year 31st March, 2008, as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed viz., its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation of the Company, its performance and ownership forms part of the corporate governance.

## Corporate Governance Philosophy

DHFL is committed to the highest standards of corporate governance in all its activities and processes. The Company has always believed in and practised various elements of corporate governance since its inception. The Board has adopted corporate governance principles to ensure that the Board remains informed, independent and involved in the Company. The Board recognizes that there will be ongoing efforts on better corporate governance and it will review these principles and other aspects of governance periodically.

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a Company and its ability to attract investment, protect the rights of shareholders and stakeholders and provide shareholder value. Everything we do is defined and conditioned by the highest standards of governance, which serve our values. The Corporate governance philosophy of the Company is driven by the following fundamental principles:

- Adhere to corporate governance standards beyond the letter of law.
- Maintain transparency and high degree of disclosure levels.

- Maintaining a clear distinction between the personal interest and corporate interest.
- Transparent corporate structure driven by business needs and
- Ensuring compliance with applicable laws.

## Board of Directors

The corporate governance principles of the Company ensures that the Board remains informed, independent and involved in the affairs of the Company and ensuring that there are ongoing efforts towards better corporate governance to mitigate “non business” risks.

The Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in all matters concerning the Company and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review processes.

Directors of DHFL possess the highest personal and professional ethics, integrity and values and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the Company's affairs exercising its reasonable business judgments on behalf of the Company. The Company's business is conducted by its employees under the direction of the Vice Chairman & Managing Director, Chief Executive Officer, Chief Operating Officer and the overall supervision of the Board. The Company has in place an appropriate risk management system covering various risks of the Company including fraud risks, which are discussed and reviewed by the Board from time to time.

DHFL's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the senior management and all other employees of the Company. Consistent with its values and beliefs, the Company has formulated a Code of

Conduct applicable to the Board and senior management. Further, the Company has also adopted an Insider Trading Code for prevention of insider trading.

## Composition of the Board

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields like finance, banking, insurance, economics, corporate laws and administration. As on 31st March, 2008, seven directors are independent and as such meeting the criteria for independence under the listing agreement with the stock exchanges. The directors are elected based on their qualification and experience in varied fields as well as Company's business needs.

As on 31st March, 2008, the Board of Directors comprised of 10 members, including 8 non-executive Directors, a Whole-time Vice Chairman & Managing Director and a Nominee Director. The Vice Chairman & Managing Director is the only Executive Director on the Board. The goal has been to achieve an optimum combination of Executive and Non-Executive Directors as well as independent directors so that the Board is cohesive and has the expertise for quick and informed decision making.

## Board Meetings

The Board of Directors meet at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings and presentations on other matters concerning the Company on a need basis. Besides, information about statutory compliance, minutes of the subsidiary company and sub-committees of the Board and information as required under listing guidelines are also provided to the directors on a regular basis.

The dates of the Board meetings are fixed in advance at the closure of the previous year to enable maximum attendance from directors. During the year ended 31st March, 2008, seven meetings of the Board of directors were held i.e. 15th May, 2007, 23rd July, 2007, 22nd October, 2007, 20th November, 2007, 4th January, 2008, 31st January, 2008 and 6th February, 2008. The details of attendance of the Directors at the last Annual General Meeting and Board Meetings are as under.

Name of Director	Category	Number of Board meetings attended	Attendance at the last AGM held on 23rd July, 2007
Shri Rakesh Kumar Wadhawan, Chairman	Promoter Non-Executive	5	Yes
Shri Kapil Wadhawan, Vice Chairman & Managing Director	Promoter Executive Director	7	Yes
Shri Dheeraj Wadhawan ***	Promoter Non-Executive	-	N.A.
Shri Sarang Wadhawan	Promoter Non-Executive	6	Yes
Shri R.P. Khosla	Independent Non-Executive	7	Yes
Shri G. P. Kohli	Independent Non-Executive	7	Yes
Shri R. S. Hugar	Independent Non-Executive	5	Yes
Shri Ashok Kumar Gupta	Independent Non-Executive	5	Yes
Shri Waryam Singh	Independent Non-Executive	7	Yes
Shri Anthony Hambro *	Independent Nominee Director	2	Yes
Shri Ajay Vazirani **	Independent Non-Executive	3	N.A.
Shri V. K. Chopra ***	Independent Non-Executive	-	N.A.

\* appointed w.e.f. 22nd October 2007 \*\* appointed w.e.f. 4th January, 2008 \*\*\* appointed w.e.f. 12th May, 2008

### Changes in the Board Constitution

During the year ended 31st March, 2008, the following changes took place in the constitution of the Board. On 22nd of October 2007, Shri Anthony Hambro was nominated by M/s. Caledonia Investment Plc. Ltd. London, Further, Shri Ajay Vazirani was appointed as additional director on 4th of January 2008. Shri Dheeraj Wadhawan and Shri V. K. Chopra were co-opted as additional directors at the meeting of the Board of Directors held on 12th May, 2008.

Information on details of the Directors seeking re-appointment/appointment as required under Clause 49 of the Listing Agreement has been given under the Notice to the shareholders. None of the directors of the Company are disqualified for being appointed/reappointed as directors pursuant to Section 274(1) (g) of the Companies Act, 1956.

### Directorships and Committee Positions held by the Directors

In accordance with the Clause 49 of the Listing Agreement, none of the Directors is a member in more than 10 Committees or is acting as a Chairman of more than 5 Committees across companies in which he is the Director. It is to be noted that Clause 49 excludes the private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956 for the purpose of considering the limits of the Committees were as only the Chairmanship and membership of the Audit Committee and Shareholders' Grievances Committee are considered. The directorships and Committee positions held by the Directors in various Companies are as under:

Name of the Director	Category of Directorship	Number of Directorships in other companies (excluding Directorships in foreign and private companies)	No. of Committee positions held in other Companies	
			Chairman	Member
Shri Rakesh Kumar Wadhawan	Chairman	3	1	-
Shri Kapil Wadhawan	Vice Chairman & Managing Director	4	-	2
Shri Sarang Wadhawan	Non-Executive	5	-	3
Shri R. P. Khosla	Non-Executive	1	2	2
Shri G. P. Kohli	Non -Executive	1	-	-
Shri R. S. Hugar	Non-Executive	3	1	1
Shri Ashok Kumar Gupta	Non-Executive	3	-	3
Shri Waryam Singh	Non-Executive	3	1	2
Shri Anthony Hambro	Nominee Director	1	-	-
Shri Ajay Vazirani	Non-Executive	0	-	-
Shri V. K. Chopra	Non-Executive	6	-	-

### Board Committees

It is not practical for the Board to meet frequently for this reason, various committees of the Board have been constituted to assist the Board in discharging its responsibilities. At present, there are four committees constituted by the Board – the Audit Committee, the Shareholders/Investors' Grievance Committee, the Remuneration & Compensation Committee and Finance Committee.

The Board at the time of constitution of each committee fixes the terms of reference for each committee and also delegates powers from time to time. Various recommendations of the committees are submitted to the Board for approval. The minutes of the meetings of all the committees are circulated to the Board for its information. Besides the members of the committees, senior management team also attend the meetings of the committees as and when necessary.

#### Audit Committee

##### (a) Terms of Reference

The primary role of the audit committee is overseeing the financial reporting process and disclosure of financial information, reviewing the financial statements before submission to the Board, reviewing adequacy of internal control systems and reviewing findings of internal investigations besides recommending appointment/ removal of statutory auditors, internal auditors and fixing their remuneration. The committee holds discussions with the statutory auditors and internal auditors periodically.

The composition, powers, role and terms of reference of the Committee is in consonance with the requirements mandated under Section 292A of the Companies Act, 1956 and Clause 49 of the listing Agreement(s). In addition to this function, the

responsibilities of the Board also include but are not limited to the following functions:

- To oversee the financial reporting process and disclosures of financial information.
- To review quarterly/ half yearly and annual financial statements before submission to the Board with special emphasis on accounting policies, compliance of Accounting Standards and other legal requirements relating to financial statements.
- To review the findings of the internal investigation and periodic audit reports.
- To hold discussions with the external auditors about the scope of audit.
- To recommend appointment/removal of statutory auditors and fixing their remuneration.
- To review all issues which are required to be reviewed by the audit committee pursuant to the listing agreement with the stock exchanges and the Companies Act, 1956 with the management and the internal and external auditors.
- To review with the management the financial statements with reference to any related party transactions.
- To review the observations of internal and statutory auditors in relation to all areas of operation of the Company, including internal control systems.
- To examine all taxation matters, including related legal cases and the Company's asset/liability management strategy (ALCO).
- To review the findings of any internal investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- To review with the management the financial statements of the Subsidiary Companies.
- To ensure the independence and objectivity of the independent auditor.

- To ascertain the reasons for the defaults in the payment to the depositors, debenture holders, shareholders and creditors.
- Any other terms of reference as may be included from time to time in Clause 49 of Listing Agreement.

The minutes of the meetings of the Committee are placed before the Board for noting and are also circulated to the members of the Committee.

#### (b) Composition

The Audit Committee originally constituted in 2002 and reconstituted in 2003, comprises three non-executive directors, all of them being independent directors. The committee comprises Shri R. S. Hugar as the chairman, Shri Ashok Kumar Gupta and Shri G. P. Kohli as its members. Shri S. Y. Sankhe, Company Secretary, acts as secretary of the Committee. The Statutory Auditors, Internal Auditors and Senior Management are invited to attend the meetings of the committee, if required. The committee had four (4) scheduled meetings during the year ended 31st March, 2008, for reviewing the financial statements, internal audit reports and other matters under terms of reference.

#### (c) Meetings and the attendance during the year

Four meetings of the Audit Committee were held during the year i.e. on 15th May, 2007, 23rd July, 2007, 22nd October, 2007 and 31st January, 2008. The Vice Chairman & Managing Director, Statutory Auditors and G. M. - Audit & Inspection of the Company are invitees to the meetings. They undertake the discussion and review of the quarterly / half-yearly unaudited results, the annual audited accounts, the annual internal audit plan, matters relating to the compliance with accounting standards, auditors' observations arising from the audit of the Company's accounts and other related matters.

The attendance of the Directors in the Audit Committee Meeting is as follows:

Date of Meeting	Attendance of Directors		
	Shri R. S. Hugar	Shri G. P. Kohli	Shri Ashok Kumar Gupta
15th May, 2007	Yes	Yes	Yes
23rd July, 2007	Yes	Yes	Yes
22nd Oct, 2007	Yes	Yes	Yes
31st Jan, 2008	Yes	Yes	Yes
Total Meetings Attended	4	4	4

#### Shareholders' / Investors' Grievance Committee

##### Terms of reference

The Shareholders' / Investors' Grievances Committee was constituted in order to redress the complaints of the shareholders and investors, related to transfer and transmission of shares, non-receipt of annual reports, dividends and other share related matters. The Committee also notes the requests to the Registrar and Share Transfer Agent made by the shareholders relating to transfer, transmission, consolidation, and replacement of share certificates, issue of duplicate certificates and dematerialization of share certificates. The Committee also reviews the certificates and reports submitted to the Stock Exchanges under the Listing Agreement / SEBI Regulations. The Committee also observes the quarterly status of the number of shares in physical as well as dematerialized form. The Committee also reviews the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share Transfer Agent.

#### Composition and Meetings

The Committee consists of two members: Shri Waryam Singh, an Independent Director (Chairman of the Committee) and Shri Kapil Wadhawan, Vice Chairman & Managing Director as the member. Shri S. Y. Sankhe, Company Secretary is the Compliance Officer.

The Company received 101 complaints during the year ended 31st March, 2008. All the complaints were resolved to the satisfaction of the shareholders. There were no share transfer requests pending as at 31st March, 2008.

During the year ended 31st March, 2008, the Committee held four meetings to review the shareholders' / investors' correspondence including redressal of their grievances. The attendance in the four Committee Meetings is as follows:

Date of Meeting	Attendance of Directors	
	Shri Kapil Wadhawan	Shri Waryam Singh
25th Apr, 2007	Yes	Yes
16th July, 2007	Yes	Yes
16th Oct, 2007	Yes	Yes
28th Jan, 2008	Yes	Yes
Total Meetings Attended	4	4

#### Finance Committee

##### a) Composition

The Finance Committee comprises of three Directors - Shri Rakesh Kumar Wadhawan (Chairman of the Committee), Shri Kapil Wadhawan and Shri G. P. Kohli.

##### b) Terms of Reference

The terms of reference of the Finance Committee includes the following:

- To borrow Funds for the purpose of the Company's business in accordance with section 292 of the Companies Act, 1956 but not exceeding the overall limit upto which the Board of Directors of the Company is authorized/to be authorized under section 293(1)(d) of the Companies Act, 1956.
- To consider and approve/accept the letters of sanction by the term lending institutions / banks/NHB and other bodies corporate, opening and/or closing of the current accounts/cash credit/overdraft/fixed deposits or other account(s) with any bank and authorize the Directors/officers of the Company for the same.
- To authorize operation of accounts of the Company with its bankers and to vary the existing authorization to operate the same and granting of general /specific power of attorney to the officers at the branches for routine matters and any such matters pertaining to the routine functions
- To approve the change/s of rates of interest of all loan products and on public deposits or on debentures, debts or any other instruments/ financial products issued by the Company.
- To consider and approve the allotment of any issue of securities by the Company, be it by way of preference shares of all types, public issue of equity shares including Rights Offer, preferential issue of equity shares including firm allotment, employees stock option plan/schemes, bonds, debentures and any other financial instrument of like nature.
- To grant approvals of loans upto Rs 30 crore to any person, firm or body corporate at any time or from time to time subject to the limits prescribed under the Housing Finance Companies (NHB) Directions, 2001, as may be applicable.

### c) Meetings and the attendance during the year

Fourteen (14) meetings of Finance Committee were held during the year. The attendance of the Directors in the Committee Meetings is as under :-

Date of Meeting	Attendance of Directors		
	Shri Rakesh Kumar Wadhawan	Shri Kapil Wadhawan	Shri G. P. Kohli
17th May, 2007	Yes	Yes	Yes
6th Jun, 2007	Yes	Yes	Yes
14th Jun, 2007	Yes	Yes	Yes
29th Jun, 2007	Yes	Yes	Yes
9th Jul, 2007	Yes	Yes	Yes
31st Jul, 2007	Yes	Yes	Yes
16th Aug, 2007	Yes	No	Yes
27th Sep, 2007	Yes	No	Yes
29th Sep, 2007	Yes	No	Yes
24th Oct, 2007	Yes	Yes	Yes
5th Nov, 2007	Yes	No	Yes
10th Dec, 2007	Yes	Yes	Yes
11th Feb, 2008	Yes	Yes	Yes
28th Mar, 2008	Yes	Yes	Yes
Total Meetings Attended	14	10	14

### Remuneration and Compensation Committee

#### Terms of reference

The role of the committee includes, determining the Company's policy on specific remuneration packages for executive director(s) including pension, rights and any compensation payment and the remuneration package, including the periodic increments in salary of

the executive director(s). The committee is also empowered to determine the annual commission / incentives of the executive director(s). The Committee is also empowered to recommend to the Board the appointment / reappointment of the executive / non-executive Directors, the induction of Board members into various Committees. The Committee also ensures that the overall remuneration payable to the Directors does not exceed the limits prescribed by the Companies Act, 1956 and is within the limits approved by the shareholders.

The Remuneration Committee was renamed as 'Remuneration and Compensation Committee' w.e.f. 15th May, 2007 in accordance with the SEBI (Employee Stock Option Scheme) Guidelines and was entrusted with the following additional responsibilities:

1. Framing of the ESOS Scheme
2. Administration of the Scheme
3. Exercise of control over the implementation of the Scheme.
4. Preparation of the Offer / Disclosure Document to disclose the various details of the Scheme to the option grantees.
5. Appointment of intermediaries required for the Scheme.
6. Other matters relating to administration and implementation of the Scheme, within the framework of SEBI Guidelines and provisions of the Companies Act, 1956.

#### Composition and Meetings

The Remuneration Committee consists of three (3) independent directors viz., Shri R. P. Khosla, Shri R. S. Hugar and Shri G. P. Kohli. During the year ended 31st March, 2008, the committee met once on 15th May, 2007 which was attended by all the Committee Members.

### Remuneration Policy

The compensation of the executive director comprises of a fixed component and a performance incentive by way of commission. The compensation is determined based on levels of responsibility and scales prevailing in the industry. The commission is determined based on certain pre-agreed performance parameters. The executive director is not paid sitting fees for any Board/committee meetings attended by him.

The compensation of the non-executive directors takes the form of commission on profits. Though the shareholders have approved payment of commission upto 1% of net profits of the Company for each year calculated as per the provisions of the Companies Act, 1956, the actual commission paid to the directors is restricted to a fixed sum. This sum is reviewed

periodically taking into consideration various factors such as performance of the Company, time spent by the director for attending to the affairs and business of the Company and the extent of responsibilities cast on directors under general law and other relevant factors. Further, the aggregate commission paid to all non-executives directors is well within the limit of 1% of the net profits as approved by the shareholders. The non-executive director is also paid sitting fees as permitted by the governing regulations for every Board / committee meeting attended by them.

The Company currently does not have any stock option outstanding.

Details of remuneration and sitting fees paid to the Directors for the year ended 31st March 2008 are as follows:

### Directors' Remuneration & Sittings Fees

Name of Director	Salary	Commission	Sittings Fees
Shri Rakesh Kumar Wadhawan Chairman		1,16,806	2,25,000
Shri Kapil Wadhawan, Vice Chairman & Managing Director	19,73,000	9,00,000	Nil
Shri Sarang Wadhawan		1,16,806	90,000
Shri R. P. Khosla		1,16,806	1,15,000
Shri G. P. Kohli		1,16,806	2,95,000
Shri R. S. Hugar		1,16,806	1,25,000
Shri Ashok Kumar Gupta		1,16,806	1,15,000
Shri Waryam Singh		1,16,806	1,25,000
Shri Anthony Hambro *		57,437	30,000
Shri Ajay Vazirani		27,840	45,000
Total	19,73,000	18,02,919	11,75,000

\*In case of nominee director, the commission is payable to the respective institution.

In accordance with the approval of the shareholders in the Annual General Meeting held on 25th July, 2005, the Company has entered into an agreement with the

Managing Director for a period of five years. A notice of atleast three months is required from either of the party to the agreement for termination. As on

31st March, 2008, the Company has not granted any Stock Options either to the Vice Chairman & Managing Director or to its employees.

### Employees Stock Option Scheme

At the Annual General Meeting of the Company held on 23rd July, 2007, the members had approved the issue of equity stock options under the Employee Stock Option Scheme (ESOS) in accordance with the

regulations of Securities and Exchange Board of India (SEBI). As on 31st March, 2008, the Company has not granted any options to any of its employees. Hence the disclosure requirements as specified in the SEBI Guidelines are not applicable to the Company.

### General Body Meetings

Details of the previous three Annual General Meetings (AGM) and two Extra-Ordinary General Meeting (E.G.M) are as follows:

Particulars	Date & time	Venue
E.G.M	6th February, 2008 12.00 Noon	M C Ghia Hall, Bhogilal Hargovindas Bldg, 2nd Floor, 18/20, Kaikshushru Dubash Marg, Mumbai 400 001.
23rd A.G.M.	23rd July, 2007 12.00 Noon	M C Ghia Hall, Bhogilal Hargovindas Bldg, 2nd Floor, 18/20, Kaikshushru Dubash Marg, Mumbai 400 001.
22nd A.G.M	17th July, 2006 12.00 Noon	M C Ghia Hall, Bhogilal Hargovindas Bldg, 2nd Floor, 18/20, Kaikshushru Dubash Marg, Mumbai 400 001.
E.G.M	27th March, 2006 12.00 Noon	M C Ghia Hall, Bhogilal Hargovindas Bldg, 2nd Floor, 18/20, Kaikshushru Dubash Marg, Mumbai 400 001.
21st A.G.M	25th July, 2005 12.00 Noon	M C Ghia Hall, Bhogilal Hargovindas Bldg, 2nd Floor, 18/20, Kaikshushru Dubash Marg, Mumbai 400 001.

### Special Resolutions passed at the previous AGMs/EGM

#### Extraordinary General Meeting held on 6th February, 2008:

- Issue of Equity Shares to Qualified Institutional Buyers (QIBs).
- Issue of Convertible Equity Warrants to the Promoter Group.
- Increase in the limits of FII Investment in the paid up capital of the Company.

#### 23rd Annual General Meeting held on 23rd July, 2007:

- Reclassification in the Authorised Share Capital and alteration in the Memorandum of Association.
- Increase in borrowing limits upto a sum of Rs. 10,000 crore.
- Issue of equity stock options, under the Employee Stock Option Scheme (ESOS)
- Re-issue of Forfeited Shares.
- Creation of charges and/or mortgages on the assets of the Company.

#### 22nd Annual General Meeting held on 17th July, 2006:

- Payment of remuneration in the form of Commission to Directors other than Managing Director and Whole-Time Directors.
- Issue of equity stock options under the Employee Stock Option Scheme, convertible into equity Shares of the aggregate nominal face value, not exceeding Rs. 50,00,000/- (Rupees Fifty lakh only).

#### Extraordinary General Meeting held on 2nd March, 2006:

- Increase and reclassification of the Authorized Share Capital.
- Issue of Optionally Convertible Preference Share Capital to Foreign Investor.
- Issue of Convertible Warrants to the Promoter Group.
- Issue of Redeemable Preference Shares.
- Adoption of new set of Articles of Association.
- Granting of certain rights and privileges to Foreign Investors under Regulation 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

#### 21st Annual General Meeting held on 25th July, 2005:

- Keeping the Register and Index of Debenture holders at the office of M/S System Support Services.
- Issue of Foreign Currency Convertible Bonds.
- Reclassification of authorized capital by cancellation of unissued preference shares and alteration of Articles.

#### Postal Ballot

During the financial year ended 31st March 2008, the shareholders approval was sought by way of postal

ballot for creation of charges and/or mortgages on the assets of the Company, for augmenting long term working capital resources and/or finance for providing Housing Loans. The Postal Ballot and self addressed envelop bearing the name of the scrutinizer was attached with the Notice for Annual General Meeting dated 15th May, 2007. The last date for receipt of duly filled Postal Ballot was 30/07/2007. The scrutinizer verified the forms and submitted its report on 31/07/2007 at the Registered Office of the Company. The report submitted indicated that 98 number of postal ballot papers for 372,23,271 equity shares were voted in favour of the resolution constituting 99.86% and 2 number of postal ballot papers for 185 equity shares were voted against the resolution.

#### Compliance Report

The Board periodically reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

#### Code of Conduct

The Board has laid-down a "Code of Conduct" for all the Board members and the senior management of the Company and the Code of Conduct has been posted on the website of the Company. Annual declaration is obtained from every person covered by the Code of Conduct. A declaration to this effect signed by the CEO is attached to this report.

#### Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up. A detailed note on the risk identification and mitigation is included in management discussion and analysis, annexed to the directors' report.

### CEO/CFO Certification

CEO and CFO have given a certificate to the Board as contemplated in clause 49 of the Listing Agreement.

### Disclosures

Transactions with related parties are disclosed in note 15 B of schedule R to the Accounts in the annual report. There were no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large. There were no instances of non-compliance on any matter related to capital markets during the last three years.

### Secretarial Audit

A qualified practicing Company Secretary carried out secretarial audit of the Company on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and the shares issued from time to time were listed with the Stock Exchanges.

### Means of Communication

The main channel of communication with the shareholders is through the Annual Report which includes Director's Report, Report on Corporate Governance, Management Discussion and Analysis and Audited Financial Results.

In order to ensure corporate disclosure and reporting requirements, the quarterly / half yearly / annual financial results are generally published in widely circulated national and local dailies like The Economic

Times in English, Maharashtra Times in Marathi and Economic Times in Gujarati.

The Company also ensures effective interaction with the shareholders at the Annual General Meeting. The Directors pay special attention in answering the various queries raised by the shareholders at the Annual General Meeting.

### Corporate filing System

SEBI had, vide circular no. SMD/POLICY/Cir-13/02 dated June 20, 2002, introduced a clause in Equity Listing Agreement, which inter-alia mandated electronic filing of certain corporate information such as the quarterly, half-yearly and annual results, annual report and the shareholding pattern of the Company through the Electronic Data Information Filing and retrieval (EDIFAR) system hosted by the National Informatics Centre on behalf on SEBI. It has been decided to phase out EDIFAR gradually in view of a new portal, viz., CFDS put in place jointly by BSE and NSE at the URL [www.corpfiling.co.in](http://www.corpfiling.co.in). CFDS offers a XBRL enabled common platform for listed companies to file their returns with stock exchanges and also a common place for investors view information related to listed companies.

Pursuant to recent amendments to equity listing agreement by Securities Exchange Board of India (SEBI) vide circular no. SEBI/CFD/DIL/LA/4/2007/27/12 dated December 27, 2007 has introduced a new clause viz. Clause 52 in Equity Listing Agreement, requiring listed companies to file the information with the stock exchanges only through CFDS.

In compliance with the above circular, the Company has registered itself with National Informatics Centre and has initiated filing the corporate information through CFDS.

The Company's results and official news release are also displayed on the Company's web site and on the websites of The Stock Exchange, Mumbai and National Stock Exchange of India Limited.

### Management Discussions and Analysis

A detailed report on Management Discussions and Analysis is included in the Annual Report.

### General Shareholders' Information

#### Twenty – Fourth Annual General Meeting:

Date	Monday, 28th July, 2008
Time	12 Noon
Venue	National Stock Exchange of India Ltd Ground Floor, Auditorium Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051
Financial Reporting Calendar : 2008-09	1st of April to 31st March <ul style="list-style-type: none"><li>• First Quarter – By last week of July</li><li>• Second Quarter- By last week of October</li><li>• Third Quarter – By last week of January</li><li>• Results for the year - May/June</li></ul>
Dates of Book Closure	Monday 21st July, 2008 to Monday, 28th July, 2008 (both days inclusive)
Dividend Payment dates	The final dividend if declared by the shareholders at the Annual General Meeting shall be paid on or before 27th August, 2008, i.e. within 30 days from the date of declaration.
Listing on Stock Exchanges	1. Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 001 Stock Code 511072 2. National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. Stock Code DEWANHOUS
ISIN Number for NSDL & CDSL	INE-202B01012 [Annual listing fees as prescribed have been paid to both the stock Exchanges for the year 2008- 09.]

#### Non- Mandatory Requirements

a) Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.	Yes
b) Remuneration and Compensation Committee	The Company has constituted a Remuneration and Compensation Committee, comprising of 3 independent directors, Shri R. P. Khosla, Shri R. S. Hugar and Shri G. P. Kohli

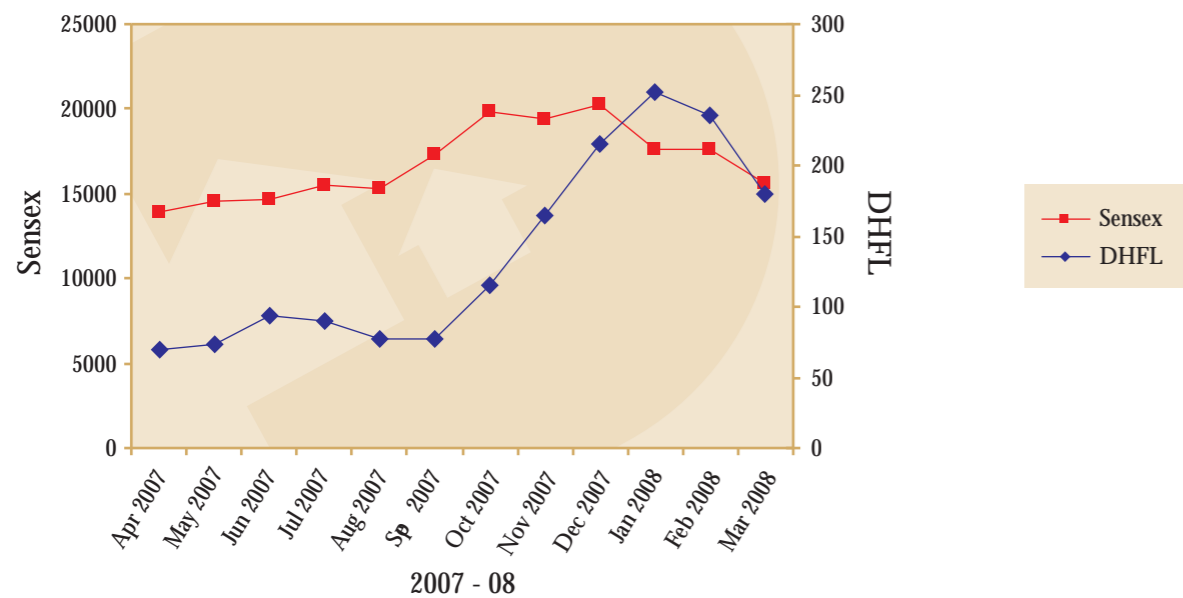
## 24. Market Price Data

The monthly high and low closing prices of the Company along with the volume of shares traded at BSE and NSE:

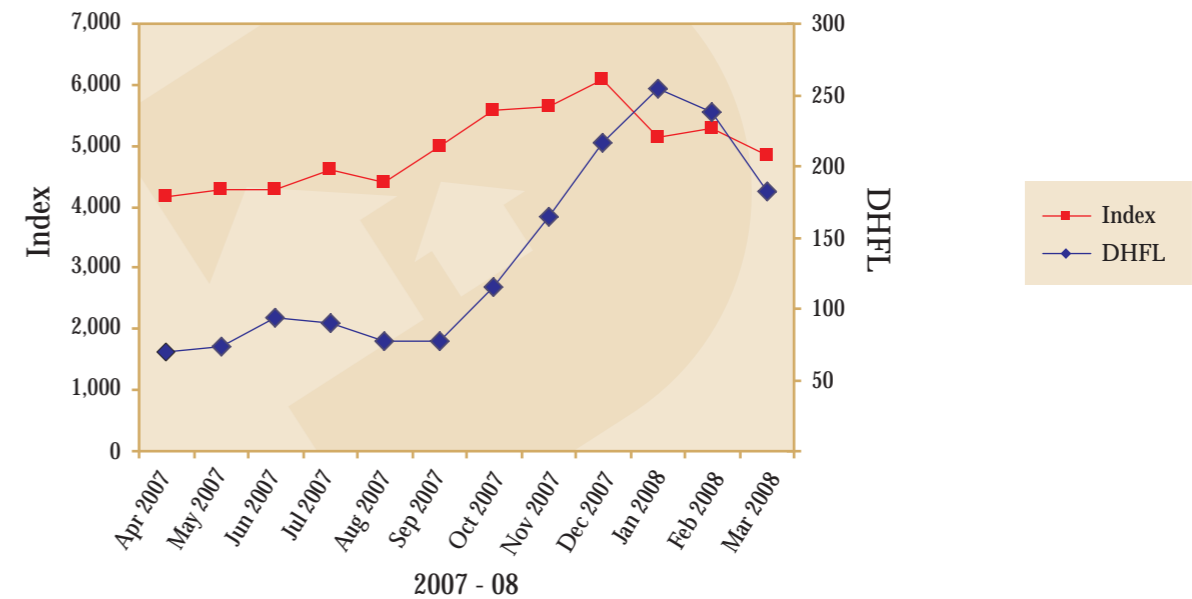
Period	BSE-Price			NSE-Price		
	High	Low	Qty. Traded	High	Low	Qty. Traded
Apr 2007	69.00	57.05	593074	69.00	57.00	835244
May 2007	73.70	61.30	1630403	73.90	60.70	2072668
Jun 2007	93.40	69.00	14184370	91.80	68.80	17991998
Jul 2007	89.90	75.00	7997645	90.00	75.00	5753221
Aug 2007	77.60	61.10	1959126	77.80	62.30	1382733
Sept 2007	77.25	67.00	2067569	77.70	67.10	3527896
Oct 2007	114.70	60.90	11735879	115.00	62.00	14272101
Nov 2007	164.00	106.00	6475865	164.00	106.00	8240123
Dec 2007	214.60	154.40	1957041	216.15	154.94	2410224
Jan 2008	252.35	172.95	2656603	254.00	172.60	3303922
Feb 2008	236.00	183.65	1786305	237.40	183.90	2218766
Mar 2008	179.95	102.00	699436	182.00	101.60	554289

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

## Performance – Comparison with BSE Sensex



## Performance – Comparison with NSE Index



## 25. Distribution of Shareholding as on 31st March, 2008

Shares holding of nominal Value	Share Holders		Share Amount		
	Rupees	Number	% to Total Nos	In Rupees	% to Total Amount
	1	2	3	4	5
Upto 5,000		15445	91.4122	19026050	3.1436
5,001 to 10,000		835	4.9420	6654990	1.0996
10,001 to 20,000		300	1.7756	4410020	0.7287
20,001 to 30,000		87	0.5149	2287290	0.3779
30,001 to 40,000		51	0.3018	1803740	0.2980
40,001 to 50,000		34	0.2012	1588750	0.2625
50,000 to 1,00,000		57	0.3374	4493830	0.7425
1,00,000 and above		87	0.5149	564965080	93.3472
<b>Total</b>		<b>16896</b>	<b>100.0000</b>	<b>605229750</b>	<b>100.0000</b>

## 26. Shareholding Pattern of the Company as on 31st March, 2008.

Category	No of Shares	% of Shareholding
Promoters	12863655	21.2542
Persons acting in concert	19780234	32.6822
Bodies Corporate	10164626	16.7947
UTI & Mutual Funds	34879	0.0576
FII's/ FDI / NRI	12793054	21.1375
Banks	1059	0.0017
Resident Individuals (including clearing members)	4885468	8.0721
<b>Total</b>	<b>60522975</b>	<b>100.0000</b>

### Registrar and Share Transfer System

All the applications regarding physical transfer, transmission, splitting of share certificates, and dematerialization are processed by the Registrar and Share Transfer Agents, 'Intime Spectrum Registry Limited' and approved by Shareholder's / Investor's Grievance Committee periodically. Share Certificates are dispatched within the time prescribed under the Listing Agreement/SEBI Guidelines.

### Dematerialization of Shares and Liquidity

As on 31st March, 2008, 89.65% of the share capital of the Company representing 5,42,61,338 equity shares were held in dematerialized form and the balance 10.35% representing 62,61,637 equity shares were held in physical form.

### Conversion of Optionally Convertible Preference Shares and Warrants into equity shares.

During the year following securities were converted into equity shares:

- 70,65,456 Optionally Convertible Preference Shares (OCPS) into 70,65,456 Equity Shares of Rs.10/- each at a premium of Rs. 65/- per share to M/s. Caledonia Investment Plc. London
- 33,35,000 Equity Warrants of face value Rs. 75/- each into 33,35,000 equity shares of Rs. 10/- each at a premium of Rs. 65/- per share to M/s. Wadhawan Holdings Private Limited, the Promoter Group Company. The proceeds of the warrants (balance of 90% of the warrants) have been utilized for the long term resources of the Company.

### Listing of Debt Securities

Pursuant to the directions of Securities & Exchange

Board of India (SEBI) all the secured debt securities issued by the Company on private placement basis have been listed in the Wholesale Debt Market (WDM) Segment of the National Stock Exchange of India Limited. The Company complies with the listing requirements in this regard.

### Nomination Facility

The Company is accepting nomination forms from shareholders in the prescribed Form 2B. All those who are desirous of making a nomination are requested to contact the Registrar & Transfer Agent (RTA). The shareholders holding shares in dematerialised form are requested to forward their nomination instructions to the concerned depository participants. Nomination is optional and can be cancelled or varied by a shareholder at any time.

### Electronic Clearing Service (ECS)

During the year the Company introduced payment of dividends to shareholders through ECS. Currently, the facility is offered at Ahmedabad, Bangalore, Bhubhaneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. All those shareholders who opted for the facility from these places have been paid dividends through ECS successfully. If you wish to avail of this facility, please contact the RTA. All those shareholders holding shares in electronic form may contact their depository participants for registering the particulars. Transfer of unclaimed dividend to Investor Education and Protection Funds :

Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to the Investor

Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company between the due dates of declaration of dividend and corresponding dates when unclaimed dividend are due for transfer to IEPF. Information in respect of such unclaimed dividend for the three years when due for transfer to the said Fund is given below:

Financial Year ended	Date of Declaration	Due for Transfer on
2000-2001	30/07/2001	03/09/2008
2001-2002	31/07/2002	04/09/2009
2002-2003	31/07/2003	04/09/2010

### Online Information

Shareholders are requested to visit [www.dhfl.com](http://www.dhfl.com) for online information about the Company. The financial results, share price information, dividend announcements of the Company are posted on the website of the Company. Investor Correspondence are periodically updated with all developments, for the information of shareholders. The Company also has posted various forms including the shareholder satisfaction survey form for obtaining feed back from shareholders on various parameters including shareholder servicing. Besides, the shareholders have the facility to post any query to the Company directly from the website which are acted upon within 24 hours of receipt of query. The Company has also been filing the financial results, shareholding pattern and other reports in the SEBI site

[www.sebi.gov.in](http://www.sebi.gov.in) online vide the Electronic Data Information Filing And Retrieval System (EDIFAR) of SEBI. Shareholders can view the various disclosure statements of the Company at the above site

Shareholders may also contact the following for any assistance:

### Registrar & Transfer Agent

Mr. Sharad Patkar

Share Registry

Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

Phone: 91-22-2596 3838 Fax: 91-22-2594 6969

[sharad.patkar@intimespectrum.com](mailto:sharad.patkar@intimespectrum.com)

Mr. S. Y. Sankhe

Compliance Officer & Company Secretary

6th Floor, Dheeraj Arma, Anant Kanekar Marg,

Station Road, Bandra (East), Mumbai-400 051

Tel: 91-22- 2658 3333

email: [secretarial@dhfl.com](mailto:secretarial@dhfl.com)

Mr. P. K. Kumar,

Sr. Manager - Secretarial, 6th Floor, Dheeraj Arma,

Anant Kanekar Marg, Station Road, Bandra (East),

Mumbai - 400 051

Tel: 91-22- 2658 3333

email: [pkumar@dhfl.com](mailto:pkumar@dhfl.com)

Shareholders holding shares in electronic mode should address all their correspondence through their respective Depository Participants.



# Report of the Auditors on Corporate Governance

To the Members,

Dewan Housing Finance Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by Dewan Housing Finance Corporation Ltd. for the year ended 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investors' Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B. M. Chaturvedi & Co.  
Chartered Accountants.

B. M. Chaturvedi  
ICAI M. No. 17607

Place : Mumbai  
Dated : 12th May, 2008.

## Declaration Regarding Compliance By Board Members And Senior Management Personnel With The Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is available on website of the Company as [www.dhfl.com](http://www.dhfl.com).

As Vice Chairman and Managing Director of the Dewan Housing Finance Corporation Limited and as required by Clause 49(1)(D)(ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company have affirmed compliance with the Code of Conduct for the financial year 2007-08.

Kapil Wadhawan  
Vice Chairman & Managing Director

Place : Mumbai  
Date : 12th May, 2008.