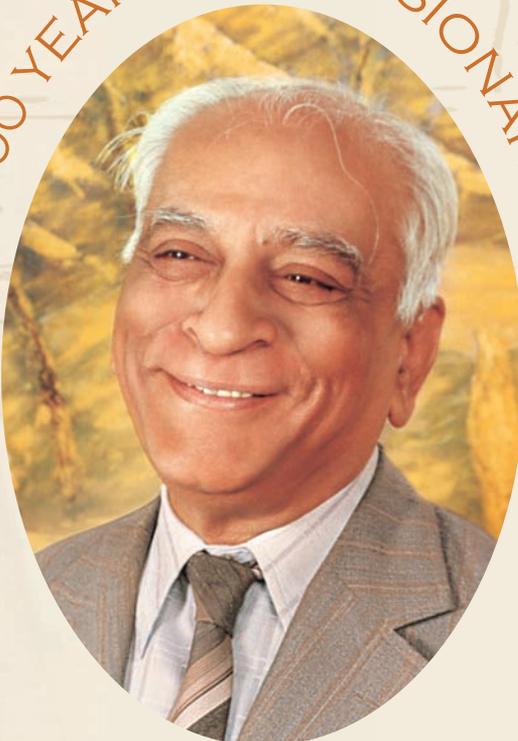


BETWEEN TIME



100 YEARS OF A VISIONARY



H. T. PAREKH
1911-2011



*He had a dream
to make a difference*

*He had a passion
to change lives.*

On his birth centenary, we pay our respectful homage to our founder chairman and one of the tallest leaders of Indian business.



Contents

Board of Directors	8
Brief Profile of the Directors of the Corporation	9
Chairman's Statement	12
Directors' Report	17
Report of the Directors on Corporate Governance	27
Compliance Certificate on Corporate Governance	38
Review of the Chairman of the Audit Committee of Directors	39
Review of the Chairman of the Investor Relations & Grievance Committee of Directors	40
Review of the Chairman of the Compensation Committee of Directors	40
Management Discussion and Analysis Report	41
Accounts with Auditors' Report	49
Consolidated Group Accounts with Auditors' Report	93
Social Initiatives	130
Shareholders' Information	135

Annual General Meeting (AGM)

Day/Date : Friday, July 8, 2011

Time : 3.00 p.m.

Venue : Birla Matushri Sabhagar,
19, Marine Lines,
Mumbai 400 020.

Operational Highlights

(₹ in crores)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Cumulative
Approvals	9,041.25	11,731.57	15,215.56	19,715.33	25,633.67	33,331.93	42,520.00	49,166.00	60,611.00	75,185.00	373,246.00
Disbursements	7,616.56	9,950.87	12,696.82	16,206.75	20,679.20	26,177.99	32,874.99	39,650.00	50,413.00	60,314.00	302,533.00
Cumulative Investment made possible in the housing sector	82,584.61	103,734.78	134,165.90	173,595.90	224,863.24	291,527.10	376,568.00	474,900.00	596,122.00	746,492.00	

1 Crore = 10 Million

1 Lac = 100,000

Financial Highlights

(₹ in crores)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Gross Income	2,700.15	2,975.62	3,077.85	3,410.44	4,278.39	5,896.26	8,196.05	11,017.66	11,360.83	12,878.07
Profit After Tax	580.01	690.29	851.78	1,036.59	1,257.30	1,570.38	2,436.25	2,282.54	2,826.49	3,534.96
Shareholders' Funds	2,702.84	3,043.86	3,393.79	3,883.10	4,468.33	5,551.40	11,947.34	13,137.39	15,197.66	17,316.52
Share Capital - Equity	121.71	244.41 [@]	246.61	249.12	249.56	253.01	284.03	284.45	287.11	293.38
Reserves and Surplus	2,581.13	2,799.45	3,147.18	3,633.98	4,218.77	5,298.39	11,663.31	12,852.94	14,910.55	17,023.14
Term Borrowings	10,264.67	14,130.73	19,346.39	28,807.31	37,979.93	46,808.61	57,854.97	64,481.41	73,484.17	90,785.38
Deposits	8,491.02	9,121.55	9,337.65	7,840.09	8,741.42	10,384.42	11,296.25	19,374.67	23,081.14	24,625.10
Loans Outstanding	17,207.68	21,749.91	27,974.27	36,011.50	44,990.12	56,512.36	73,327.78	85,198.11	97,966.99	117,126.62
Dividend (%)	250 [*]	110 [@]	135	170	200	220	250	300	360	450
Book Value per Share (₹)# ^	22	25	28	31	36	44	84	92	106	118
Earnings per Share (₹)# ^	5	6	7	8	10	13	13 [†]	16	20	24

Adjusted for bonus.

^ The face value of equity shares of the Corporation was sub-divided ₹ 2 per equity share from ₹ 10 per equity share. Previous year figures have been adjusted to reflect the revised value.

* Includes one time special Silver Jubilee dividend of 100%.

@ The Corporation allotted bonus shares in ratio of 1:1 in December, 2002. Dividend is for the full year on the enhanced capital post the issue of bonus shares.

† Excluding exceptional income.



Changing world, unchanging values.

Time changes and so does everything. Yet some values manage to escape the constraints of time and create lasting stirrings in the heart. Transparency, integrity, professionalism and a spirit of service are not mere words. They continue to inspire the best of people through different eras and moments.

For HDFC, we took these defining words as our sacred mantra for winning the hearts of people who mean most to us: our customers. As we celebrate our founder Chairman H T Parekh's birth centenary, we reemphasize to ourselves and reiterate to our well-wishers the need to live up to our own high standards and commitment.

As markets develop and customers' expectations change, we look at the business environment to rise to the challenge of evolving solutions to meet these new requirements. We continue to march ahead with the values that have served us well over the years - Values that will stay with us *Beyond Time*.



Increasing variety, enduring offerings.

Responsiveness has been intrinsic to our service philosophy. That's where bettering existing practices, constant team motivation and empowering decision-making abilities among our employees have helped us to be among the chosen service providers. With speedy processing and a range of hassle-free, convenient products, we are committed to our belief, 'Serving one and all.'

We bring our three decades of experience in the business to make property buying easier and more affordable. At work are a variety of interactive events held across the country and in offices abroad for customer convenience. Also, our online presence helps in offering the latest available choices in realty at the customer's doorstep.

Our aim is to constantly anticipate customer requirements and help them make informed decisions.

Shifting market dynamics, single-minded focus.

The markets are constantly in a state of flux thanks to ever-improving standards and increasing competition. The urban and rural landscapes are both experiencing changes at regular intervals. Technology too has raced ahead to delight customers and assist organizations in tracking customer likes and dislikes.

As smaller cities grow in prominence, the demands of their population too have grown on par with the developed cities. The growth of national retail chains, broadband connectivity and cable television is leading to unprecedented changes in shorter time-frames.

To meet this need, our new initiative, an online real estate portal, www.hdfcred.com caters to home buyers and developers in India by providing useful information on new homes for sale across several cities in the country. Our recent launch of web-based applications for cell-phone users nationwide is yet another example of reaching out to customers in simple ways.





Consistent learning, improved services.

Leading organizations are usually good listeners. At HDFC, we never forget this fundamental fact and this has helped us to improve our processes and set high standards while understanding the nuances of customer perceptions and their changing needs.

We wholeheartedly encourage our customers for their insights and use these inputs as part of our training guide for our employees. This is an ongoing process in our value-chain offerings that customers often look forward to.

As H T Parekh, our founder Chairman once said, “We should never give the impression to others of possessing the ultimate wisdom and should always be willing to look at our customers' problems with understanding and sympathy. We should try to put ourselves in their position and ask ourselves how we would like to be regarded. This is a never ending process.”

Affordable housing, long-term shelter.

There is perhaps no greater joy or fulfillment for a human being than that of owning a home. A developing nation's primary concern is to encourage and achieve this goal. As William Shakespeare once said, "People usually are the happiest at home". We at HDFC strongly believe that affordable housing is a subject that needs to be tackled with utmost priority.

Today, a home with basic amenities and a facilitating environment such as infrastructure, sanitation, education and healthcare among others, is imperative to lead a life of everyday comfort. HDFC has been constantly encouraging developers to pursue projects offering all round facilities for the large middle-class, all over the country.

As we progress on the long road ahead, our success will depend on the number of happy home-owners we make possible. HDFC remains unwavering in its commitment to help Indians experience a better quality of life, and it's a promise which goes *Beyond Time*.



Board of Directors

Mr. Deepak S. Parekh
Chairman

Mr. Keshub Mahindra
Vice Chairman

Mr. Shirish B. Patel

Mr. B. S. Mehta

Mr. D. M. Sukthankar

Mr. D. N. Ghosh

Dr. S. A. Dave

Dr. Ram S. Tarneja

Mr. N. M. Munjee

Dr. Bimal Jalan

Mr. D. M. Satwalekar
(Resigned w.e.f. November 13, 2010)

Dr. J. J. Irani

Mr. V. Srinivasa Rangan
Executive Director

Ms. Renu Sud Karnad
Managing Director

Mr. Keki M. Mistry
Vice Chairman & Chief Executive Officer