

INDEPENDENT AUDITOR'S REPORT

To the Members of Aditya Birla Housing Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Aditya Birla Housing Finance Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and;
 - iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

Shrawan

per Shrawan Jalan
Partner
Membership No.: 102102



Place: Mumbai
Date: May 04, 2016

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

Re: Aditya Birla Housing Finance Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (ii) (a) (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Director is interested to which provisions of section 185 of the Companies Act 2013 apply and hence not commented upon and the provisions of section 186 of the Companies Act 2013 are not applicable to the Company.
- (v) The Company does not accept any deposit from public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provisions of sales tax, custom duty and excise duty are currently not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument), hence not commented upon.



Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

Re: Aditya Biria Housing Finance Limited ("the Company")

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No.: 102102

Place: Mumbai
Date: May 04, 2016



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ADITYA BIRLA HOUSING FINANCE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Aditya Birla Housing Finance Limited

We have audited the internal financial controls over financial reporting of Aditya Birla Housing Finance Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

Shrawan Jain

per Shrawan Jain

Partner

Membership No.: 102102



Place: Mumbai

Date: May 04, 2016

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Aditya Birla Housing Finance Limited

Balance Sheet as at 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share capital	1	23,925.00	5,005.00
(b) Reserves and surplus	2	(3,448.89)	(427.03)
		<u>20,476.11</u>	<u>4,577.97</u>
(2) Non-Current Liabilities			
(a) Long-term borrowings	3a	1,24,000.00	.
(b) Other long-term liabilities	5a	4.37	.
(c) Long-term provisions	6a	1,009.70	70.22
		<u>1,25,014.07</u>	<u>70.22</u>
(3) Current Liabilities			
(a) Short-term borrowings	3b	26,547.03	9,228.78
(b) Trade payables	4	.	.
• Micro and small enterprises	22	.	.
• Other than micro and small enterprises		1,285.31	331.38
(c) Other current liabilities	5b	26,117.18	312.45
(d) Short-term provisions	6b	245.67	74.99
		<u>54,195.19</u>	<u>9,947.60</u>
Total		<u><u>1,99,685.37</u></u>	<u><u>14,595.79</u></u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	7a	680.26	77.20
(ii) Intangible assets	7b	74.73	9.46
(iii) Intangible assets under development		32.30	94.39
(b) Long-term loans and advances	8a	1,87,803.08	13,554.09
		<u>1,88,590.37</u>	<u>13,735.14</u>
(2) Current Assets			
(a) Cash and bank balances *	9	50.99	0.00
(b) Short-term loans and advances	8b	10,094.92	789.03
(c) Other current assets	10	949.09	71.62
		<u>11,095.00</u>	<u>860.65</u>
Total		<u><u>1,99,685.37</u></u>	<u><u>14,595.79</u></u>

* Less than Rs. 1000/-

Significant accounting policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

CAI Firm Registration No: 301003E/E300005

Shrawan Jalan

per Shrawan Jalan

Partner

Membership No: 102102



For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Ajay Brinivasan
Ajay Brinivasan
Director
DIN: 00121181

Rakesh Singh
Rakesh Singh
Director
DIN: 07006067

Anjali Makhija
Anjali Makhija
Chief Financial Officer & Manager

Muthiah Ganapathy
Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 04 May 2016



Place: Mumbai
Date: 04 May 2016

Aditya Birla Housing Finance Limited

Statement of Profit and Loss for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
I. Revenue from Operations	11	10,144.69	267.09
II. Other Income	12	0.70	151.22
III. Total Revenue		<u>10,145.39</u>	<u>418.31</u>
IV. Expenses :			
Finance costs	13	5,964.69	63.74
Employee benefit expenses	14	2,806.27	436.82
Other expenses	15	3,281.05	352.54
Depreciation and amortization expenses	7a&b	122.88	5.23
Provisions against assets	16	992.36	75.14
V. Total Expenses		<u>13,167.25</u>	<u>933.47</u>
VI. (Loss) before Tax (III-V)		<u>(3,021.86)</u>	<u>(515.16)</u>
VII. Tax Expenses :			
(a) Current tax		.	.
(b) Income tax relating to earlier years		.	(2.60)
VIII. (Loss) for the Year (VI-VII)		<u>(3,021.86)</u>	<u>(512.56)</u>
IX. Basic and Diluted Earnings Per Share (Face value Rs. 10) (Previous year Face value Rs. 10)	17	<u>(2.07)</u>	<u>(1.84)</u>
		<u>(2.07)</u>	<u>(1.84)</u>

Significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

CAI Firm Registration No: 301003E/E300005

Shrawan

per Shrawan Jalan

Partner

Membership No: 102102



For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Ajay Srinivasan

Ajay Srinivasan

Director

DIN: 00121181

Rakesh Singh

Rakesh Singh

Director

DIN: 07006067

Anjali Makhija

Anjali Makhija

Chief Financial Officer & Manager

Muthiah Ganapathy

Muthiah Ganapathy

Company Secretary

Place: Mumbai

Date: 04 May 2016

Place: Mumbai

Date: 04 May 2016



Aditya Birla Housing Finance Limited
Cash Flow Statement for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A Cash Flow From Operating Activities		
Profit before tax	(3,021.86)	(815.16)
<i>Adjustments for:</i>		
Depreciation and amortisation	122.86	5.23
Provision for leave encashment	98.91	26.74
Provision for gratuity	43.69	10.69
Contingent provision on standard assets	942.36	75.14
Provision on sub-standard asset	50.00	.
Discounting charges on commercial paper	1,723.05	38.07
Operating profit before working capital changes	2,960.89	155.88
	(40.97)	(359.28)
<i>Changes in working capital:</i>		
(Increase)/decrease in loans and advances	(1,83,484.97)	(14,333.95)
(Increase)/decrease in other liabilities and trade payable	26,738.23	635.42
(Increase)/decrease in other assets	(677.49)	(60.93)
Cash used in Operations	(1,57,624.23)	(13,759.46)
Direct taxes paid	(69.89)	(10.01)
	(69.89)	(10.01)
Net Cash used in Operating Activities (A)	(1,57,735.09)	(14,128.75)
B Cash Flow From Investing Activities		
Purchase of tangible assets	(688.82)	(39.68)
Purchase of (Intangible assets including assets under development	(40.30)	(105.74)
	(729.12)	(145.42)
Net Cash used in Investing Activities (B)	(729.12)	(145.42)
C Cash Flow From Financing Activities		
Proceeds from borrowings	2,82,955.20	13,690.71
Repayment of borrowings	(1,43,360.00)	(4,500.00)
Issue of equity share capital	18,920.00	4,000.00
	1,58,515.20	13,190.71
Net Cash from Financing Activities (C)	1,58,515.20	13,190.71
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	50.99	(1,083.47)
Cash and cash equivalents as at the beginning of the year	0.00	1,083.47
Cash and cash equivalents as at the end of the year	50.99	0.00
Net Increase / (Decrease) in Cash and Cash Equivalents	50.99	(1,083.47)
Components of Cash and Cash Equivalents		
Balances with banks in current accounts*	50.99	0.00
	50.99	0.00

* Less than Rs. 1000

As per our report of even date attached.

For S.R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No: 301003E/E300005

per Shrawan Jalan
 Partner
 Membership No: 102102



For and on behalf of the Board of Directors of
 Aditya Birla Housing Finance Limited

Ajay Srivastava
 Director
 DIN: 00121181

Rakesh Singh
 Director
 DIN: 07006067

Anjali Makhija
 Chief Financial Officer & Manager

Mughesh Ganapathy
 Company Secretary

Place: Mumbai
 Date: 04 May 2016

Place: Mumbai
 Date: 04 May 2016



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
I. Share capital		
Authorised		
1,000,000,000 (Previous year: 100,000,000) equity shares of Rs 10 each	1,00,000.00	10,000.00
Issued, subscribed and fully paid up shares	1,00,000.00	10,000.00
Equity share capital		
239,250,000 (Previous year: 50,050,000) equity shares of Rs 10 each, fully paid up	23,925.00	5,005.00
	<u>23,925.00</u>	<u>5,005.00</u>

A) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Equity Share	31 March 2016		31 March 2015	
	Number	Rs in lakhs	Number	Rs in lakhs
Number of shares outstanding at the beginning of the year	500,50,000	5,005.00	100,50,000	1,005.00
Number of shares issued during the year	1,892,00,000	18,920.00	400,00,000	4,000.00
Number of shares outstanding at the end of the year	<u>2,392,50,000</u>	<u>23,925.00</u>	<u>500,50,000</u>	<u>5,005.00</u>

B) Shares held by holding company

Name of share holder	31 March 2016		31 March 2015	
	Number	Rs in lakhs	Number	Rs in lakhs
Aditya Birla Financial Services Limited, holding company (Formerly known as Aditya Birla Financial Services Private Limited)	2,392,50,000	23,925.00	500,50,000	5,005.00

C) Details of shareholders holding more than 5% shares in the company.

Name of share holder	31 March 2016		31 March 2015	
	Number	% of total paid-up equity capital	Number	% of total paid-up equity capital
Aditya Birla Financial Services Limited, holding company (Formerly known as Aditya Birla Financial Services Private Limited)	2,392,50,000	100%	500,50,000	100%

Notes:

I Term/right attached to equity shares:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be receiving remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
2. Reserves and surplus		
(Deficit) / Surplus as per statement of profit and loss		
Opening balance	(427.03)	85.53
Addition:		
(Loss) for the year	(3,021.86)	(512.56)
Closing (deficit) in the statement of profit and loss	(3,448.89)	(427.03)



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
3a. Long-term borrowings		
Secured		
Redeemable non convertible debentures	2,500.00	-
Term loan from banks	1,21,500.00	-
	<u>1,24,000.00</u>	<u>-</u>
3b. Short-term borrowings		
Secured		
Loan repayable on demand from banks (cash credit)*	16,678.89	4,322.82
	<u>16,678.89</u>	<u>4,322.82</u>
Unsecured		
Commercial papers**	9,868.14	4,905.96
	<u>9,868.14</u>	<u>4,905.96</u>
	<u>26,547.03</u>	<u>9,228.78</u>

* Includes book overdraft amounting to Rs. Nil (31 March 2015 Rs. 3,520.67 lakhs).

** Commercial papers shown net of unamortised discounting charges Rs. 131.86 lakhs (31 March 2015 Rs. 94.04 lakhs).



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016		As at 31 March 2015	
	Current	Non Current	Current	Non Current
I) Secured long term borrowings				
"The term loans from banks are secured by way of first pari passu charge on the receivables of the Company." The repayment terms and rate of interest of term loans are as under-				
Repayment Terms : Maturing after 3 year, Rate of Interest 9.30 % to 9.70 % p.a.	-	1,21,500.00	-	-
"Debentures secured by way of mortgage of the immovable property and first pari- passu charge on current assets of the Company." The repayment terms and rate of interest of debentures are as under-				
Repayment Terms : Maturing after 3 year, Rate of Interest 8.95 % p.a.	-	2,500.00	-	-
	-	1,24,000.00	-	-
II) Secured short term borrowings :				
Cash credit secured by way of first pari-passu charge on receivables of the Company *	16,678.89	-	4,322.82	-
	16,678.89	-	4,322.82	-



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
4. Trade payables		
Under Micro, Small and Medium Enterprises (refer note 22)	-	-
Others		
Trade payables for expenses	948.89	227.89
Trade payables for salaries, bonus and other employee benefits	336.42	103.49
	1,285.31	331.38
5a. Other long term liabilities		
Liability for rent straight lining	4.37	-
	4.37	-
5b. Other current liabilities		
Book overdraft	25,358.43	284.80
Statutory dues	135.62	26.01
Interest accrued but not due	539.08	-
Other payable	84.05	1.64
	26,117.18	312.45
6a. Long term provisions		
Provision for doubtful debts and advances	50.00	-
Contingent provisions against standard assets	959.70	70.22
	1,009.70	70.22
6b. Short term provisions		
Contingent provisions against standard assets	57.81	4.92
Provision for leave encashment	134.62	36.21
Provision for gratuity	53.24	33.86
	245.67	74.99



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Note 7a

Tangible Assets

Particulars	Building	Plant & equipments	Furniture & fixtures	Office equipment	Leasehold improvements	Total
Gross Block						
As at 1 April 2014	-	52.64	1.21	5.25	21.44	80.54
Additions	-	-	-	-	-	-
Deletions/Adjustment	-	-	-	-	-	-
As at 31 March 2015	262.46	52.64	1.21	5.25	21.44	80.54
Additions	-	159.88	24.48	28.21	213.79	688.82
Deletions/Adjustment	-	-	-	-	-	-
As at 31 March 2016	262.46	212.52	25.69	33.46	235.23	769.36
Accumulated Depreciation						
As at 1 April 2014	-	-	-	-	-	-
Charge for the year	-	2.16	0.03	0.55	0.60	3.34
Deletions/Adjustment	-	-	-	-	-	-
As at 31 March 2015	-	2.16	0.03	0.55	0.60	3.34
Charge for the year	2.55	27.78	13.23	9.86	32.35	85.76
Deletions/Adjustment	-	-	-	-	-	-
As at 31 March 2016	2.55	29.94	13.26	10.41	32.95	89.10
Net book amount as at 31 March 2015	-	50.48	1.18	4.70	20.86	77.20
Net book amount as at 31 March 2016	259.91	182.58	12.43	23.05	202.28	680.26

Note 7b

Intangible Assets

Particulars	Software	Total
Gross Block		
As at 1 April 2014	-	-
Additions	11.35	11.35
Deletions/Adjustment	-	-
As at 31 March 2015	11.35	11.35
Additions	102.38	102.38
Deletions/Adjustment	-	-
As at 31 March 2016	113.73	113.73
Accumulated Amortization		
As at 1 April 2014	-	-
Charge for the year	1.89	1.89
Deletions/Adjustment	-	-
As at 31 March 2015	1.89	1.89
Charge for the year	37.11	37.11
Deletions/Adjustment	-	-
As at 31 March 2016	39.00	39.00
Net book amount as at 31 March 2015	9.46	9.46
Net book amount as at 31 March 2016	74.73	74.73



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
8a. Long-term loans and advances		
Secured		
Loans and advances relating to financing activity		
- Considered good	1,86,836.94	13,448.42
- Considered doubtful	329.90	-
	<u>1,87,166.84</u>	<u>13,448.42</u>
Unsecured (Considered good unless otherwise stated)		
Loans and advances relating to financing activity	195.09	-
Security deposits	233.22	75.16
Advance payment of taxes (net of provisions for taxation Rs Nil, 31 March, 2015 Rs Nil)	79.06	9.17
Prepaid expenses	3.62	-
Capital advances	125.25	21.34
	<u>636.24</u>	<u>105.67</u>
	<u>1,87,803.08</u>	<u>13,554.09</u>
8b. Short-term loans and advances		
Secured		
Loans and advances relating to financing activity		
- Considered good	9,935.69	743.80
	<u>9,935.69</u>	<u>743.80</u>
Unsecured (Considered good unless otherwise stated)		
Loans and advance to related parties	0.11	8.11
Others advances	10.00	23.05
Security deposits	3.53	0.90
Prepaid expenses	95.47	8.19
Service tax receivable	50.12	4.98
	<u>159.23</u>	<u>45.23</u>
	<u>10,094.92</u>	<u>789.03</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
9. Cash and bank balances		
Cash and cash equivalent		
Balances with banks in current accounts*	50.99	0.00
	<u>50.99</u>	<u>0.00</u>
*Less than Rs. 1000/-		
10. Other current assets		
Other receivables	2.30	0.01
Interest accrued but not due / interest receivable	946.79	71.61
	<u>949.09</u>	<u>71.62</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
11. Revenue from operations		
Income from financing activity	8,940.85	185.39
Syndication and other fee income	1,203.84	81.70
	10,144.69	267.09
12. Other income		
Other interest	-	43.55
Securities trading income	0.70	107.67
	0.70	151.22
13. Finance cost		
Interest expenses	4,186.62	3.31
Discounting charges on commercial paper	1,723.05	38.07
Other borrowing costs	55.02	22.36
	5,964.69	63.74
14. Employee benefit expenses		
Salaries, bonus and allowances	2,599.48	410.02
Contribution to provident and other funds	130.08	21.09
Staff welfare expenses	76.71	5.71
	2,806.27	436.82
15. Other expenses		
Rent	237.36	22.54
Travelling and conveyance	168.58	12.79
Water and electricity	28.16	8.76
Repairs and maintenance - others	250.56	11.75
Insurance	86.06	0.18
Communication expenses	37.68	3.23
Legal and professional charges (refer note no 26)	465.55	37.25
Rates and taxes	232.20	102.40
Printing and stationery	74.31	1.28
Contract service charges	56.71	1.34
Information technology expenses	34.64	19.53
Business / sales promotion expenses	91.94	-
Advertisement expenses	126.36	5.40
Postage expenses	9.02	0.00
Bank charges	2.71	0.13
Brokerage and commission	1,245.50	99.36
Miscellaneous expenses	133.71	26.60
	3,281.05	352.54
16. Provisions against assets		
Provision for doubtful debts and advances	50.00	-
Contingent provisions against standard assets	942.36	75.14
	992.36	75.14



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
17. Earnings per share		
Net (loss) after tax available for equity shareholders	(3,021.86)	(512.56)
Weighted average number of equity shares outstanding (numbers)	145,824,180	27,830,959
Basic and diluted earnings per share (Rs.)	<u>(2.07)</u>	<u>(1.84)</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

18. Corporate Information

Aditya Birla Housing Finance Limited (the 'Company' or 'ABHFL') is a public Company domiciled in India and incorporated on 27th July, 2009 under the provisions of the Companies Act 1956. The Company has received a Certificate of Registration from the National Housing Bank ('NHB') on 9th July, 2014 to commence / carry on the business of Housing Financial Institution ('HFI') without accepting public deposits.

19. Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects of the Accounting Standards (AS) notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies, (NHB) Directions, 2010 as amended from time to time. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

19.1 Summary of significant accounting policies

19.1.1 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

19.1.2 Tangible fixed assets

Tangible fixed assets are stated at historical cost, net of accumulated depreciation and impairment loss if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

19.1.3 Depreciation on tangible fixed assets

Depreciation on fixed assets is provided on straight line basis using the rates arrived at based on the useful lives estimated by the Management. The Company has used the following useful life to provide depreciation on its fixed assets.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

<u>Asset</u>	<u>Useful Life as prescribed by Schedule II of the Co's Act,2013</u>	<u>Estimated useful life</u>
Office computers and electronic equipments	3 years	4 Years
Vehicles	8 years	5 Years
Furniture, fixtures and other office equipments	10 years	7 Years
Buildings	60 years	60 years
Leasehold improvements	Over the primary period of the lease	Over the primary period of the lease

Useful life of assets different from prescribed in Schedule II has been estimated by management supported by technical assessment.

Depreciation on assets acquired / sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/ till the date of acquisition or sale.

19.1.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over a period of 3 years.

Depreciation on the intangible assets added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

The amortization period and the amortization method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

19.1.5 Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

19.1.6 Loans

Loans and other credit facilities are classified as standard, sub-standard, doubtful, and loss assets in accordance with the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

10.1.7 Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis and Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments. Unquoted investments in the units of mutual funds are valued at the net asset value as per guidelines issued by the NHB.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

19.1.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income is recognised in the statement of profit and loss on accrual basis, except in the case of non-performing assets wherein the interest is recognised on receipt basis as per NHB guidelines.

Processing fees and other charges collected upfront are recognised at the inception of the loan.

Dividend income on investments is accounted for when the right to receive the payment is established by the reporting date.

19.1.9 Taxation

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The unrecognized Deferred Tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each reporting date, the Company reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

19.1.10 Retirement and other employee benefits

i) Defined contribution plan

The Company makes defined contribution to Government managed Employee Provident Fund, Government managed Employee Pension Fund, Employee Deposit Linked Insurance and Employee State Insurance which are recognised in statement of profit and loss on accrual basis.

(ii) Defined benefit plan

The Company's liabilities under Payment of Gratuity Act and long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognised immediately in statement of profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

The Company presents the entire leave as a current liability in the balance sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

19.1.11 Borrowing costs

Borrowing costs consists of interest and other ancillary cost incurred in connection with borrowing of funds.

All other borrowing costs are expensed in the period in which they occur.

19.1.12 Cash and cash equivalent

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period three months or less.

19.1.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period..

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

19.1.14 Provision and contingencies

Provisions are recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are determined based on best estimate required to settle the obligation at the balance sheet date.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

The provisioning / write-off on overdue assets is as per the management estimates, subject to the minimum provision required as per Housing Finance Companies (NHB) Directions 2010, as amended.

Provision on standard assets is made as per the Housing Finance Companies (NHB) Directions 2010, as amended.

Contingent liabilities are possible but not probable obligations as on balance sheet date, based on the available evidence. Contingent Liabilities are not provided for and disclosed by way of notes.

19.1.15 Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as operating leases and lease rentals thereon are charged to statement of profit and loss on straight line basis.

19.1.16 Special reserve

The Company creates special reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987.

20. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 44.06 Lakh (31 March 2015 Rs. Nil).

21. Contingent liabilities:

Contingent liability as on 31 March 2016 is Rs. Nil (31 March 2015: Rs. Nil).

22. The Company is in the process of identifying the parties which are covered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). As of 31 March 2016, the outstanding balance due to parties covered under MSMED Act is Rs. Nil (31 March, 2015: Rs. Nil).

23. Related party disclosures

D) **List of related parties as per AS -18 with whom transactions have taken place during the year**

(A) **Where control exists:-**

- Aditya Birla Financial Services Limited (ABFSL) (Holding Company) (formerly known as Aditya Birla Financial Services Private Limited)
- Aditya Birla Nuvo Limited (Ultimate Holding Company)

(B) **Fellow Subsidiaries :-**

- Aditya Birla Finance Limited (ABFL)
- Aditya Birla Customer Services Limited (ABC SL)
- Birla Sun Life Insurance Company Limited (BSL ICL)
- Birla Sunlife Asset Management Company Limited (BSLAMCL)
- Aditya Birla Money Limited (ABML)

(C) **Key management personnel**

- Mrs. Anjali Makhija (w.e.f. - 01.12.2014)



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

II) Transactions with related parties

(Rs. in Lakhs)

Particulars	Referred in (A) above	Referred in (B) above	Referred in (C) above	Total
Remuneration*	- (-)	- (-)	65.17 (14.47)	65.17 (14.47)
Other operating expenses	0.14 (-)	290.62 (14.86)	- (-)	290.76 (14.86)
Advertisement expenses	- (-)	- (5.62)	- (-)	- (5.62)
Employee cost reimbursement	- (-)	- (54.76)	- (-)	- (54.76)
Interest expenses	- (-)	5.29 (1.47)	- (-)	5.29 (1.47)
Recovery of expenses	- (-)	190.54 (55.10)	- (-)	190.54 (55.10)
Purchase of assets	- (-)	- (56.05)	- (-)	- (56.05)
Loan obtained (including ICBs)	- (-)	8,360.00 (1,240.00)	- (-)	8,360.00 (1,240.00)
Loans repaid (including ICBs)	- (-)	8,360.00 (1,240.00)	- (-)	8,360.00 (1,240.00)
Issue of debentures	- (-)	500.00 (-)	- (-)	500.00 (-)
Equity share capital issued	18,920.00 (4,000.00)	- (-)	- (-)	18,920.00 (4,000.00)
Equity share capital outstanding	23,925.00 (5,005.00)	- (-)	- (-)	23,925.00 (5,005.00)
Debentures outstanding	- (-)	500.00 (-)	- (-)	500.00 (-)
Amount payable	- (-)	37.98 (57.56)	- (-)	37.98 (57.56)
Amount receivable	- (-)	0.11 (8.11)	- (-)	0.11 (8.11)

*Expenses towards bonus, gratuity and leave encashment provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.



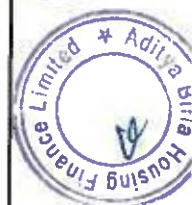
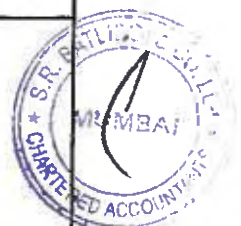
Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

III) Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

(Rs.in Lakhs)

Particulars	31 March 2016	31 March 2015
Remuneration		
Mrs. Anjall Makhija	65.17	14.47
Other operating expenses		
Aditya Birla Finance Limited	284.36	14.86
Aditya Birla Nuvo Limited	0.14	-
Aditya Birla Money Limited	2.50	-
Birla Sunlife Insurance Company Limited	0.11	-
Birla Sunlife Asset Management Company Limited	3.65	-
Advertisement expenses		
Aditya Birla Customer Services Limited	-	5.62
Employee cost reimbursement		
Aditya Birla Finance Limited	-	54.76
Interest expenses		
Aditya Birla Finance Limited	4.06	1.47
Birla Sunlife Insurance Company Limited	1.23	-
Recovery of expense		
Aditya Birla Finance Limited	188.51	46.99
Birla Sun Life Insurance Company Limited	2.03	8.11
Loan obtained (Including ICBs)		
Aditya Birla Finance Limited	8,360.00	1,240.00
Loans repaid (Including ICBs)		
Aditya Birla Finance Limited	8,360.00	1,240.00
Issue of debentures		
Birla Sun Life Insurance Company Limited	500.00	-
Share capital issued		
Aditya Birla Financial Services Limited	18,920.00	4,000.00
Purchase of fixed assets		
Aditya Birla Finance Limited	-	56.05
Equity share capital outstanding		
Aditya Birla Financial Services Limited	23,925.00	5,005.00
Debentures outstanding		
Birla Sun Life Insurance Company Limited	500.00	-
Receivable		
Birla Sun Life Insurance Company Limited	0.11	8.11
Payable		
Aditya Birla Finance Limited	28.33	52.04
Aditya Birla Customer Services Limited	5.52	5.52
Aditya Birla Money Limited	0.80	-
Birla Sunlife Asset Management Company Limited	3.33	-



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

Notes:-

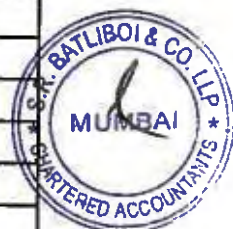
- The related party relationships have been as identified by the management on the basis of the requirements of the Accounting Standard AS-18 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India and the same have been relied upon by the auditors.
- The relationships as mentioned above except where control exists pertain to those related parties with whom transactions have taken place during the year.
- Figures in brackets represent corresponding amounts of previous year.

24. Gratuity and other post employment benefits

The details of the Company's defined benefit plans for its employees are given below:

(Rs.in Lakhs)

Amount recognized in the Balance Sheet in respect of gratuity		
	As at 31 March 2016	As at 31 March 2015
Present value of funded/unfunded defined benefit obligation at the end of the year	89.70	33.86
Fair value of plan assets	36.46	-
Net liability / (assets)	53.24	33.86
Amount recognized in salary, wages and employee benefits in the statement of profit and loss in respect of gratuity:		
Current service cost	14.70	1.58
Interest on defined benefit obligation	3.86	0.54
Expected return on plan assets	-	-
Net actuarial (gains) / loss recognized during the year	25.13	8.57
Net gratuity cost	43.69	10.69
Actual return on plan assets	2.60	-
Reconciliation of present value of the obligation and the fair value of the plan assets:		
	As at 31 March 2016	As at 31 March 2015
Opening defined benefit obligation	33.86	0
Current service cost	14.70	1.59
Interest cost	3.86	0.54
Actuarial losses / (gain)	27.73	8.57
Liabilities assumed on acquisition/ (settled on divesture)	9.55	23.16
Benefit paid	-	-
Closing defined benefit obligation	89.70	33.86
Change in plan assets		
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial gains / (losses)	2.60	-
Contributions by the employer	33.86	-
Assets acquired on acquisition/ (distributed on divesture)	-	-
Benefit paid	-	-
Closing fair value of the plan assets	36.46	-



12

Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

Investment details of plan assets		
Government of India securities	7.65	-
Corporate bonds	0.15	-
Special deposit schemes	0.77	-
Insurer managed funds	20.19	-
Others	7.70	-
Total	36.46	-

Experience adjustment	2016	2015	2014	2013	2012
Defined benefit obligation	89.70	33.86	-	-	-
Plan assets	36.46	-	-	-	-
Surplus / (deficit)	(53.24)	(33.86)	-	-	-
Experience adjustment on plan liabilities	24.94	8.57	-	-	-
Experience adjustment on plan assets	2.60	-	-	-	-
Principal actuarial assumptions at the balance sheet date:-					
Discount rate (p.a.)	7.80%	8.00%	-	-	-
Expected rate of return on assets (p.a.)	7.80%	-	-	-	-

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at Balance Sheet date.

Estimated amount of contribution expected to be paid to the Gratuity Fund during the annual period after the Balance Sheet date is Rs. 35.00 lakh (31 March 2015 Rs. 0.46 lakh).

During the year the following cost has been incurred on account of:

Defined contribution plans

Amount recognised as an expense and included in Note 17 - "Contribution to Provident and Other funds:-

Sr. No.	Particulars	(Rs. In Lakhs)	
		31 March 2016	31 March 2015
i)	Contribution to Govt. Employees Provident Fund	86.02	10.14



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

(Currency: Rupees in Lakhs)

20 Disclosure of details as required under amended guidelines on Asset Liability Management (ALM) issued by NHB vide circular dated October 11, 2010.

0 Capital to Risk Ratio (CRAR) :

No. No.	Items	31 March 2016	31 March 2015
(i)	CRAR (%)	12.38%	29.47%
(ii)	CRAR - Tier I capital (%)	11.80%	28.82%
(iii)	CRAR - Tier II Capital (%)	0.58%	0.65%

ii) Exposure to Real Estate Sector

Category		(Rs. in Lakhs)	
		31 March 2016	31 March 2015
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, housing loans up to Rs. 12 lakhs*		
	housing loans more than Rs. 12 lakhs*	1,268.83	42.63
	Other Loans	89,444.61	9,395.35
ii)	Commercial Real Estate - Lending secured by mortgage on commercial real estate (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 would also include non-fund based (NFB) limits.	68,212.56	2,316.94
		40,891.59	2,592.50
iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures - a. Residential b. Commercial Real Estate		
		Nil Nil	Nil Nil
iv)	Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

* based on the sanctions

iii) Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities

Particulars	(Rs. in Lakhs)										Total	
	1 day to 30/31 days (one month)	Over 1 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years			
Liabilities												
Borrowings from banks	-	-	-	-	16,679.00	-	86,500.00	22,000.00	-	-	-	1,38,179.00
Market borrowings *	-	9,868.14	-	-	-	-	500.00	-	3,000.00	-	-	12,368.14
Assets												
Advances **	608.21	680.64	732.73	2,564.69	3,344.29	22,531.90	22,789.98	24,190.07	40,678.19	73,163.29	-	1,97,297.67

* Net of unamortized discounting charges on Commercial Paper amounting to Rs. 191.86 lakhs.

** Advances includes Loan and Advances in the nature of Loans and excludes Advances Recoverable in cash or kind or for value to be received and Advance Payment of Terms and Other Deposits.

Disclosure regarding provisions made for standard assets as per Prudential Norms contained in the Housing Finance

Housing Loans

Assets Classification	(Rs. in Lakhs)			
	31 March 2016		31 March 2015	
	Loans balance	Provisions	Loans balance	Provisions
Standard assets	1,02,999.86	453.90	9,432.98	22.22
Sub standard assets	229.90	50.00	-	-
Totals	1,03,228.76	503.90	9,432.98	22.22

Non Housing Loans

Assets Classification	(Rs. in Lakhs)			
	Current Year		Previous Year	
	Loans balance	Provisions	Loans balance	Provisions
Standard assets	94,007.83	563.61	4,354.44	22.22
Totals	94,007.83	563.61	4,354.44	22.22



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2016

26. Details of auditors remuneration

(Rs. In Lakhs)

Particulars	31 March 2016	31 March 2015
Audit fees (including limited review fees)	8.00	4.50
Tax audit fees	1.50	1.50
Certification work	2.50	2.50
Out of pocket expenses	0.61	0.53

27. Segment reporting

The Company operates in a single reportable segment i.e. lending which has similar risk and returns for the purpose of AS 17 on 'Segment Reporting' notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies Act Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

28. Operating leases

The Company has entered into lease agreements for premises at various locations for periods between 12 months to 60 months. The lease payments recognised in the statement of profit and loss are Rs. 237.36 Lakhs (31 March 2015: Rs. 22.54 Lakhs).

Non-cancellable operating lease rentals payables (minimum lease payments) under these leases are as follows:

(Rs. In Lakhs)

Particulars	31 March 2016	31 March 2015
Not later than one year	38.61	28.48
Later than one year and not later than five years	130.19	117.58
Later than five years	-	7.11
(Total)	168.81	153.18

29. Previous year figures have been regrouped/rearranged wherever necessary to conform to the current year's presentation.

For S.R. Batlibol & Co. LLP
Chartered Accountants

ICAI Firm Registration No: 301003E/E300005



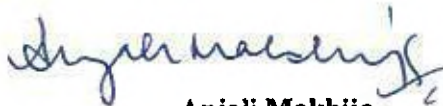
per Shrawan Jalan
Partner
Membership No: 102102



For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067



Anjali Makhija
Chief Financial Officer & Manager



Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 04 May 2016



Place: Mumbai
Date: 04 May 2016

ADITYA BIRLA HOUSING FINANCE LIMITED

CIN: U65922GJ2009PLC083779

Regd. Office: Indian Rayon Compound, Veraval, Gujarat 362266, India.

Tel : 91-22-43567000 Fax: 91-22 43567266

Directors' Report

Dear Shareholders,

Your Board of Directors are pleased to present the 7th Annual Report, along with the audited annual accounts of Aditya Birla Housing Finance Limited ("ABHFL/the Company") for the year ended **March 31, 2016**("FY 16").

1. Financial Performance

The summarized standalone results of your Company are given in the table below:

Particulars	Rs. In Crore	
	Year ended 31 st March	
	2016	2015
Total Income	101.45	4.18
Total Expenses	130.44	9.28
Loss before depreciation / amortisation and tax	(28.99)	(5.1)
Less: Depreciation / amortization	1.23	005
Loss Before Tax	(30.22)	(5.15)
Less: Tax expenses/ (excess write back)	-	(002)
Loss after Tax	(30.22)	(5.13)
Balance of profit/ (Loss) brought from the previous year	(4.27)	0.86
Balance of Loss transferred to Balance Sheet	(34.49)	(4.27)

2. Business Performance**a) Key Highlights**

During the year under review, the total income stood at Rs.101.45 Crore as against Rs.4.18 Crore in the previous year. Correspondingly, the total expenses (excluding depreciation) were Rs. 130.44 Crore as compared to that of Rs. 9.28 Crore in the previous year mainly due to increase in the finance cost, employee cost on account of induction of personnel, increase in rent and other expenses.

b) Business

The Company offers product mix of Home loans (including improvement loan), Plot purchase plus construction loan, home construction, Loan against residential & commercial property, Lease rental discounting and purchase of commercial property.

c) Treasury

The Company had primarily sourced funds through Banks and Commercial Paper (CP). Total borrowing as on March 31, 2016 was Rs.1,505.47 Crore. Your Company has issued Secured non-convertible debentures amounting to Rs.25 Crore during the year under review with a maturity of 5 to 10 years.

- i) The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the housing finance company after the date on which the non-convertible debentures were due for redemption : NIL
- ii) The total amount in respect of such debentures : NIL

3. Reserves

In view of carried forward losses the company is not able to transfer to Reserve Fund as provided for under the National Housing Bank Directions.

4. Dividend

In view of carried forward losses, your Directors regret their inability to declare dividend for the year ended 31st March, 2016.

5. Share Capital

During the year under review, your Company had a capital infusion of Rs.189.20 Crore (Rupees One Eighty Nine Crore Twenty Lakhs) through issue of 18, 92, 00,000 Equity shares of Rs.10/- each on right basis details of which are given below:

Sr. No.	Date of Allotment	No. of Equity Shares	Face value per Equity Share (In Rs.)	Total amount (Rs. in Crore)
1	18-Jun-15	499,50,000	10	49.95
2	31-Jul-15	500,00,000	10	50.00
3	06-Nov-15	250,00,000	10	25.00
4	29-Dec-15	500,00,000	10	50.00
5	29-Mar-16	142,50,000	10	14.25

Consequent to the capital infusion, the issued, subscribed and paid up share capital of the Company stood at Rs.239.25 Crore as on 31st March, 2016.

6. Management Discussion Analysis

Management Discussion Analysis report forming part of the Directors report is attached separately as Annexure - 1.



7. Corporate Governance Report

Your Directors reaffirm their commitment to the corporate governance standards to the extent they are applicable to the Company. Corporate Governance Report forming part of Directors' Report for the year under review is attached separately Annexure - 2.

8. Board meeting

The information pertaining to the meetings of the Board of Directors and their Committees and vigil mechanism are forming part of the said Corporate Governance.

9. Subsidiary

The Company does not have any subsidiary.

10. Public Deposits

The Company has not accepted or renewed any deposit as covered under Chapter V of the Act read with the Companies (Acceptance of Deposit) Rules, 2014, as amended, from its members or the public during the year under review.

11. Credit Rating

The rating of various debt instruments / bank facilities as on March 31, 2016 are given below:

Credit Rating Agency	Instrument	Ratings
ICRA	Commercial Papers	A1+
ICRA	Non-Convertible Debentures	AA+
ICRA	Bank Limits (CC and Term Loans)	A1+/AA+
ICRA	Subordinate Debt	AA+
India Rating	Subordinate Debt	AA+

12. Significant and Material Orders passed by the Regulators / Court/Tribunals

From Corporate Tax perspective, apart from Industry based tax litigations, revenue authorities or tribunal or court, have not passed any order impacting going concern status of the organization.

13. Details of the Adequacy of Internal Financial Controls

The Company has put in place adequate Internal Financial controls.

14. Particulars of Loans, guarantees or investments under section 186

Pursuant to provisions of Section 186 (11) and the circular issued by Ministry of Corporate Affairs dated 13th February, 2015 the Company is exempt from the provisions of the said Section.

15. Risk Management framework

ABHFL's risk philosophy involves a comprehensive risk management framework and robust policies and processes which minimize the element of uncertainty and help in developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. The Risk Management function provides stability and balance ensuring that growth is backed by a robust portfolio. ABHFL is exposed to various types of risk – credit risk, market risk (which includes liquidity risk and price risk and operational risk).

ABHFL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with market best practices. ABHFL has developed expertise to underwrite all kinds of customer segments (Salaries, self-employed professionals, self-employed non-professionals) and our underwriting guidelines are benchmarked to the market and adequate internal controls are put in place to maintain the quality of loans being approved. The Board of Directors has oversight over the Risk Management framework applicable to the Company. The Risk Management oversight structure includes various Committees of the Board and Senior Management. The Risk Management Committee of the Board ("RMC") is headed by an independent Director and reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposure and provides oversight of risk across the organization. The RMC nurtures a healthy and Independent risk management function to inculcate a strong risk management culture in the Company. Credit Risk is managed and controlled through a Credit Risk Management framework comprising detailed risk evaluation of borrower and security. Distinct policies and processes are in place and people who occupy key positions are professionally qualified (CA/MBA). For each product, programs defining customer segments, underwriting standards, security structures, etc. are specified to ensure consistency of credit patterns. All the cases are approved by Credit Committees formulated at different levels with various approval limits. Liquidity risks and interest rate risks arising out of maturity mismatch of assets and liabilities are managed by monitoring the maturity profiles with a periodical review of the position. ABHFL's loans are on variable rate of interest basis and normally any movement in rate of borrowings is hedged by the loans advanced at variable rates to a certain extent. Operational Risks are minimized by strengthening the internal control procedures and addressing the deficiencies reported by our Auditors.

16. Related Party Transactions

All Related Party Transactions ("RPT") that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The Board has developed a Related Party Transactions Policy for purpose of identification and monitoring of such transactions. The Audit Committee had grant omnibus approval for RPTs which are repetitive in nature.



A statement giving details of all Related Party Transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for its noting on quarterly basis. Particulars of contract or arrangements entered into the Company with the related referred to in sub-section (1) of Section 188 of the Companies Act, 2013 under third proviso thereto is being disclosed in Form AOC -2 and forms part of the Director's report as Annexure - 3.

17. Conservation of energy and technology absorption, foreign exchange earnings and outgo:

The details pertaining to conservation of energy and technology absorption are not applicable to the Company due to the very nature of industry in which it operates. During the year under review, there were no foreign exchange earnings and outgo.

18. Directors and Key Managerial Personnel

A. Directors

As on 31st March, 2016, the Board of Directors comprises of 4 Directors out of which 2 are Independent Directors. During the year under review, Mr. Sushil Agarwal has resigned from the Company with effect from 24th February, 2016. The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for time being in force).

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

i) Annual Evaluation by the Board, its Committees and Individual Directors

As required under section 178(2) of the Companies Act, 2013 and under Schedule IV to the Companies Act, 2013 on Code of Conduct for Independent Directors, a comprehensive exercise for evaluation of the performances of every individual director, of the Board as a whole and of its Committees of the Company has been carried by your Company during the year under review as per the evaluation criteria approved by the Board and based on guidelines given in Schedule IV to the Companies Act, 2013. For the purpose of carrying out performance evaluation exercise the Nomination and the Remuneration Committee had adopted five types of Evaluation forms and had allotted to the Board, its Committee and individual Director appropriate rating as Excellent, Very Good, Good or Satisfactory depending upon their performance. Such evaluation exercise has been carried out on:

- (a) Independent Directors by the Board
- (b) Non-Independent Directors by all the Independent Directors
- (c) The Board as a whole and its Committees by all the Independent Directors
- (d) Individual Directors by the Nomination and Remuneration Committee.
- (e) Chairman of the Board by all the other Directors.



Having regard to the industry, size and nature of business your Company is engaged in, the evaluation methodology adopted is, in the opinion of the Board, sufficient, appropriate and is found to be serving the purpose. Meeting of Independent Directors was held on 1st March, 2016.

(ii) Board Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee formulated a policy for selection and appointment of Directors, Senior Management and their remuneration.

(III) Managerial Remuneration

The details on remuneration to Director/Manager are disclosed in the extract of Annual Return.

(iv) Audit Committee

In compliance with the provisions of Section 177 of the Companies Act, 2013 and in accordance with the Directions of National Housing Bank, the Board of Directors had constituted Audit Committee. Details of the composition of the Committee and the meeting(s) held during the year are given in Corporate Governance.

B. Key Managerial Personnel

Ms. Anjali Makhija is Chief Financial Officer and Manager of your Company and Mr. Muthiah Ganapathy is the Company Secretary of the Company.

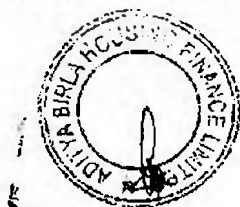
19. Internal Audit Framework

The Board of Directors had appointed KPMG as Internal Auditors of the Company and approved the scope and the plans for the year. The objective of the Internal Audit is to cover the following:

- Review adequacy and effectiveness of transaction controls
- Review the operation of the Control Supervisory Mechanisms
- Recommend improvements in process and procedures and
- Surface significant observations and recommendations for process improvements in concise report for discussion with senior management.

20. Particulars of Employees

The Information on remuneration as per the provisions of section 197 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure 4. In accordance with the provisions of Section 197 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement containing particulars of employees including their names and other particulars of employees are to be set out in the Directors Report as an addendum.



In terms of the provisions of section 197 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (12), will be provided upon request.

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

21. Vigil Mechanism/ Whistle Blower policy

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, Company has Whistle Blower Policy in place providing a platform to all the employees, vendors and customers to report any suspected or confirmed incident of fraud/misconduct through any of the determined reporting protocols. The Company has Vigil Mechanism provided for in the said Whistle Blower policy.

22. Policy for prevention of Sexual Harassment at work place

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The following is a summary of sexual harassment complaints received and disposed off during the year 2015-16:

No of Complaints received	:	None
No of Complaints disposed off	:	None

23. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013 ("the Act"), your Directors confirm that, to the best of their knowledge and belief:

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- appropriate accounting policies have been selected and applied consistently and such judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit and loss of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the



assets of the Company and for preventing and detecting fraud and other irregularities;

- the attached Statement of Accounts for the financial year ended March 31, 2016 have been prepared on a "going concern basis";
- that appropriate internal financial controls are laid down by the company and that such internal financial controls are adequate and were operating effectively.
- proper systems are in place to ensure compliance of all laws applicable to the Company and that such systems were adequate and operating effectively; and
- all related party transactions are disclosed in Schedule 22 of notes to accounts in terms of Companies Act, 2013 and the rules made thereunder and the Accounting Standard 18.

24. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as "Annexure 5".

25. Auditors and Auditors' Report

M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005) holds office as Statutory Auditors of the Company upto the ensuing Annual General Meeting. M/s S.R. Batliboi & Co. LLP have completed their 2 terms of appointment and are not eligible for appointment. M/s. Deloitte Haskins & Sell LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) have offered themselves for appointment. A certificate from them has been received to the effect that their appointment as Statutory Auditors of the Company, if made, would be within the limits prescribed under Section 139(2) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force). The auditors have further certified that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the "Peer Review Board" of ICAI. The Board, on the recommendation of the Audit Committee, proposes the appointment of Deloitte Haskins & Sell LLP, Chartered Accountants as the Statutory Auditors of the Company. The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 145 of the Companies Act, 2013.

26. Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company has appointed M/s. BNP & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit for the year under review is annexed herewith as "Annexure 6".

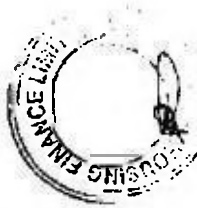


27. Appreciation

Your Directors wish to place their sincere appreciation for the valuable advice, guidance and support provided by the regulators and statutory authorities from time to time. Your Directors express their gratitude to the clients, bankers and all business associates for their continuous support and patronage to the Company. Your Directors take this opportunity to recognize and place on record their deep sense of appreciation for the exemplary commitment and contribution made by employees at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

For and on behalf of the Board

**Place: Mumbai
Date: May 04, 2016**



Ajay Srinivasan
Ajay Srinivasan
Director
00121181

Rakesh Singh
Rakesh Singh
Director
07006067

Management Discussion & Analysis

1. Brief on global economy

The global macroeconomic landscape is currently charting a rough and uncertain terrain characterized by weak global growth. The situation has been exacerbated by; (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible of them, (ii) turbulent financial markets (more equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-averse behavior of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress.

In light of this, 2015-16 was a year of adjustment and expectation management. Expectations of world GDP growth from many quarters have been below 3%. During the last year, we stumbled from one mini economic crisis to another in form either the Greek debt crisis or the Chinese devaluation and then the commodity crash. Although, we have seen a patchy recovery in the equity and commodity market of January-February this year, this can be attributed to the NIRP (Negative Interest Rate Policy) regime implemented by BoJ and the ECB, aided by the reduced expectation of rate hike by Fed. The faith in such a recovery seems limited at this point and that is getting manifested in continued downturn in most commodity prices (apart from Crude).

Brief on Indian economic performance including growth, CAD, FD, key reforms and outlook for next year

FY16 was a volatile year for our markets, while policy rates eased, inadequate transmission created trouble and credit markets came under some stress. We saw policy rates ease by 75bps in FY16 and expect the easing cycle to continue in FY17 through the use of both- rate cuts and better transmission measures.

Continued moderation in CPI inflation was another highlight of the year gone by. As RBI more than achieved its target CPI of 6% by Jan 2016, they continued with the monetary easing cycle that started in Jan 2015. Contained food inflation, low global commodity prices and persistent output gap were the key drivers of well-behaved inflation.

Adherence to fiscal consolidation was also a welcome move. The government managed to stick to the targeted fiscal deficit of 3.9% of GDP in FY16 as more than budgeted indirect tax revenues came to bridge in the gap created by divestment shortfall. In FY17 also, fiscal discipline continued as the govt. stuck to the targeted 3% of GDP as fiscal deficit. While there is some skepticism with respect to the ambitious non tax revenue target, the indirect tax receipts may continue to make up for the slippage if any.



2. Industry performance and Outlook

Performance

The total housing credit outstanding in India as on December 31, 2015 crossed Rs.11.9 trillion for an annualized 18% growth in 9M FY2016 over the Rs.10.5 trillion of March 31, 2015. Housing credit growth picked up late Q2 FY2016 onwards, supported by disbursements against construction linked loans, growth in the small-ticket affordable-housing segment, demand from Tier II and III cities, and some increase in primary sales during the festive season. The share of HFCs and NBFCs in the overall mortgage finance market has remained at similar levels, at 37% as on December 31, 2015. The growth for HFCs and NBFCs (17% annualized in 9M FY2016) has largely been driven by the higher growth in the portfolio of the smaller HFCs (assets under management, or AUM, of less than Rs.450 billion), which focus on relatively high-growth segments like affordable housing, self-employed. HFCs and NBFCs may continue to increase their market share on the strength of this focused approach and comparatively superior service levels. However, banks are also likely to maintain their current sizeable share of the market (67%). Access to stable low-cost funds and consequent ability to offer loans at competitive interest rates and an extensive distribution network have helped them create a broad customer base and so higher quantum of balance transfer cases from HFCs to banks. While the overall banking-sector credit growth remains muted, housing credit growth for banks has been higher in 9MFY2016 at 18% (annualized) than in the previous years. Given the existing asset quality related challenges in their corporate loan books, emphasis will shift towards the retail segment such as housing loans that will continue to fuel this growth.

In terms of key performance indicators, HFCs continued to report good profitability indicators with return on equity (ROE) at 18.8% in 9M FY2016 (20% for FY2015). Spreads are expected to decline marginally by 10-15 bps, given the highly competitive scenario, which could lead to dilution of incremental spreads.

Non-interest income could also reduce because of lower processing fees charged from the customer. However, profitability is likely to be supported by stable operating expenses and credit costs. As per ICRA estimates, HFCs will be able to post good returns (ROE of 17-19%) for FY2016. While pace of growth, profitability and market share remained relatively stable, there were other some developments which are important from the perspective of future performance.

- Regulatory changes to encourage low ticket affordable housing finance; coverage under SARFAESI to help HFCs in recoveries.
- Competitive intensity increasing.
- Asset quality indicators continue to hold; overall portfolio vulnerability increasing.
- Capitalization adequate, supported by external capital infusions and good internal capital generation; Larger HFCs with significant debt-market funding may see some increase in funding costs with prudential investment limits for mutual funds having been tightened.



3. Outlook

Outlook on inflation and rates and currency

After the large gains seen in CPI in FY15, the inflation has been relatively stable during the past year. It saw a high of 5.7% and a low of 3.7% during year. As of now, its core CPI (CPI excluding food, fuel and petrol/diesel) inflation, which is attracting attention from both the RBI and other economy observers.

After about 18 months of deflation, WPI has finally turned positive in April 2016. We expect WPI to stay positive in FY17, both on account of favorable base effects waning and sequential increase in prices (both naturally and administered- read- import duty increase et al).

With global commodity prices having stabilized at these levels and in fact some of the commodities having seen decent uptick from lows we can see WPI picking up gradually over the year thus narrowing the gap between WPI and CPI in FY17.

A direct impact of well-behaved inflation over the medium term is that the natural rate of currency depreciation is expected to taper. One of the key concerns of a foreign investor investing in Indian markets is the currency volatility which did in fact eat away most gains in the last 5 years. This is unlikely to repeat in the medium term as inflation differentials with trading partners are expected to narrow down.

Outlook on domestic growth

By far the strongest driver of growth in India is private consumption. The consumption indicators being used to estimate growth such as car and utility vehicle sales, petrol demand, uptake of personal loans, telecom subscriber base and passengers transported by airlines are all pointing to a strong and sustained revival in consumption.

This could be further augmented in FY17 by the 7th Pay Commission and better than average monsoon post two consecutive drought years. India's demographics could therefore ensure the consumption led growth will remain supported.

In light of the above, the multiple reforms being implemented by the government are a step in the right direction. But India cannot stay immune to the global business cycles and domestic structural shifts. Our assessment is that while India would continue to prosper at a superior pace versus the world, the government would need to push our so that growth can cross the 8% levels.

Outlook on earnings growth and equity market

On the earnings front, for the past six years, the market participants have been expecting strong earnings growth at the beginning of the year only to downgrade steeply by the end of the year. In FY16 also, earnings were expected to grow in high double digits only to see a revision to single digit growth after two quarters. Going into FY17, these factors could reverse. It was the fourth time in 115 years that we have seen back to back monsoon failure and there has never been a triple monsoon failure.



As predicted by IMD India is expected to receive above normal rainfall in 2016 as WPI inflation picks up, the deflator is expected to rise thus uplifting the nominal growth rate. Under the new liquidity framework, we also expect better transmission of rate cuts facilitated by change in MCLR guidelines. With these in mind, we expect that the trend could reverse in FY17 to clock earnings growth of 15% with a high degree of probability. With reasonable valuations and earnings growth, Indian markets provide an opportunity for sustainable long term wealth creation.

Credit growth in general and of NBFCs in particular

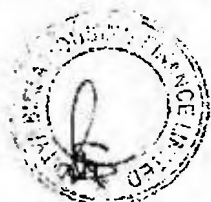
Credit growth in the economy has been subdued for the last couple of years. Industry and services credit growth has been a drag registering a single digit growth rate. On the other hand, personal & agricultural credit growth has been decent at ~15-20%.

Personal loan category has been a bright spot for the credit growth. House and vehicle loans have been major growth drivers in this segment. With House and Vehicle ownership still low and household incomes rising, these categories should continue to do well. More and more people are joining the formal banking channel with government emphasizing on JAM (Jan Dhan, Aadhaar, and Mobile) trinity. Also, technology is opening up several new avenues for credit penetration. These factors present huge potential for the growth in the personal loan category.

In the Industry, the low credit growth is a reflection of low demand and, to an extent, the inability of the banking system to provide large size credit given their bruised balance sheets. With capacity utilization close to 70% and a wounded recent past, the industry hasn't been too enthused to expand the balance sheet. On the other hand, banks have gone through an extensive asset quality review by RBI and their NPAs have shot up especially in the public sector space. They are constrained in their ability to expand the loan book with capital adequacy and Tier 1 ratios running low. While balance sheet cleanup is a short term negative for the credit, it paves the way for the future credit growth.

With a transparent & accountable system in place, the future credit expansion is much more efficient and enables growth. Cleaned up balance sheets tend to avoid ever-greening and the new credit is allocated to the sectors with better growth potential. A glimpse in this phenomenon is provided by the dichotomy of PSU bank loan growth vis-à-vis private banks loan growth. With much cleaner balance sheets, private banks have been able to grow their loan books by about 20% vis-à-vis single digit growth for PSU banks.

We believe that the credit growth cycle is bottoming out in India. Personal loan growth is robust and should continue to do well as incomes rise and government delivers the financial inclusion agenda. Industry credit has been a laggard in the recent past but we believe that the worst is behind us. The economy is showing signs of recovery with government focusing on infrastructure spending. Programs like 'Make in India', Road/Rail/Port development, Renewable energy push, PM Awas Yojana (House for everyone) etc. will create huge demand for credit as private sector will kick-start the capital expenditure to participate in these programs. At the same time, the banks with the clean balance sheets would be ready to supply the loans



Long term growth outlook for the sector remains favourable owing to the Government of India's focus on Housing for All by 2022, and favourable regulations, which could push the overall housing credit growth upwards of 20%. This would mean the total housing credit outstanding of Rs 30 trillion. And consequently, mortgage penetration would increase to double digits over the next 4-5 years.

Trends in Household savings and drivers going forward

The low levels of savings rate and also its composition in favor of physical savings is one of the major impediments in kick starting investment driven growth story in India. While one of the key objectives of financial inclusion is to improve the overall financial savings of the households at large, another important step in this direction was taken by tweaking the rates of NSSF (national small savings scheme) so as to gradually shed the practice of financial repression.

We are still an economy where 47% of our financial assets reside in banks despite so many other financial instruments available that can potentially yield better returns. As this financial literacy becomes more pervasive, not only will the size of the pie increase as a whole, even the distribution between bank and non-bank sources of funding and deposits are likely to undergo a sea change, a change for good. This is not an easy task and therefore can take longer to influence saving patterns of the masses.

Other policy measures, review of FY16 and preview for FY17

Keeping alive the spirit of incremental reforms, a number of small new steps were undertaken in the year gone by. While there were some clear misses, such as GST getting stalled again, there were some important decisions as well.

India has made great strides in removing the barriers to the entry of firms, talent, and technology into the Indian economy. Less progress has been made in relation to exit.

The government's initiatives including the new bankruptcy law, rehabilitation of stalled projects, proposed changes to the Prevention of Corruption Act as well as the broader JAM agenda hold the promise of facilitating exit, and providing a significant boost to long-run efficiency and growth.

The other key focus area of the government is to improve the ease of doing business by addressing various administrative concerns and making the process simpler and quicker, not just from a foreign flows perspective but also to act as an important and much needed catalyst to facilitate investment growth in India.

Doing their bit, the RBI is also trying to unburden the banks by developing the bond markets. The recently released discussion paper on "Framework for enhancing credit supply for Large Borrowers through market mechanism" requires the large borrowers to borrow 50% of their annual borrowings from the bond markets. This could prove to be a landmark for the development of bond markets in India. A well-functioning bond market would provide an additional avenue for raising capital. It would also give transparency to the system by pricing the loan efficiently



4. Opportunities and Threats

Opportunities

- Under-penetration of financial services / products in India offers growth opportunities.
- Tremendous brand strength and extensive reach of the Birla Group.
- Opportunity to cross sell services to customers.
- Introduction of array of new products to meet the varied requirements of customers.
- The infrastructure segment is expected to see sustained growth with thrust to this sector

Threats

- Fierce competition from domestic and multinational players
- Regulatory changes
- Attraction and retention of human capital

5. Business Overview and Performance

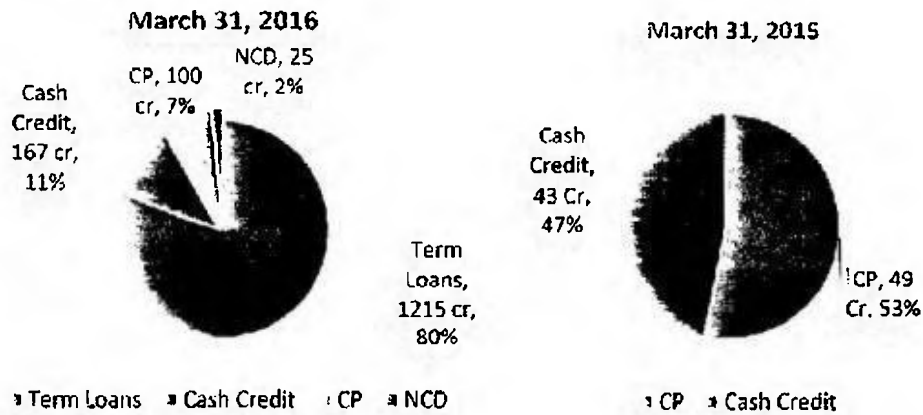
The Company, which commenced operations in Oct 2014, has rapidly grown in its first complete financial year of business. From a starting asset size of Rs.142 Crore and an active customer base of 109 accounts on 31st March 15, the Company has ended FY16 with a closing book of Rs.1,973 Cr with 1,575 active customers. This means that on average, more than 200 customers have been added every month with an average monthly disbursement of over Rs.150 Cr. For the month of March 2016, the Company touched an all-time high disbursement of Rs.360 Cr with 389 new clients added.

Along with business performance, there was focus also on distribution capabilities and delivery infrastructure, which saw the start of 36 branches across 32 markets in FY16. Over 800 channel partners were empanelled this year to improve our indirect sourcing capabilities. In the direct sourcing space, online customer acquisition, builder associations and the Aditya Birla Group ecosystem were effectively leveraged. Your company has invested significantly in setting up key systems and processes for loan origination till on-boarding and servicing backed by a robust operations platform. Considering that most of the team was newly recruited and capabilities added incrementally as the year progressed, the learning curve has been very steep and the resultant performance of your Company has been highly satisfactory. It is now well positioned to tap into the housing finance market profitably.

6. Borrowing Profile

The Company increased its relationships from 3 banks to 12 banks during the year. The limits sanctioned by these banks aggregated to Rs. 1,795 Crore. The Company shifted its borrowing profile to the longer end (82%), in line with it's build-up of assets. The borrowing profile as on March 31, 2016 and March 31, 2015, is shown below:





7. Capital Adequacy Ratio (CAR)

The Capital adequacy ratio as on 31st March, 2016 was 12.38%. The net worth of the Company as on 31st March, 2016 was Rs.204.76 Crore as against the previous year of Rs.45.77 Crore.

8. Risks

Details of Risk framework forms part of the Directors report.

9. Internal control systems and their adequacy

The Company has adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. The Company carries out extensive and regular internal audit programs, policy reviews, guidelines and procedures to ensure that the internal control systems are adequate enough to protect the Company against any loss or misuse of the Company's assets.

10. Material development in Human resources, including number of people employed

The Company has total 356 employees as on 31st March, 2016. Your Company has cordial relations with its employees. The Company commends the commitment, dedication and competence shown by its employees in all aspects of business. With the growing requirements of the Company, HR has taken various initiatives to ensure not only the retention of the employees but also their growth and development.

It has a structured induction process, robust Talent Management Process & Systems, Employee Value Proposition – "WORLD OF OPPORTUNITIES" and structured Training & Development programs across all the levels along with a thorough Rewards & Recognition Framework to celebrate valued behavior and competencies.



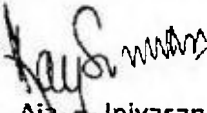
11. Cautionary Statement

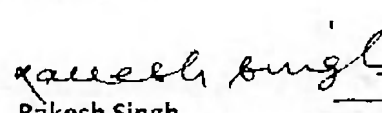
Statements in this Management Discussion and Analysis describing the Company's plan and objectives, financial conditions, business prospects, estimates and expectations may be forward looking statements which are based on the current belief, assumptions, and projections of the Directors and the management of the Company. These statements do not guarantee the future performance and are subject to known and unknown risks, uncertainties and other factors some of which may be beyond the control of the Company. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include unavailability of finance at competitive rates, significant changes in political and economic environment in India or key markets abroad, tax laws, litigations, exchange rate fluctuations, interest and other costs.

Place: Mumbai
Date: May 04, 2016



For and on behalf of the Board


Aja Inivasan
Director
00121181


Rakesh Singh
Director
07006067

Corporate Governance**Philosophy of Corporate Governance**

Your Company continues to be committed to good Corporate Governance aligned with best practices. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees and communities surrounding our offices, transparency in decision making process, fair & ethical dealings with all and accountability to all the stakeholders.

The Company on a suo-moto basis, has taken all necessary initiatives to comply with the provisions of the corporate governance to the maximum extent possible and endeavors, in true spirit, to go well beyond the mandatory provisions. As per the provisions of the Companies Act, 2013, various disclosures are now required to be in the Directors' Report of which the disclosures relating to the Directors, the Board, its Committees and their meeting are given herein below:

1) Board of Directors ("Board")

The Directors are elected by shareholders of the Company with a responsibility to set strategic objectives for the management and to ensure that the long term interests of all stakeholders are served by adhering to and enforcing the principles of sound corporate governance.

The Board members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assess them from the standpoint of the stakeholders of the Company. The Board is independent of the management.

A. Composition of the Board

The Board comprises of four Directors as on date, of which two are Independent directors. As per the provisions of the Companies Act, 2013, the Company has appointed a Manager who is not a part of the Board of Directors.

'Independent Director' in relation to a company shall mean a director other than a Managing Director or a Whole-time Director or a nominee Director of the Company who:

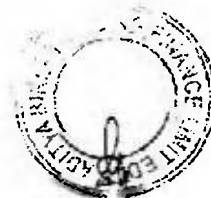
- a) in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- i) who is or was not a promoter of the company or its holding, subsidiary or associate company;



- ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- b) had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- c) none of whose relatives have or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- d) who, neither himself nor any of his relatives —
- i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - iii holds together with his relatives two per cent or more of the total voting power of the company; or
 - iv is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- e) Possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Following are the Independent Director(s) of the Company as on date:

1. Mr. Satish Mehta
2. Ms. Anita Ramachandran



B. Details of Directorships/Committee membership

The composition of our Board, their Directorships/Committee memberships and Chairmanships as on date is given in the table below:

Name of Director	Designation	No of Directorships in other Public Companies	No of Committee Memberships of other Public Companies*	Chairmanship in Committees of other Public Companies**
Mr. Ajay Srinivasan	Director	7	NIL	NIL
Mr. Rakesh Singh	Director	NIL	NIL	NIL
Mr. Satish Mehta	Independent Director	2	NIL	NIL
Ms. Anita Ramachandran	Independent Director	7	9	2

* Not including companies incorporated outside India and Private Limited Companies (other than holding or subsidiary company of a public company) and companies under section 25 of the Companies Act, 1956.

** Only Audit Committee, Nomination and Remuneration Committee of all public limited companies (whether listed or not) have been considered for the purpose of the Committee positions (membership and chairmanship).

C. Non-Executive Directors' compensation and disclosures

The Company pays sitting fees of Rs.50,000, Rs. 25,000 and Rs. 20,000 to the Independent Directors for attending each Board Meeting, Audit Committee and other Committees of Board respectively.

The details of sitting fees paid to these Independent Directors during the FY 2015 -16 are given in the table below:

(Amount in Rs.)

Name of the Director	Board Meeting	Independent Directors meeting	Audit Committee Meeting	Risk Committee	Nomination and Remuneration Committee
Mr. Satish Mehta	2,50,000	--	1,00,000	60,000	--
Ms. Anita Ramachandran	2,50,000	--	1,00,000	NA	--



D. Board Meetings

i) Agenda and Minutes

The Company Secretary receives details on the matters which require the approval of the Board/ Board Committees, from various departments of the Company well in advance, so that they can be included in the Board/ Board Committee agenda. All material information is incorporated, in detail, in the agenda papers for facilitating meaningful and focused discussions at the meeting(s).

In compliance of the statutory requirements, the following minimum information is supplied to the Board in the agenda of every quarterly Board Meeting:

- Minutes of meetings of previous Board and Committee meetings
- Noting of the minutes of Committee meetings
- Noting of Circular resolution
- Financial results of the Company
- Compliance certificate by Functional Heads
- Status of Action items taken in the previous Board meeting
- Changes in NHB regulations
- Changes in other regulations affecting the Company
- Business requirements

The draft minutes of the proceedings of each previous Board / Committee meeting is circulated along with the agenda. The Board also takes note of minutes of all Committee meetings at every Board meeting.

ii) Board meetings and attendance of directors

As a good practice a yearly calendar is prepared and circulated to all the Directors so that they can adequately plan their schedule. This ensures optimum presence of the Directors at each meeting. During the FY 2015-16, Five Board meetings were held as below:

- 1) April 23, 2015
- 2) July 15, 2015
- 3) July 28, 2015
- 4) October 29, 2015
- 5) January 28, 2016

Total 5 (Five) Board meetings were held during the FY 2015-16 and the attendance of the Directors at the Board meetings and at the last Annual General Meeting are given table below:



Name of Directors	No. of Board meetings Attended during the FY 2015-16	Attendance in the last AGM dated August 28, 2015
Mr. Ajay Srinivasan	5	No
Mr. Sushil Agarwal	1	No
Mr. Rakesh Singh	5	No
Mr. Satish Mehta	5	No
Ms. Anita Ramachandran	5	No

E. Code of Conduct

The Company has designed and implemented a Code of Conduct for all the employees of the Company. The senior management of the Company is governed by this Code of Conduct. The salient features of the said Code of Conduct policy is as under:

- Minimum standards of conduct
- Fairness in workplace
- Avoiding conflict of interest
- Dealing with other people & organization's
- Dealing with Customers
- Responsibilities
- Adherence & enforcement mechanism
- Commitment

II) Audit Committee

The provisions of Section 177 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force), prescribes that every public company having paid-up capital of not less than Rupees Ten Crore shall constitute a committee of the Board known as "Audit Committee". The primary functions which the Committee looks into are

- Overseeing company's financial reporting process and the disclosure of its financial information
- Review of Annual Financial Statements
- Management discussion and analysis of financial condition and results of operations
- Related party transactions
- Management letter/ letters of internal control weakness issued by Statutory Auditors
- Recommend appointment of Statutory Auditors and their remuneration
- Review of Internal Audit reports
- Recommend appointment of Internal Auditors and their remuneration
- Review internal audit reports on internal control weakness
- Review performance of Internal Auditors



In addition, the Audit Committee also reviews the management letters issued by the Statutory Auditors, the Internal Audit Reports and appointment, removal and terms of remuneration of the Internal Auditor.

a) Composition of Audit Committee

Our Audit Committee comprises of three members as on date viz. Mr. Ajay Srinivasan, Mr. Satish Mehta and Ms. Anita Ramachandran. Out of the above members, two member viz. Mr. Satish Mehta and Ms. Anita Ramachandran are Independent Directors. Mr. Satish Mehta is the Chairman of the Audit Committee. All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise.

The Chief Business Officer, Chief Financial Officer, Company Secretary, Head Risk, the Internal Auditors and the Statutory Auditors of the Company are invited for each of the Audit Committee meeting of the Company. The Company Secretary acts as the Secretary to the Committee.

b) Meetings of Audit Committee and attendance of Audit Committee members

The Audit Committee had met four times on the following dates:

- 1) April 23, 2015
- 2) July 28, 2015
- 3) October 29, 2015
- 4) January 28, 2016

The attendance of the Audit Committee members at the Audit Committee meetings during the F.Y. 2015-16 is given in the table below:

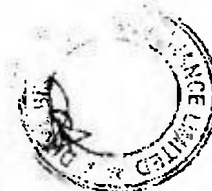
Name of the Committee member	No. of Audit Committee meetings held during the F.Y. 2014-15	
	Held	Attended
Mr. Ajay Srinivasan	4	4
Mr. Rakesh Singh	4	4
Mr. Satish Mehta	4	4

III) Other Committees of the Company

For ensuring smooth business activities, the Company has constituted various Committees with well-defined charters/policy(s) for each one of them. The following are the Committees:

A) Risk Committee

In view of the growing scale of the Company and as required by NHB norms, the Board of the Company constituted the Risk Committee as a sub-committee of the Board, to oversee the risk management and compliance activities of the Company. The primary function of the Risk Committee covers the following:



- Implementation of various directions issued by Board
- Review of Loan Portfolios
- Monitoring various risks affecting the Company
- Guiding the business to ensure effective risk management.
- Generally oversee the risk management function and perform such other related functions as the Board of the Company may entrust to it.

1) Composition of Risk Committee

The Risk Committee comprises of following members as on date viz:

- Mr. Satish Mehta
- Mr. Ajay Srinivasan
- Mr. Rakesh Singh

Mr. Satish Mehta is the Chairman of this Committee. The Company Secretary acts as the Secretary to the Committee.

2) Meetings of Risk Committee and attendance of Risk Committee members

The Risk Committee had met three times on the following dates:

- 1) June 22, 2015
- 2) September 23, 2015
- 3) February 25, 2016

B) Asset Liability Management Committee

National Housing Bank (NHB) vide its circular NHB/ND/DRS/Pol-No. 35/2010-11 October 11, 2010 has mandated that Housing Finance Companies having an asset base of Rs.100 crore are required to put in place Asset Liability Management Committee (ALM) systems and policies.

In view of the above the Board of the Company constituted the ALM to:

1. Monitor the external environment and initiate appropriate action after evaluation of the following factors:
 - Interest rate trends
 - Market liquidity
 - Monetary and fiscal policies
 - Competitor actions
2. Review balance sheet growth, mismatches and forecasts.
3. Arrive at desirable maturity profiles for assets and liabilities based on anticipated funding needs, loan demands and liquidity position.
4. Fine-tune product pricing.



C) Nomination and Remuneration Committee

Nomination and Remuneration Committee has been constituted under the Companies Act, 2013 and the Members are:

- Mr.Ajay Srinivasan
- Mr.Rakesh Singh
- Mr.Satish Mehta
- Ms. Anita Ramachandran

The Committee recommends to the Board the remuneration payable to Key Managerial Persons of the Company. The Committee did not meet once during the financial year 2015-16 and all the members were present.

IV) Disclosures

A) Related Party Transactions

The related party transactions of the Company are periodically placed and reviewed by the Audit Committee of the Company which in turn briefs the Board of Directors at the Board meetings. The details have been provided for in the Notes to Accounts.

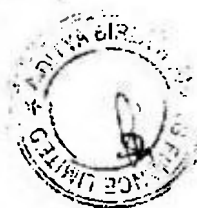
B) Remuneration of Directors

Apart from sitting fees, travelling, lodging and other incidental expenses with respect to attending Meetings of Board/ Committees payable to the Independent Directors, no remuneration is being paid to any of the Directors.

C) Shareholders & General Information

- 1) Brief profile of Directors to be re-appointed in the 7thAnnual General Meeting of the Company:

Details have been provided in the Notice of AGM.



2) General Body Meetings

The particulars of the last three Annual General Meetings (AGMs) of the Company are provided in the below Table:

AGM	Financial Year	Date of the AGM	Time	Venue
6 th	2014-15	28/08/2015	10.00 a. m	Registered Office
5 th	2013-14	30/09/2014	11.00 a.m.	Registered Office
4 th	2012-13	10/09/2013	11.00 a.m.	Registered Office

3) General Shareholder Information

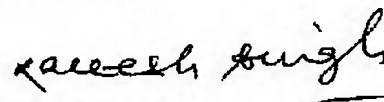
Date, Time and Venue of the 6 th Annual General Meeting	28 th August, 2015, 10.00 a.m. at the Registered Office
Financial Year	2015-16
Registration no. of the Company as per Companies Act with the Registrar of Companies. Corporate Identification Number (CIN)	U65922GJ2009PLC083779
Permanent Account Number (PAN)	AABCL6440R
Address for correspondence	One Indiabulls Centre, Tower 1, 18 th Floor, Jupiter Mill Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013

Place: Mumbai
Date: May 04, 2016



For and on behalf of the Board


Ajay Srinivasan
Director
00121181


Rakesh Singh
Director
07006067

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

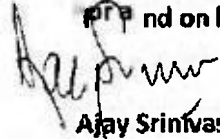
Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts / arrangements/transactions	Justification for entering into such contracts or arrangements or transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Rupees, in lakhs)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
NIL						

2. Details of material contracts or arrangements or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Rupees, in lakhs)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
NIL					

Place: Mumbai
Date: May 04, 2016

For and on behalf of the Board


Ajay Srinivasan
Director
00121181


Rakesh Singh
Director
07006067



Annexure 4

Details to be included in the Board report as per Section 197(12) & Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for Financial Year 2015-16

- 1 Ratio of remuneration of each Director to median remuneration of the employees of the company for the financial year;
Not Applicable as all the Directors of the Company are non-executive
- 2 Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager in the FY 2015-16

Ms. Anjali Makhija, CFO	Mr. Muthiah Ganapathy, CS
12.80%	5%
- 3 Percentage increase in median remuneration of employees in the FY
10.40%
- 4 No. of permanent employees on rolls of the Company
356
- 5 Explanation on the relationship between average increase in remuneration and company performance
The Company commenced operations in Oct 2014. The Company's asset size was Rs.1973 Crore with 1575 active customers as against Rs.142 Crore which had a 109 customers hence remuneration of 10.40% is fair.
- 6 Comparison of each remuneration of the Key Managerial Personnel against the performance of the company

CFO	CS
12.80%	5%
- 7 Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.
The Network of the Company as at March 31, 2016 was Rs. 204.76 Crore as against Rs. 45.77 Crore in the previous year. The shares of the Company are not listed on any stock exchange.



- 8 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration⁵
- Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year - 10.5%*
- Average percentile increase in the salaries of the managerial personnel in the last financial year – 8.90%*
- 9 The key parameters for any variable component of remuneration availed by the directors
Not Applicable
- 10 The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year
Not Applicable
- 11 It is hereby affirmed that the remuneration paid is as per the remuneration policy of the company

For and on behalf of the Board

Place: Mumbai
Date: May 04, 2016



Ajay Srinivasan
Ajay Srinivasan
Director
00121181

Rakesh Singh
Rakesh Singh
Director
07006067

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2016
of

Aditya Birla Housing Finance Limited

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	:	U65922GJ2009PLC083779
2.	Registration Date	:	27 th July 2009
3.	Name of the Company	:	Aditya Birla Housing Finance Limited
4.	Category / Sub-Category of the Company	:	Company limited by Shares
5.	Address of the Registered Office	:	Indian Rayon Compound, Veraval Gujarat 362266 INDIA
	Contact details	:	Tel. No. - 022 43567000
6.	Whether listed company	:	Only Non-Convertible Debentures are listed on National Stock Exchange.
7.	Name, Address of Registrar & Transfer Agents (RTA), if any	:	In House.
	Contact details	:	Tel. No. +91 22 43567000 Fax no: +91 22 43567266 Email : muthiah.ganapathy@adityabirla.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Home loans	6492	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Aditya Birla Financial Services Limited	U67120GJ2007PLC058890	Holding Company	100%	2(46)

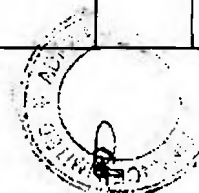


IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
(1) Indian									
(a) Individual/HUF									
(b) Central Govt									
(c) State Govt (s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp. (ABFSL)	-	5,00,49,994	5,00,49,994	99.99	-	23,92,49,986	23,92,49,986	99.99	378%
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-		5,00,49,994	5,00,49,994	99.99		23,92,49,986	23,92,49,986	99.99	378%
(2) Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		5,00,49,994	5,00,49,994	99.99		23,92,49,986	23,92,49,986	99.99	378.02%
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds									
(b) Banks / FI									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change during the year
	Demat	Physical	Total	% of Total	Dem at	Physical	Total	% of Total	
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-									
2. Non-Institutions									
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	6	6	0.01	-	14	14	0.01	-
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+(B)(2)	-	6	6	0.01	-	14	14	0.01	133%



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year %				% Change during the year
	Demat	Physical	Total	%	Demat	Physical	Total	% of Total	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	0	50050000	50050000	100	0	23,92,50,000	23,92,50,000	100	378.02

(ii) Shareholding of Promoters

S No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Aditya Birla Financial Services Limited	5,00,49,994	99.99	-	23,92,49,986	99.99	-	378.02

(III) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	5,00,49,994	99.99		
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			18.92 Crore Shares of Rs.10 each were allotted on following dates: 18/06/2015 31/07/2015 05/11/2015 29/12/2015 29/03/2015	99.99%
	At the end of the year			23,92,50,000	99.99%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	NIL				



(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Sushil Agrawal (Mr. Sushil Agrawal resigned as a Director of the Company w.e.f February 24, 2016)	1	0.00001	1	0.00001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	43.23	49.06	Nil	92.29
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	43.23	49.06	Nil	92.29
Change in Indebtedness during the financial year	1406.79	98.68	Nil	1505.47
• Addition				
• Reduction				
Net Change	1363.56	49.62	Nil	1413.18
Indebtedness at the end of the financial year	1406.79	98.68	Nil	1505.47
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1406.79	98.68	Nil	1505.47

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rs. unless stated otherwise)

Sr. No.	Particulars of Remuneration	Name of Manager and CFO- Ms. Anjali Makhija			Total Amount
		Manager and CFO	MD	WTD	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	57,69,250 NIL NIL	NA	NA	57,69,250 NIL NIL
2.	Stock Option	NIL			NIL
3.	Sweat Equity	NIL			NIL
4.	Commission as % of profit others, specify...	NIL			NIL
5.	Others, please specify	513,051			513,051
	Total (A)	62,82,301			62,82,301
	Ceiling as per the Act				84,00,000



B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors		Total Amount	
		Mr. Satish Mehta	Ms. Anita Ramachandran		
	1. Independent Directors				
	• Fee for attending board / committee meetings	4,10,000	3,50,000	7,60,000	
	• Commission	Nil	Nil	Nil	
	• Others, please specify	Nil	Nil	Nil	
	Total (1)	4,10,000	3,50,000	7,60,000	
	2. Other Non-Executive Directors	Mr. Ajay Srinivasan	Mr. Rakesh Singh	*Mr. Sushil Agrawal	
	• Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
	• Commission				
	• Others, please specify				
	Total (2)	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	4,10,000	3,50,000	7,60,000	7,60,000
	Total Managerial Remuneration				70,42,301
	Overall Ceiling as per the Act				84,00,000

*(Mr. Sushil Agrawal resigned as a Director of the Company w.e.f February 24, 2016)



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	16,66,586	62,82,301	79,63,887
		NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	15000	234448	249448
	Total	NIL	16,81,586	65,16,749	81,98,335

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishments/ compounding of offences for the year ended March 31st March, 2016

Place: Mumbai
Date: May 04,2016



For and on behalf of the Board

Ajay Srinivasan
Ajay Srinivasan
Director
00121181

Rakesh Singh
Rakesh Singh
Director
07006067

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Aditya Birla Housing Finance Limited
Indian Rayon Compound
Veraval,
Junagadh- 362266
Gujarat

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **Aditya Birla Housing Finance Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March, 2016 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, and subject to our separate letter attached as Annexure I; We hereby report that in our opinion, the Company has, during the audit period generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minutes.
- (ii) Debt Listing Agreements entered into by the Company with the Stock Exchanges.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We have also examined, on test check basis the relevant documents and records maintained by the Company under the National Housing Bank Act, 1987 and the directions issued thereunder from time to time.

Based on such examination and having regard to the compliance system prevailing in the Company; the Company has complied with the provisions of the said law during the audit period.

During the period under review, provisions of the following Act / Regulations were not applicable to the Company:

- (i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



Page 2 of 4

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

We further report that –

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company has:

1. Issued and allotted 18,92,00,000 Equity shares of Rs.10/- each for cash at par aggregating Rs.189.20 Crores on Rights basis.
2. Obtained approval from the members in the Annual General Meeting to borrow monies aggregating upto Rs.4000 Crores.
3. Obtained approval from the members in the Extra-Ordinary General Meeting to issue:
 - a. Secured Redeemable Non Convertible Debentures for an amount not exceeding Rs.2,000 Crores.
 - b. Subordinated Debt qualifying as Tier-II Capital in the form of Unsecured, Redeemable, Non Convertible Bonds for an amount not exceeding Rs.200 Crores.
4. Issued and allotted 250 Secured, Redeemable, Non Convertible Debentures ("NCDs") of face value Rs.10,00,000/- each with a green shoe option of upto Rs.25 Crores on Private Placement basis.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]



B. Narasimhan
Partner

FCS 1303 / CP No.10440

Place: Mumbai
Date: 4th May, 2016

Annexure I to the Secretarial Audit Report for the financial year ended 31st March, 2016

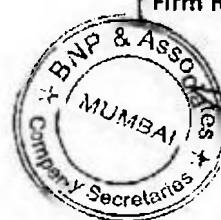
To,
The Members,
Aditya Birla Housing Finance Limited

Our secretarial audit report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

For BNP & Associates
Company Secretaries

[Firm Regn. No. P2014MH037400]



B. Narasimhan
Partner

FCS 1303 / CP No.10440

Place: Mumbai

Date: 4th May, 2016