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## NOTICE

Notice is hereby given that the 4<sup>th</sup> **Annual General Meeting** of the members of **Shriram Housing Finance Limited** will be Thursday, May 29, 2014 at 3:00 P. M. at No. 144, Santhome High Road, Shriram City Business Solutions Centre, Mylapore, Chennai - 600 004 held on to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014, the Profit and Loss Account of the Company for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Y. S. Chakravarti, who retires by rotation and being eligible, offers her for re-appointment.
3. To appoint M/s. Pijush Gupta & Co., Chartered Accountants, Kolkata, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modifications, the following resolution as ordinary resolution:

**“RESOLVED THAT** Mr. V Murali who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 17<sup>th</sup>, 2013, under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting but who is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing him for the office of Director under the provisions of Section 152 and 160 of the Companies Act, 2013, be and is hereby appointed as Director of the Company.”



**NOTES:**

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. THE PROXIES IN ORDER TO BE VALID MUST BE DULY COMPLETED, STAMPED AND SIGNED AND MUST REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

**By order of Board of Directors**

**sd/-**

**Place : Mumbai**

**Sujan Sinha  
Managing Director & CEO**

**Date : 05.05.2014**



**EXPLANATORY STATEMENT PURSUANT TO**

**SECTION 102 of THE COMPANIES ACT, 2013**

**ITEM NO 4:**

The Board of Directors appointed Mr. V. Murali as an Independent Additional Director. Mr. V Murali holds office upto the forthcoming Annual General meeting. Under section 160 of the Companies Act, 2013, the Company has received notice from a member proposing the candidature of Mr. V. Murali for the office of Director.

Mr. V Murali is a Bachelors in Commerce from the reputed Vivekanand College, Chennai. He is a fellow member of the Institute of Chartered Accountants of India and an Associate member of Institute of Cost and Works Accountants of India.

Mr. Murali is the Senior Partner of M/s. Victor Grace and Co. Chartered Accountants, Chennai. He has to his credit more than 30 years of experience in the areas of Finance, Accounts and Consultancy. He was elected as a Central Council Member of ICAI for three terms in succession for the periods of 2004-2013. He was nominated as a 'Technical Expert' by the Comptroller and Auditor General of India, New Delhi on the Audit Boards of Power Finance Corporation Limited and Rural Electrification Corporation Limited.

Since 2006-07, he has been an Executive Committee member of Madras Chamber of Commerce & Industry, Andhra Chamber of Commerce, the Tamil Chamber of Commerce and the Hindustan Chamber of Commerce.

Mr. V. Murali is a prominent social worker dedicated to public causes and connected with various Professional, Cultural, Social, Voluntary, Non Profit Organisations, Public Charitable and Welfare Organizations.

He also serves on the Board of Witzenmann (India) Pvt Ltd and Garuda Vayu Shakthi Limited.

The Board of Directors recommends the passing of the special resolutions as set out in the accompanying notice.



## DIRECTORS' REPORT

To

The Members of

Shriram Housing Finance Limited

Your Directors are pleased to present the 4th Annual Report and Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS:

(₹ in lac)

Particulars	2013-14	2012-13
Gross Income	3585.22	972.77
Other Income	587.13	719.02
Profit/ (loss) before Taxation	1571.36	9.24
Provision for Taxation	144.46	31.38
Profit/ (loss) after Taxation	1426.90	-22.14
Add: Balance brought forward	-466.93	-444.79
Balance carried to Balance Sheet	959.97	-466.93

### OPERATIONS:

During the year under review, total income of the Company for the year was ₹4172.35 lac. The Company has earned a net profit of ₹1426.90 lac for the year ended 31<sup>st</sup> March, 2014.

### DISBURSEMENTS:

The total disbursements for the financial year 2013-14 aggregated to ₹23673 lacs.

### CAPITAL STRUCTURE:

During the year under review, the authorised share capital of the company was increased from ₹115,00,00,000/- to ₹220,00,00,000/-. The paid up share capital of the company was increased from ₹91,50,00,000/- to ₹214,16,00,000/-.

### MATERIAL DEVELOPMENT:

A Shareholders' Agreement and Share Subscription Agreement was executed between the promoter Shriram City Union Finance, Valiant Mauritius Partners FDI Limited and the Company w.e.f. March 29, 2012. The amount of investment under these agreements is to be received in three tranches.

The first tranche of the investments under these agreements was received on 3<sup>rd</sup> April 2012, both from the investor, M/S Valiant Mauritius Partners FDI Limited and the promoter, M/S Shriram City Union Finance Ltd. The second and the third tranche of investment, from both the investor and promoter were received on July 17<sup>th</sup>, 2013.



### **EMPLOYEE STOCK OPTION SCHEME (ESOS)**

The Company has implemented Employees Stock Options Scheme (ESOS) approved by the members at the Extra-Ordinary General Meeting held on March 28, 2013. Under this scheme, 3,70,000 options in total have been granted to certain employees of the Company.

### **DIVIDEND:**

The Directors have not recommended any dividend for the year ended March 31, 2014.

### **NHB DIRECTIONS**

Your company continues to comply with all requirements prescribed by National Housing Bank its regulatory body.

### **MEETINGS OF BOARD OF DIRECTORS**

Four meetings of the Board of Directors were held during the year ended March 31, 2014 – on May 15, 2013, July 19, 2013, October 21, 2013 and January 22, 2014 and the maximum gap between the meetings did not exceed four months.

### **DIRECTORS:**

During the year, in July 2013, Mr. V. Murali was appointed as an Additional Director of the Company. He holds the office upto the date of the ensuing annual general meeting. The Company has received notice from a member proposing Mr. V. Murali as a candidate for the office of Director.

Mr. Y. S. Chakravarti, retires by rotation and being eligible offers himself for reappointment. Your directors recommend his re-appointment.

None of the Directors are disqualified from being appointed as Directors, as specified in Section 164 (2) of the Companies Act, 2013.

### **AUDITORS:**

M/S. Pijush Gupta & Co, retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment as Statutory Auditors, if made, would be within the limits prescribed u/s 139 (2) of the Companies Act, 2013.

Members are requested to re-appoint M/s. Pijush Gupta & Co as the Statutory Auditors of the Company for the year 2014-2015.

### **PARTICULARS OF EMPLOYEES:**

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, form a part of this report. However, as per the provisions of Section 219(1) of the Companies Act, 1956 this report and accounts are being sent to all the members of the Company and others entitled there to, excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Secretarial Office of the Company and the same will be sent by post.



#### **FIXED DEPOSITS:**

The Company has not invited/accepted/renewed any fixed deposits as per the provisions of Section 58A of the Companies Act, 1956 from the public during the year.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 (5) of the Companies Act, 2013, read with respect to Directors' Responsibility Statement, it is hereby confirmed as under:-

- That in the preparation of the annual accounts, the applicable accounting standards had been followed along with the proper explanation relating to material departure;
- That the Directors' had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year and of the loss of the Company for that period;
- That the Directors had taken proper and sufficient care, for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors had prepared the annual accounts on a going concern basis;
- That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:**

Provisions of Section 134 (3) (m) of the Companies Act, 2013 in relation to conservation of energy and technology absorption are currently not applicable to the Company.

#### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year under review, the Company had no foreign exchange earnings. There was an outgo of ₹ 1.11 lacs.



**ACKNOWLEDGEMENT:**

Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and governmental authorities. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward for their continued co-operation.

For and On behalf of Board of Directors,

**Sujan Sinha**

**Subhasri Sriram**

**Managing Director**

**Director**

**Date: Mumbai**

**Place: 26-04-2014**

**PIJUSH GUPTA & CO**  
CHARTERED ACCOUNTANTS

P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA –700 010

**INDEPENDENT AUDITOR’S REPORT**

To the Members of  
Shriram Housing Finance Limited

We have audited the accompanying financial statements of Shriram Housing Finance Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement respectively for the year then ended, and a summary of significant accounting policies and other explanatory information incorporated in the Schedules and Notes to Accounts attached thereto.

**Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of Internal Control relevant to the preparation 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:



**ACKNOWLEDGEMENT:**

Your Directors place on record their appreciation for the support and assistance received from the investors, customers, vendors, bankers, financial institutions, business associates, regulatory and governmental authorities. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward for their continued co-operation.

For and On behalf of Board of Directors,

**Sujan Sinha**

**Subhasri Sriram**

**Managing Director**

**Director**

**Date: Mumbai**

**Place: 26-04-2014**

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2005 ("the Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Company, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Act.

For Pijush Gupta & Co.  
Chartered Accountants  
Firm Registration Number: 309015E

Mumbai  
April 26, 2014.

Ramendra Nath Das  
Partner  
Membership No.014125

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in our Independent Auditors' Report of even date in respect of financial year ended March 31, 2014, of Shriram housing Finance Limited ("the Company"))

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such physical verification.  
  
(c) There was no disposal of substantial part of its fixed assets during the year.
2. The Company is primarily engaged in the business of providing long term finance for housing loans and therefore does not hold any physical inventories.
3. A Loan facility amounting to Rs.25 crores availed during the year from M/s.Shriram City Union Finance Ltd, a Company listed in the register maintained under section 301 of the Companies Act, 1956, has since been fully repaid.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services. There are no purchases of inventory and sale of goods during the period of audit. During the course of our audit, we have not observed any major weakness in such internal control system.
5. To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements, the particulars of which need to be entered into register maintained in section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanation given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in respect of the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the services rendered by the Company.
9. (a) According to the information and explanations provided to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, service tax, income tax, and other material statutory dues applicable to it and there are no dues payable in respect of Employees' State Insurance, Investor Education and Protection Fund, Excise duty, Custom Duty and Sales Tax.  
  
(b) There were no undisputed amounts payables in respect of Income-tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, wealth tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
10. The Company has been incorporated on November 09, 2010. The question of accumulated losses is not applicable now.
  11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or financial institutions.
  12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
  13. In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/society.
  14. In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures.
  15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
  16. As appears from our examination of Company's books and records the Company has not obtained any term loans.
  17. In our opinion and according to the information and explanations given to us, and on overall examination of the books and records no funds have been raised by the Company on short term basis.
  18. The Company, during the year has made preferential allotment of equity shares to parties and companies covered in the registrar maintained under section 301 of the Companies Act, 1956. The price at which the shares have been issued is not prejudicial to the interest of the Company.
  19. According to the information and explanations given to us, during the period, the Company has not issued any secured debentures.
  20. During the period covered by our audit report, the Company has not raised any money by way of a public issue.
  21. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been committed during the year under audit.

**For Pijush Gupta & Co.**  
**Chartered Accountants**  
**Firm Registration No:309015E**

**Ramendra Nath Das**  
**Partner**  
**Membership No. 014125**

**Shriram Housing Finance Limited**

₹ in lacs

Balance Sheet as at March 31,	Notes	2014	2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share capital	5	21,416.00	9,150.00
(b) Reserves and surplus	6	13,139.97	4,908.07
		<b>34,555.97</b>	<b>14,058.07</b>
<b>2. Non-Current Liabilities</b>			
(a) Other Long-term liabilities	7	117.39	117.39
(b) Long-term provisions	8	237.13	87.04
		<b>354.52</b>	<b>204.43</b>
<b>3. Current Liabilities</b>			
(a) Other current liabilities	7	93.89	367.54
(b) Short-term provisions	8	46.58	16.40
		<b>140.47</b>	<b>383.94</b>
<b>TOTAL</b>		<b>35,050.96</b>	<b>14,646.44</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	107.90	94.38
(ii) Intangible assets	9	45.16	79.09
(b) Non-current investment	10	994.19	-
(c) Deferred tax assets (net)	11	77.47	13.01
(d) Long-term loans and advances	12	30,839.18	11,175.23
(e) Other non-current assets	13	262.11	294.51
		<b>32,326.01</b>	<b>11,656.22</b>
<b>2. Current Assets</b>			
(a) Cash and bank balances	14	1,228.00	436.03
(b) Current investments	15	200.75	2,119.32
(c) Short-term loans and advances	12	1,193.82	362.43
(d) Other current assets	13	102.38	72.44
		<b>2,724.95</b>	<b>2,990.22</b>
<b>TOTAL</b>		<b>35,050.96</b>	<b>14,646.44</b>

The notes referred to above form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors of  
Shriram Housing Finance Limited

For Pijush Gupta & Co.  
Firm Registration No : 309015E  
Chartered Accountants

Sujan Sinha  
Managing Director & CEO

Subhasri Sriram  
Director

Ramendra Nath Das  
Partner  
Membership No : 014125

Nikita Hule  
Company Secretary

Place: Mumbai.  
Date: April 26, 2014

**Shriram Housing Finance Limited**

₹ in lacs

Statement of Profit and Loss for the year ended March 31,	Notes	2014	2013
Revenue from operations	16	3,585.22	972.77
Other Income	17	587.13	719.02
<b>Total Revenue</b>		<b>4,172.35</b>	<b>1,691.79</b>
<b>Expenses:</b>			
Employee benefits expense	18	956.56	624.90
Finance costs	19	20.57	-
Depreciation and amortization expense	9	67.02	53.33
Other expenses	20	1,414.58	939.11
Provisions & write-offs	21	142.26	65.21
<b>Total Expenses</b>		<b>2,600.99</b>	<b>1,682.55</b>
<b>Profit before tax</b>		<b>1,571.36</b>	<b>9.24</b>
Tax Expense:			
(1) Current tax		236.84	-
(2) Less: MAT credit entitlement		(27.92)	
(3) Deferred tax		(64.46)	31.38
<b>Total tax expense</b>		<b>144.46</b>	<b>31.38</b>
<b>Profit after tax from continuing operations</b>		<b>1,426.90</b>	<b>(22.14)</b>
<b>Earnings per equity share of par value ₹10/- each</b>	22		
(1) Basic (₹)		0.82	(0.02)
(2) Diluted (₹)		0.82	(0.02)

The notes referred to above form an integral part of the financial statements.

As per our Report of even date

For and on behalf of the Board of Directors of  
Shriram Housing Finance Limited

For Pijush Gupta & Co.  
Firm Registration No : 309015E  
Chartered Accountants

Sujan Sinha  
Managing Director & CEO

Subhasri Sriram  
Director

Ramendra Nath Das  
Partner  
Membership No : 014125

Nikita Hule  
Company Secretary

Place: Mumbai.  
Date: April 26, 2014

**Shriram Housing Finance Limited**
**₹ in lacs**

Cash Flow Statement for the year ended March 31,	2014	2013
<b>A) Cash flow from Operating activities</b>		
Net profit/Loss before taxation	1,571.36	9.24
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	67.02	53.33
Provision for sub standard, doubtful & loss assets	60.69	-
Contingent Provision on Standard assets	81.57	44.21
Provision for Gratuity	11.30	2.20
Provision for Leave Benefits	3.43	2.56
Provision for Lease Rental	17.33	19.14
Provision for Bonus and Ex-gratia	5.95	9.53
Interest income on current and long term investments and interest- income on fixed deposits	(0.29)	(316.93)
Dividend Income	(537.06)	(334.49)
Interest recd - others	(0.10)	-
Profit on sale of assets	(0.01)	-
Profit on sale of Investment	(40.93)	(61.95)
Misc Income	(8.49)	-
<b>Operating profit before working capital changes</b>	<b>1,231.77</b>	<b>(573.16)</b>
Movement in Working capital:		
(Increase) / decrease in Short-term loans and advances	(831.39)	(356.99)
(Increase) / decrease in Long-term loans and advances	(19,663.95)	(10,642.20)
(Increase) / decrease in other current assets	(29.94)	(57.72)
(Increase) / decrease in other non-current assets	32.40	(234.75)
Increase / (decrease) in current liabilities	(273.65)	452.33
<b>Cash generated from operation</b>	<b>(19,534.76)</b>	<b>(11,412.49)</b>
Direct Taxes Paid(Net of Refund)	208.92	-
<b>Net Cash flow from/(used in) operating activities (A)</b>	<b>(19,743.68)</b>	<b>(11,412.49)</b>
<b>B) Cash flow from investing activities</b>		
Purchase of fixed and intangible assets	(46.61)	(155.77)
Proceeds from sale of assets	0.01	-
Purchase of investments	(41,422.19)	(25,561.00)
Proceeds from Sales of investment	42,707.48	23,829.94
Interest received on current and long term investments and interest on- fixed deposits	0.29	316.93
Dividend received	217.08	8.18
Interest received others	0.10	-
Misc income	8.49	-
<b>Net Cash flow from/(used in) investing activities (B)</b>	<b>1,464.65</b>	<b>(1,561.72)</b>
<b>C) Cash flow from financing activities</b>		
Issue of equity share capital including securities premium & share application money	19,071.00	13,045.00
<b>Net Cash flow from/(used in) financing activities (C)</b>	<b>19,071.00</b>	<b>13,045.00</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>791.97</b>	<b>70.79</b>
Cash and cash equivalents at the beginning of the year	436.03	365.24
<b>Cash and cash equivalents at the end of the year</b>	<b>1,228.00</b>	<b>436.03</b>

₹ in lacs

<b>Component of cash and cash equivalents</b>	<b>For the year ended March 31, 2014</b>	<b>2013</b>
Cash on hand	3.75	0.07
Balances with banks:		
- Current Account	1,224.25	435.96
<b>Total Cash and cash equivalents</b>	<b>1,228.00</b>	<b>436.03</b>

As per our Report of even date

For and on behalf of the Board of Directors of  
Shriram Housing Finance Limited

For Pijush Gupta & Co.  
Firm Registration No : 309015E  
Chartered Accountants

Sujan Sinha  
Managing Director & CEO

Subhasri Sriram  
Director

Ramendra Nath Das  
Partner  
Membership No : 014125

Nikita Hule  
Company Secretary

Place: Mumbai.  
Date: April 26, 2014

## **Notes to Financial Statements for the year ended March 31, 2014.**

### **1. The Entity**

Shriram Housing Finance Limited (the “Company”) is registered as a public limited company under the Companies Act, 1956, having received its Certificate of Incorporation on November 9, 2010 and Certificate of Commencement of Business on January 21, 2011, from The Registrar of Companies (ROC). The company received its Certificate of Registration from National Housing Bank (NHB) as required under Section 29A of the National Housing Bank Act, 1987, on August 4, 2011. The Company is a subsidiary of Shriram City Union Finance Limited (SCUF). The Company is engaged in the business of providing home loans.

### **2. Basis of Preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956 and the guide- lines issued by NHB as applicable to the Company. The financial statements have been prepared on an accrual basis and under the historical cost convention.

### **3. Consistency of Accounting Policies**

Accounting Policies adopted in the preparation of these financial statements are consistent with those of previous year except where specifically indicated in the paragraphs below.

### **4. Significant Accounting Policies**

#### **4.1 Use of estimates**

Preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of the operations for the reporting year. 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 and/or liabilities in future periods.

#### **4.2 Tangible Fixed Assets**

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for intended use. Borrowing costs relating to acquisition of fixed assets are capitalized to the extent they relate to period till such assets are ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenditure is incurred.

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.

Depreciation on Fixed Asset is calculated on a straight line basis as per the useful lives of the assets estimated by the management, or, by using rates prescribed under the Schedule XIV to Companies Act, 1956, whichever is higher. Leasehold Improvements are amortized at a rate of 20% or over the lease period whichever is higher.

### **4.3 Capital Advances**

Capital advances are advances given for procurement of fixed assets. Company does not expect to realize them in cash and over a period of time these advances get converted into fixed assets. These advances are non-current in nature. Therefore irrespective of when the fixed assets are expected to be received such advances are disclosed under Long-Term Loans and Advances.

### **4.4 Intangible Assets**

Intangible assets comprising computer software acquired separately are measured and recognised at cost. Such assets generated internally are capitalized at all expenditure that can be directly attributed or allocated including overheads on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Expenditure over and above development costs as above are not capitalized and are recognized as expense and reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of such assets. It is presumed that the useful economic life of Computer Software will not exceed three years from the date such assets are available for use. If there is a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

### **4.5 Investments**

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. Cost comprises of purchase price and directly attributable acquisition expenses like brokerages and other fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on individual investment basis. Long-term Investments including non-current and current portions thereof are carried at cost. However provision for diminution in value of long-term investments is made to recognize a decline in value other than temporary in nature.

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

### **4.6 Home Loans**

Home Loans consist of secured loans given for acquisition of property and/or loans against existing property. Home loans are classified under Current and Non-Current categories depending upon their respective due dates of recovery. Normal finance charges accrued as per agreement and expenses recoverable are added to the principal amounts outstanding as on reporting date. The assets are disclosed net of write-offs.

A Loan which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower is identified as a Loss Asset. Entire loss assets are written off and if such assets are carried in the books for any reason whatsoever, provision is made in the books for a full 100% amount of the outstanding.

Provision for other Doubtful and Sub-Standard Assets is made in the books subject to the minimum prescribed under the provisions of National Housing Finance Companies (NHB) Directions, 2010. Such provisions are not netted from gross advances but are disclosed separately.

### **4.7 Revenue Recognition**

Interest income on home loans disbursed is recognised on accrual basis. Loans are repayable in Equated Monthly Installments (EMIs) along with interest. EMIs commence only on disbursal of entire sanction amount. Pre-EMI interest is payable monthly where the loan is partly disbursed.

Profit/Loss on sale of investments is recognized at the time of sale/redemption.

Dividend is recognized as income in the year in which right to receive such dividend is established.

Interest on deposits with banks and other institutions is recognized as income on a time proportion basis to the extent said deposits were outstanding during the year.

Additional finance charges / additional interest are treated to accrue on realization due to uncertainty of its realization.

#### **4.8 Contingent Liabilities**

The Company does not recognize a contingent liability but discloses its existence in the financial statement. Contingent liability for this purpose is a possible obligation that arises from past events whose value will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. Contingent liabilities also include a present obligation that is not recognized as there is a possibility that outflow of resources will not arise to settle the obligation. A contingent liability also arises where there is a liability that cannot be measured reliably.

#### **4.9 Provisions**

A provision is recognized when the Company has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Values of such provisions are determined based on the best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimate.

#### **4.10 Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Provident Fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the Provident Fund.

The Company operates one defined benefit plan for its employees, viz., gratuity. Provision for costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. The actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the statement of profit and loss in the period in which they occur.

Accumulated leave which is expected to be utilized within the next 12 months is treated as short term employee benefit. The Company measures the expected cost of such entitlements as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long term entitlements are provided for based on actuarial valuation using projected unit credit method at year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. Both the schemes of gratuity and accumulated leave are un-funded.

#### **4.11 Operating Leases**

Properties taken on operating lease are not capitalized and lease payments are recognized as expense in the year in which such expenditure is incurred.

#### **4.12 Income Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities calculated in accordance with the provisions laid down in the Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating in the current year and reversal of timing differences of the earlier years. Tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted as on the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for all deductible timing differences, subject to consideration of prudence to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In case the Company has unabsorbed depreciation or carry forward losses under tax laws deferred tax assets are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In case the Company is having or approaching tax holiday in near future no deferred tax asset or liability is recognized in respect of timing differences that would reverse during the tax holiday period to the extent the Company's gross total income is subject to deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

The Company on each reporting date re assesses unrecognized deferred tax assets and recognizes hitherto unrecognized deferred tax assets to the extent the same fulfills criteria for such recognition as above. Similarly the carrying amounts of deferred tax assets are reviewed at each reporting date and writes down or reverses write downs as the case may be depending upon circumstances obtaining at that time.

The Company sets off assets and liabilities representing current tax as there is legally enforceable right to set off the recognized amounts and the Company intends to settle the asset and liability on a net basis. The deferred tax assets and deferred tax liabilities are similarly set off.

#### **4.13 Segment Reporting Policies**

The main business of the Company is to provide long term home loans. Accordingly there is no separate reportable segment as per "Accounting standard AS 17 Segment Reporting"

#### **4.14 Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after deducting attributable taxes by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **4.15 Cash and cash equivalents**

Cash equivalents are held for the purpose of meeting short-term cash commitments. Cash equivalents are short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash in hand, cheques in hand, remittances in transit and short-term investments with an original maturity of three months or less.

## 5.Share Capital

₹ in lacs

Particulars	As at March 31,	
	2014	2013
<b>Authorised</b>		
22,00,00,000( Previous Year : 11,50,00,000) equity shares of ₹10/- each	22,000.00	11,500.00
	<b>22,000.00</b>	<b>11,500.00</b>
<b>Issued, subscribed and fully paid-up equity shares</b>		
21,41,60,000 (Previous Year : 9,15,00,000) equity shares of ₹10/- each	21,416.00	9,150.00
<b>Total Issued, Subscribed and fully Paid-up share capital</b>	<b>21,416.00</b>	<b>9,150.00</b>

### 5.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31,2014		As at March 31,2013	
	Number	₹ in lacs	Number	₹ in lacs
Shares outstanding at the beginning of the year	91,500,000	9,150.00	14,800,000	1,480.00
Shares Issued during the year	122,660,000	12,266.00	76,700,000	7,670.00
Shares outstanding at the end of the year	214,160,000	21,416.00	91,500,000	9,150.00

**5.2 Terms/Rights attached to Equity Shares:** The Company has only one class of equity shares having a face value of ₹ 10/- per equity share. Each holder of equity share is entitled to one vote per share.

### 5.3 Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31,2014		As at March 31,2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Valiant Marutius Partners FDI Ltd	48,720,000	22.75%	21,500,000	23.50%
Shriram City Union Finance Ltd., and it's Nominees	165,440,000	77.25%	70,000,000	76.50%

**5.4** There are no shares allotted as fully paid up pursuant to any contract without payment being received in cash, and there are no shares allotted as bonus shares, during the period of five years immediately preceding the date of the Balance Sheet

## 6. Reserves & Surplus

Particulars	₹ in lacs	
	<u>As at March 31,</u>	
	2014	2013
<b>Securities premium</b>		
Opening balance	5,375.00	5,375.00
Add: Securities premium credited during the year	6,805.00	-
Closing balance	12,180.00	5,375.00
<b>Statutory reserve ( Pursuant to Section 29C of the NHB Act, 1987)</b>		
Opening balance	-	-
Add: During the year	285.38	-
Appropriation during the year	-	-
Closing balance	285.38	-
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	(466.93)	(444.79)
Add: Net profit for the year	1,426.90	(22.14)
Less: Appropriations	-	-
-Transfer to statutory reserve (Pursuant to Section 29C of the NHB Act, 1987)	285.38	-
Net surplus in the statement of Profit and Loss	674.59	(466.93)
<b>Total</b>	<b>13,139.97</b>	<b>4,908.07</b>

## 7. Other liabilities

Particulars	₹ in lacs			
	Long Term		Short Term	
	<u>As at March 31,</u>		<u>As at March 31,</u>	
	2014	2013	2014	2013
Tax deducted at source	-	-	1.61	16.11
Outstanding expenses	-	-	88.14	46.95
Service tax payable	-	-	0.20	-
Rent deposit	117.39	117.39	-	-
Stale cheque account	-	-	3.83	-
Retention money	-	-	0.11	-
Deposit from employees	-	-	-	35.00
Temporary bank overdraft in cash book	-	-	-	269.48
<b>Total</b>	<b>117.39</b>	<b>117.39</b>	<b>93.89</b>	<b>367.54</b>

## 8. Provisions

Particulars	₹ in lacs			
	Long Term		Short Term	
	<u>As at March 31,</u>		<u>As at March 31,</u>	
	2014	2013	2014	2013
<b>Provision for Employee benefits:</b>				
Provision for gratuity( Refer Note No. 4.10)	31.70	20.41	0.01	-
Provision for leave benefits (Refer Note No. 4.10)	5.95	2.80	0.56	0.28
Provision for bonus and ex-gratia	-	-	20.60	14.65
<b>Other provisions:</b>				
Provision for lease rent	17.57	19.14	18.89	-
Contingent provision for housing loans of standard assets as per NHB Directions, 2010	103.17	39.12	3.55	1.30
Provision for housing loans of sub standard assets as per NHB Directions, 2010	55.28	-	1.65	-
Contingent provision for non- housing loans of standard assets as per NHB Directions, 2010	19.84	5.57	1.18	0.17
Provision for non- housing loans of sub standard assets as per NHB Directions, 2010	3.62	-	0.14	-
<b>Total</b>	<b>237.13</b>	<b>87.04</b>	<b>46.58</b>	<b>16.40</b>

**9. Tangible and Intangible Fixed Assets**

Particulars	Tangible Assets								Total Tangible Assets	Intangible Assets Computer Software	Total Fixed Assets
	Land	Building	Plant and Machinery	Furniture and Fixtures	Vehicles	Leasehold Improvements	Total Tangible Assets				
<b>Gross Block</b>											
As at April 1, 2012	-	-	30.53	3.67	-	44.65	78.85	0.34	79.19		
Additions	-	-	34.82	2.11	-	7.66	44.59	111.18	155.77		
Disposals	-	-	-	-	-	-	-	-	-		
<b>As at March 31, 2013</b>			<b>65.35</b>	<b>5.78</b>		<b>52.31</b>	<b>123.44</b>	<b>111.52</b>	<b>234.96</b>		
Additions	-	-	33.32	2.70	-	7.24	43.26	3.35	46.61		
Disposals	-	-	0.03	-	-	-	0.03	-	0.03		
<b>As at March 31, 2014</b>			<b>98.64</b>	<b>8.48</b>		<b>59.55</b>	<b>166.67</b>	<b>114.87</b>	<b>281.54</b>		
<b>Depreciation</b>											
As at April 1, 2013	-	-	10.96	1.49	-	16.61	29.06	32.43	61.49		
Charge for the year	-	-	12.78	1.76	-	15.20	29.74	37.28	67.02		
Disposals	-	-	0.03	-	-	-	0.03	-	0.03		
<b>As at March 31, 2014</b>			<b>23.71</b>	<b>3.25</b>		<b>31.81</b>	<b>58.77</b>	<b>69.71</b>	<b>128.48</b>		
<b>Net Block</b>											
As at March 31, 2013	-	-	54.39	4.29	-	35.70	94.38	79.09	173.47		
As at March 31, 2014	-	-	74.93	5.23	-	27.74	107.90	45.16	153.06		

₹ in lacs

## 10. Non current investments

Particulars	₹ in lacs	
	As at March 31,	
	2014	2013
<b>Long-term investment Other than trade</b>		
A. Investment in PTC	994.19	-
<b>Total</b>	<b>994.19</b>	<b>-</b>

## 11. Deferred tax assets (Net)

Particulars	₹ in lacs	
	As at March 31,	
	2014	2013
<b>Deferred tax liabilities</b>		
Timing difference on account of : Differences in depreciation as per income tax & as charged in financial statement	(14.13)	(15.94)
<b>Gross deferred tax liabilities (A)</b>	<b>(14.13)</b>	<b>(15.94)</b>
<b>Deferred tax asset</b>		
Timing difference on account of : Contingent provision against standard assets Provision for sub standard assets Provision for lease rent Provision for leave encashment Provision for gratuity Preliminary expenditure Provision for bonus	43.42 20.63 12.39 2.21 10.78 0.37 1.80	14.26 - 5.91 0.95 6.31 0.51 1.01
<b>Gross deferred tax assets (B)</b>	<b>91.60</b>	<b>28.95</b>
<b>Deferred tax asset (Net) (B-A)</b>	<b>77.47</b>	<b>13.01</b>

## 12. Loans and Advances

Housing and Non-Housing loans granted by the Company are secured by equitable mortgage of the property Financed; there are no loans & advances to related parties. (Refer Note No: 27)

Particulars	₹ in lacs			
	Long Term		Short Term	
	As at March 31,		As at March 31,	
	2014	2013	2014	2013
<b>Housing Loans - Secured, considered good</b>				
Standard assets	25,487.35	9,779.61	888.02	319.27
Sub standard assets	368.55	-	11.00	-
<b>Non housing loans - Secured, considered good</b>				
Standard assets	4,959.14	1,393.12	293.86	43.16
Sub standard assets	24.14	-	0.94	-
<b>Unsecured, considered good- Capital advances</b>	-	2.50	-	-
<b>Total</b>	<b>30,839.18</b>	<b>11,175.23</b>	<b>1,193.82</b>	<b>362.43</b>

**13. Other assets**

Particulars	₹ in lacs			
	Non-current		Current	
	<u>As at March 31,</u>		<u>As at March 31,</u>	
	2014	2013	2014	2013
Interest receivable on fixed deposits	-	-	-	0.89
Service tax credit (input) receivable	-	-	-	9.70
Prepaid expenses	-	-	3.56	0.75
Advance salary	-	-	0.61	-
TDS receivable	-	-	53.94	44.35
Security deposit	261.82	294.26	1.50	-
Fixed deposit with bank under lien (Refer Note No.26a)	-	-	-	7.00
Telephone deposit	0.04	-	-	-
Other advances	-	-	11.07	9.75
Advances for assets	0.25	0.25	-	-
Travelling advances-general	-	-	0.37	-
Advance tax-income tax	-	-	3.16	-
MAT Credit Entitlement	-	-	27.92	-
Interest receivable on PTC	-	-	0.25	-
<b>Total</b>	<b>262.11</b>	<b>294.51</b>	<b>102.38</b>	<b>72.44</b>

**14. Cash and bank balances**

Particulars	₹ in lacs			
	Non-current		Current	
	<u>As at March 31,</u>		<u>As at March 31,</u>	
	2014	2013	2014	2013
<b>A. Balances with banks</b>				
- Current account	-	-	1,224.25	435.96
Other bank balances :				
- Fixed deposit with bank under lien	-	-	-	7.00
<b>B. Cash on hand</b>	-	-	3.75	0.07
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,228.00</b>	<b>443.03</b>
Amount disclosed under the head "Other Assets" (Refer Note No:13)	-	-	-	(7.00)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,228.00</b>	<b>436.03</b>

**15. Current investments**

Particulars	₹ in lacs	
	<u>As at March 31,</u>	<u>As at March 31,</u>
	2014	2013
Investment in Mutual funds	200.75	2,119.32
<b>Total</b>	<b>200.75</b>	<b>2,119.32</b>

**16. Revenue from operations**

₹ in lacs

Particulars	For the year ended March 31,	
	2014	2013
Interest income	3,060.64	700.04
Processing fees	511.86	270.15
Other charges	12.72	2.58
<b>Total</b>	<b>3,585.22</b>	<b>972.77</b>

**17. Other income**

₹ in lacs

Particulars	For the year ended March 31,	
	2014	2013
Interest on deposit with bank	0.29	316.93
Dividend income	537.06	334.49
Profit on sale of investment	40.93	61.95
Profit on sale of assets	0.01	-
Interest received-others	0.10	-
Interest received on PTC	0.25	-
Miscellaneous income	8.49	5.65
<b>Total</b>	<b>587.13</b>	<b>719.02</b>

**18. Employee benefits expense**

₹ in lacs

Particulars	For the year ended March 31,	
	2014	2013
Salaries	835.03	573.09
Contributions to provident fund /ESIC	30.52	21.12
Provision for gratuity (Refer Note No. 4.10)	11.30	2.20
Provision for leave benefits (Refer Note No. 4.10)	4.51	2.74
Staff welfare expenses	11.96	5.82
Training expenses	1.46	3.28
Bonus and ex-gratia	20.13	14.07
Incentives	39.44	2.58
Meal Sodexo expenses	2.21	-
<b>Total</b>	<b>956.56</b>	<b>624.90</b>

**19. Finance costs**

₹ in lacs

Particulars	For the year ended March 31,	
	2014	2013
Interest expense on:		
Loans from other companies	20.57	-
<b>Total</b>	<b>20.57</b>	<b>-</b>

**20. Other expenses**

₹ in lacs

Particulars	For the year ended March 31,	
	2014	2013
Rent	219.76	211.46
Printing & stationery	25.68	18.04
Travelling and conveyance	94.39	63.07
Books & periodicals	8.19	5.03
Meeting expenses	10.94	14.47
Business promotion	11.49	40.85
Business commission	247.00	25.50
Communication expenses	24.64	16.26
Directors' sitting fees	1.06	0.11
Electricity expenses	27.92	16.85
Freight charges	-	0.53
Insurance - others	1.67	6.10
Bank expenses	2.88	0.94
Audit fees	6.37	5.32
Audit expenses	1.31	0.33
Professional and consultancy expenses	377.06	286.54
Registration & filing fees	63.43	0.04
Repairs & maintenance	39.82	18.18
Postage & courier expenses	16.93	8.02
Rates, duties & taxes	1.47	1.89
Brokerage	0.25	1.38
Membership fees	1.98	29.99
Miscellaneous expenditure	0.81	0.25
Royalty	53.09	53.09
Donation	0.25	-
Interest paid others	0.02	-
Advertising expenditure	4.13	41.74
Loan processing expenses	172.04	73.13
<b>Total</b>	<b>1,414.58</b>	<b>939.11</b>

**21. Provisions & write offs**

Particulars	₹ in lacs	
	<u>For the year ended March 31,</u>	
	2014	2013
Contingent provision for standard/sub standard asset	142.26	44.21
Bad debts written off	-	21.00
<b>Total</b>	<b>142.26</b>	<b>65.21</b>

**22. Earnings Per Share (EPS)**

Particulars	For the year ended March 31,	
	2014	2013
Profit/(Loss) after tax as per profit and loss account and the same Profit/(Loss) is considered for calculation of EPS (₹ in lacs) (A)	1,426.90	(22.14)
Weighted average number of equity shares for calculating basic EPS (No. in lacs) (B)	1,741.69	910.80
Weighted average number of equity shares for calculating diluted EPS (₹ in lacs) (C)	1,741.69	910.80
Basic earnings per equity share (in Rupees) (Face value of ₹10/- per share) (A) / (B)	0.82	(0.02)
Diluted earnings per equity share (in Rupees) (Face value of ₹10/- per share) (A) / (C)	0.82	(0.02)

Particulars	For the year ended March 31,	
	2014	2013
Weighted average number of equity shares for calculating EPS (No. in lacs)	1,741.69	910.80
Add : Equity shares arising on conversion of optionally convertible warrants (No. in lacs)	-	-
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	-	-
Weighted average number of equity shares in calculation diluted EPS (No. in lacs)	1,741.69	910.80

### 23. Related Party Disclosure

23.1. Names of Related Party and Respective Relations :		Name of the Company
Nature of Relationship		Shriram City Union Finance Limited
Holding Company		Shriram Capital Limited, Shriram Ownership Trust and Valliant Mauritius Partners FDI Ltd.
Enterprises having significant influence over the Company		Mr. Sujian Sinha, MD and CEO
Key Managerial Personnel		

### 23. 2 Related Parties Identified by the Company

Particulars as at	Holding Company		Enterprises having significant influence over the Company		Key Managerial Personnel		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Payments/Expenses</b>								
Employee Benefits *	-	-	-	-	72.72	62.84	72.72	62.84
Rent	5.80	6.19	-	23.58	-	-	5.80	29.77
Other Expenses reimbursements	4.58	1.62	-	1.71	-	-	4.58	3.33
Commission/Interest	181.08	2.41	-	-	-	-	181.08	2.41
Intercorporate loan	2,500.00	-	-	-	-	-	2,500.00	-
Royalty Fees	-	-	56.18	56.18	-	-	56.18	56.18
<b>Receipts</b>								
Other expenses reimbursement	15.00	9.04	-	-	-	-	15.00	9.04
Share Capital	9,544.00	5,520.00	2,722.00	2,150.00	-	-	12,266.00	7,670.00
Securities Premium	-	-	6,805.00	5,375.00	-	-	6,805.00	5,375.00
Rent	123.00	112.75	-	-	-	-	123.00	112.75
Security Deposit for Rent	-	117.38	-	-	-	-	-	117.38
Intercorporate loan	2,500.00	-	-	-	-	-	2,500.00	-
Balance outstanding at the year end	16,544.00	7,000.00	4,872.00	2,150.00	-	-	21,416.00	9,150.00
Share Capital	17.19	0.10	-	-	-	-	17.19	0.10
Outstanding Expenses	117.38	117.38	-	-	-	-	117.38	117.38
Security Deposit								

\* He is eligible for Gratuity/Leave encashment as per the Company policy.

## 24. Gratuity and other post employment benefit plans:

The Company operates one defined plan, viz. gratuity for its employees. Under the gratuity plan every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each Completed year of service. The scheme is unfunded

### 24.1 Net employee benefit expense (Recognized in Employee Benefits Expenses)

#### A) Gratuity :

Particulars	For the year ended March 31,	
	2014	2013
Current service cost	3.65	2.50
Interest cost on benefit obligation	1.79	1.59
Expected return on plan assets	NA	NA
Net actuarial (gain). Loss recognized in the year	5.86	(1.89)
Past services cost	-	-
Net benefit expense	11.30	2.20

#### In Balance Sheet

##### Benefit Asset/Liability

Particulars	As at March 31,	
	2014	2013
Opening defined benefit obligation	20.41	18.21
Interest cost	1.79	1.59
Current services cost	3.65	2.50
Benefits paid	-	-
Actuarial (gains)/losses on obligation	5.86	(1.89)
Closing defined benefit obligation	31.71	20.41
The principal assumptions used in determining gratuity and post employment medical benefit	-	-
Salary rise (%)	5.00	5.00
Discount rate (%)	8.75	8.75
Attrition rate (%)	3.00	3.00
Average balance service	25.16Years	25.69Years

#### B) Leave encashment :

Company has provided Leave encashment liability as required under Accounting Standard – 15(Revised) and balance in books as on 31-3-14 is ₹.6.51 lacs (Previous Year ₹.3.08 lacs).

## 25. Employee Stock Option Plans

The Company provides share-based payment schemes to its employees. During the financial year ended 31st March 2014, an Employee Stock Option Plan (ESOP) was introduced by the Company.

The relevant details of the scheme and the grant are as below:

1. Date of Board approval - 25.01.2013
2. Date of Shareholders approval - 28.03.2013
3. Date of grant – 28.08.2013
4. Number of options granted – 3,70,000
5. Method of settlement(cash/equity) - equity
6. Graded vesting period:  
After 4 years of Grant date – 50% of options granted  
After 5 years of Grant date – 50% of options granted

Exercisable period – 10 years from Vesting Date

Vesting Conditions – on achievement of pre-determined targets

For the purpose of accounting ESOP granted, the Company has decided to value the Options at Intrinsic Value. Intrinsic Value is the amount by which the Market Price of Equity share exceeds the Exercise Price of the Option. Exercise Price per option is ₹10/-. Since the Company is unlisted, there is no Market Price available. As such it has been decided to calculate the Fair Value of Equity Share by appointing a SEBI registered Category I Merchant Banker. As per their Report of September 1, 2013 fair market value is less than exercise price. Based on the above information, the Intrinsic Value per option is Zero. Therefore, the Company has not recognised any expenditure on the ESOP granted in the current period.

**26. Contingent liability and commitment:**

- a) Contingent Liability: NIL ( Previous Year- ₹ 7.00 Lacs)
- b) Estimated amount of contract remaining to be executed on capital account for interior work net of advance to be paid NIL (Previous Year- ₹2.50 Lacs).

27. As certified by the Management, loans given by the Company are secured by Equitable Mortgage/Registered Mortgage of the property & Assets Financed &/or assignment of Life Insurance policies &/or Personal Guarantees &/or undertaking to create a security and are considered appropriate & good.

28. Funds raised through Preferential allotment of shares were used for the purpose for which they were raised.

29. Value of Imports on CIF basis-NIL (Previous Year-NIL).

30. Foreign exchange earnings (NIL) and out go- ₹ 1.11 Lacs (Previous Year-NIL).

31. During the year, Company invested in Pass Through Certificates amounting to ₹ 994.19 Lacs and detailed as under:

Originator	Shubham Housing Development Finance Company
Structurer	IFMR Capital Finance Private Limited
Trustee	GDA Trusteeship Ltd
Issuer	Wardar AHL IFMR Capital 2014
Yield	Floating rate benchmarked to HDFC RPLR (Currently at 13.0% XIRR)
Final Maturity Date	17-May-2027 (Scheduled door-to-door tenor of 11.98 years and average maturity of 6.68 years)

32. Based on the information received by the Company, none of the suppliers have confirmed to be registered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

33. The figures of previous year has been rearranged/ regrouped to conform to the current year.

34. The Company does not have licensed capacity as it is a Home Finance Company. The list of Branches is attached.

### 35. Transfer to reserve fund:

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of net profits every year to Reserve Fund. The Company has transferred an amount of ₹2,85,38,170/- (Previous Year NIL).

₹ in lacs

Particulars	Amount
<b>Balance at the beginning of the year</b>	
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	-
<b>c) Total</b>	-
<b>Addition / Appropriation / Withdrawal during the year</b>	
Add: a) Amount transferred u/s 29C of the NHB Act, 1987	285.38
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	-
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-
b) Amount withdrawn from the Special Reserve u/ s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987.	-
<b>Balance at the end of the year</b>	
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	285.38
b) Amount of special reserve u/s 36(1)(vii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-
<b>c) Total</b>	<b>285.38</b>

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

### 36.1 Capital to Risk Ratio (CRAR)

Items	As at March 31,	
	2014	2013
1. CRAR(%)	158.74%	129.28%
2. CRAR(%) Tier I capital	158.74%	129.28%
3. CRAR(%) Tier II capital	-	-

### 36.2 Exposure to real estate sector

#### a) Direct exposure

##### i) Residential Mortgages

Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented

₹ in lacs

Category	As at March 31,	
	2014	2013
(I) Housing Loan to individuals upto ₹ 15 lacs	16,426.27	6,111.94
(ii) Housing Loan to individual more than ₹15 lacs	10,328.65	4,033.10
(iii) Non Housing Loan against residential property	5,074.78	1,266.48

## (ii) Commercial Real Estate

₹ in lacs

Category	As at March 31,	
	2014	2013
Lending secured by mortgages on commercial real - estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc) exposure includes non-fund based (NFB) limits	203.30	123.64

## iii) Investment in mortgage backed securities (MBS) and other securitized exposures

₹ in lacs

Category	As at March 31,	
	2014	2013
a) Residential	994.19	-
b) Commercial Real Estate	-	-

**b) Indirect exposure:**

Fund based and non-fund based exposure on National Housing Bank (NHB) and Housing Finance Companies (HFCs) –NIL (Previous Year- NIL)

**37. Asset Liability Management:**

Maturity pattern of certain items of Assets and Liabilities

₹ in lacs

Period	Liabilities		Assets	
	Borrowings from Banks	Market Borrowings	Advances	Investment
1 day to 30-31 days(one month)	-	-	91.94	200.75
Over one month to 2 months	-	-	-	-
Over 2 months upto 3 months	-	-	-	-
Over 3 months to 6 months	-	-	0.28	-
Over 6 months to 1 year	-	-	-	-
Over 1 year to 3 years	-	-	72.40	-
Over 3 to 5 years	-	-	364.03	-
Over 5 to 7 years	-	-	508.69	-
Over 7 to 10 years	-	-	3,648.24	-
Over 10 Years	-	-	27,347.42	994.19
<b>Total</b>	-	-	<b>32,033.00</b>	<b>1,194.94</b>

As per our Report of even date

For and on behalf of the Board of Directors of  
Shriram Housing Finance Limited

For Pijush Gupta & Co.  
Firm Registration No : 309015E  
Chartered Accountants

Sujan Sinha  
Managing Director & CEO

Subhasri Sriram  
Director

Ramendra Nath Das  
Partner  
Membership No : 014125

Nikita Hule  
Company Secretary

Place: Mumbai.  
Date: April 26, 2014

**SHRIRAM HOUSING FINANCE LTD.****LIST OF BRANCHES**

<b>Sr. No.</b>	<b>STATE</b>	<b>BRANCH NAME</b>
1	Andhra Pradesh	Guntur
2	Andhra Pradesh	Hyderabad
3	Andhra Pradesh	Karimnagar
4	Andhra Pradesh	Kurnool
5	Andhra Pradesh	Nellore
6	Andhra Pradesh	Rajahmundry
7	Andhra Pradesh	Tirupati
8	Andhra Pradesh	Vijayawada
9	Andhra Pradesh	Visakhapatnam
10	Andhra Pradesh	Warangal
11	Chattisgarh	Raipur
12	Delhi	Delhi
13	Gujarat	Ahmedabad
14	Gujarat	Mehsana
15	Gujarat	Rajkot
16	Gujarat	Surat
17	Gujarat	Vadodara
18	Haryana	Karnal
19	Haryana	Ambala
20	Karnataka	Bengaluru
21	Kerala	Ernakulam
22	Madhya Pradesh	Bhopal
23	Madhya Pradesh	Indore
24	Maharashtra	Amravati
25	Maharashtra	Aurangabad
26	Maharashtra	Chandrapur
27	Maharashtra	Kolhapur
28	Maharashtra	Navi Mumbai
29	Maharashtra	Nagpur
30	Maharashtra	Nashik
31	Maharashtra	Pune
32	Orrisa	Bhubaneshwar
33	Punjab	Jalandhar
34	Punjab	Ludhiana
35	Punjab	Mohali
36	Rajasthan	Kota
37	Rajasthan	Alwar
38	Rajasthan	Jaipur
39	Rajasthan	Jodhpur
40	Tamilnadu	Chennai
41	Tamilnadu	Thiruchirapalli
42	Uttar Pradesh	Kanpur
43	Uttar Pradesh	Agra
44	Uttar Pradesh	Lucknow
45	Uttar Pradesh	Meerut
46	West Bengal	Durgapur
47	West Bengal	Kolkata