ANNUAL REPORT
2014 - 2015

SHRIRAM
HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES
www.shriramhousing.in

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

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FORWARD LOOKING STATEMENT

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects',' project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

1. CORPORATE INFORMATION

1.1 BOARD OF DIRECTORS

Mr. Sujan Sinha	Managing Director & Chief Executive Officer
Mr. G. S. Sundararajan	Non-Executive, Non-Independent Director
Mrs. Subhasri Sriram	Non-Executive, Non-Independent Director
Mr. Y. S. Chakravarti	Non-Executive, Non-Independent Director
Mr. V. Murali	Independent Director
Dr. Qudsia Gandhi	Independent Director

1.2 TOP MANAGEMENT TEAM

Mr. Kunal Shah	Chief Financial Officer
Mr. Arun Mishra	Chief Operating Officer

1.3 COMPANY SECRETARY

Ms. Kavitha G. Shah

1.4 AUDITORS

Pijush Gupta & Co.
Chartered Accountants
P-199, C.I.T. Road, Scheme IV – M,
Kolkata – 700 010

1.5 REGISTERED OFFICE

No. 123, Angappa Naicken Street,
Chennai – 600 001
Ph : + 91 44 2534 1431

1.6 HEAD OFFICE

Level 3, East Wing, Wockhardt Towers,
Bandra Kurla Complex, Mumbai – 400 051
Ph : +91 22 4241 0400

1.7 BANKERS

Axis Bank	Indian Bank
Citibank	Kotak Mahindra Bank
HDFC Bank	Vijaya Bank
IDBI Bank	Union Bank of India

2. MISSION & MILESTONES

2.1 MISSION

To serve the underserved population of the country in fulfilling their aspiration of owning a dream home by "Finding Ways to Funding Homes"

2.2 MILESTONES

2015 – Composite book size in excess of ₹ 750 crores

2014 – Recipient of ISO 27001:2005 for the management of information security in accounting and back office operations with all associated support functions

– Project Finance loans introduced

2013 – Second tranche of investment received from our PE investor: Valiant Mauritius Partners FDI Limited

– Crossed ₹ 100 crores in disbursement

2012 – Private equity investment of ₹ 75 crores by Valiant Mauritius Partners FDI Limited

2011 – Registered with National Housing Bank as a Housing Finance Company in August 2011

– Commenced lending operations from December 2011

2010 – Shriram Housing Finance Limited incorporated as a Company

3. PRODUCTS

Home Loans

Loans with simple documentation are provided for:

- Purchase of new / resale house
- Loans for extension / renovation / repairs of a house already owned by self
- Loans for purchase of a plot of land and construction of a house
- Self construction
- Takeover of existing home loan along with additional finance

Loan Against Property

We offer Loan Against Property on convenient terms. Customers can mortgage their existing residential or commercial property to meet all their financial requirements.

Project Finance

We provide financial assistance to builders / developers to meet the construction cost of their project.

4. BRANCH NETWORK

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

STATE-WISE BRANCH NETWORK

ANDHRA PRADESH
Guntur
Kurnool
Nellore
Rajahmundry
Thirupathi
Vijayawada
Visakhapatnam

CHHATTISGARH
Bilaspur
Raipur

DELHI / NCR
Delhi

GUJARAT
Ahmedabad
Ahmedabad East
Bharuch
Bhavnagar
Himatnagar
Mehsana
Palanpur
Rajkot
Surat
Vadodra

HARYANA
Ambala
Karnal

KARNATAKA
Banashankari
Bengaluru
Mysore

KERALA
Ernakulam

MADHYA PRADESH
Bhopal
Indore
Neemuch
Ratlam
Ujjain

MAHARASHTRA
Amaravati
Aurangabad
Chandrapur
Kolhapur
Nagpur
Nasik
Navi Mumbai
Pune

ODISHA
Bhubaneswar

PUDUCHERRY
Puducherry

PUNJAB
Amritsar
Jalandhar
Ludhiana
Mohali/ Chandigarh

RAJASTHAN
Ajmer
Alwar
Jaipur
Jodhpur
Kota
Udaipur

TAMIL NADU
Chennai
Coimbatore
Hosur
Madurai
Thiruchirapalli
Tirunelveli

TELANGANA
Hyderabad
Karimnagar
Warangal

UTTAR PRADESH
Agra
Allahabad
Bareilly
Kanpur
Lucknow
Meerut

UTTARAKHAND
Dehradun
Haldwani
Haridwar

WEST BENGAL
Barasat
Durgapur
Kolkata

5. PERFORMANCE HIGHLIGHTS

6. DIRECTORS' PROFILES

MR. SUJAN SINHA

Mr. Sujan Sinha is the Managing Director and Chief Executive Officer of SHFL. He holds a degree of Bachelor of Science from Presidency College. He is in financial services domain since 1981, primarily in commercial banks, and has been involved in the housing finance industry in India since the year 2000. Mr. Sinha led the retail mortgage business for Axis Bank enabling it to grow exponentially.

MR. G. S. SUNDARARAJAN

Mr. Sundararajan is a Non-Executive, Non-Independent Director on the Board of SHFL. He holds a degree of Bachelor of Engineering and a post graduate diploma in management from the Indian Institute of Management. He is a vastly experienced finance professional, having served with Citibank, Fullerton India and more recently, within the Shriram Group. He is currently associated with a large number of group companies, including Shriram City Union Finance Limited (the promoters of Shriram Housing Finance Limited).

MRS. SUBHASRI SRIRAM

Mrs. Subhasri Sriram is a Non-Executive, Non-Independent Director on the Board of SHFL. She holds a degree of Master of Commerce, I.C.W.A and ACS. An astute finance professional with over 20 years of experience in retail and corporate finance, treasury & fund management and corporate administration.

MR. Y. S. CHAKRAVARTI

Mr. Chakravarti is a Non-Executive, Non-Independent Director on the Board of SHFL. He holds a degree of Bachelor of Commerce and is a retail finance professional with proven skills and organizing abilities. He has worked in various assignments in the field of financial services for over 2 decades.

MR. V. MURALI

Mr. Murali is an Independent Director on the Board of SHFL. He holds degrees of Bachelors of Commerce, C.A. and I.C.W.A. A fellow member of the Institute of Chartered Accountants of India and an associate member of the Institute of Cost and Works Accountants of India and has to his credit more than three decades of experience in the field of accounts, finance & consultancy. He is a six-time elected Central Council member of ICAI for the period 2004–2016. He has been nominated by the Government and other bodies for several assignments and has held various positions in Chambers of Commerce & Industry as well as in the field of education.

DR. QUDSIA GANDHI

Dr. Gandhi is an Independent Director on the Board of SHFL. She holds a degree of Masters in Arts, M.A. (Applied Economics-Dev. Admn & Management) (Manchester UK). A member of the Indian Administrative Services since 1977, Dr. Gandhi has vast experience of over 30 years in government administration, in various fields such as treasury, accounts, training, health & family welfare.

7. BOARD REPORT

To,
The Members of
Shriram Housing Finance Limited

Your Directors are pleased to present the 5th Annual Report of the Company together with the Audited Financial Statements of the Company for the year ended March 31, 2015.

Financial Results

(₹ in lacs)

Particulars	FY 2014-15	FY 2013-14
Profit before depreciation and taxation	3,109.66	1,638.38
Less: Depreciation	99.30	67.02
Profit before tax	3,010.36	1,571.36
Less: Provision for taxation	990.70	144.46
Profit after tax	2,019.66	1,426.90
Add: Profit brought forward from previous year	673.37	(466.93)
Profit available for appropriation	2,693.03	959.97
Earnings per share		
Basic (₹)	0.94	0.82
Diluted (₹)	0.94	0.82

A. Performance Review

Total income for the year increased to ₹ 8,553.79 lacs as compared to ₹ 4,172.35 lacs in 2014. The net sales for the year was ₹ 8,289.91 lacs as compared to ₹ 3,585.22 lacs in 2014. The profit before tax for the year was ₹ 3,010.36 lacs as compared to ₹ 1,571.36 lacs in 2014. The profit after tax for the year was ₹ 2,019.66 lacs as compared to ₹ 1,426.90 lacs in 2014.

B. Cash & Cash Equivalents

Cash and cash equivalents as at March 31, 2015 was ₹ 2,136.50 lacs. The Company continues to focus on judicious management of its working capital. Receivables and other working capital parameters were kept under strict check through continuous monitoring.

C. Share Capital

The paid up equity share capital of the Company as on March 31, 2015 was ₹ 214.16 crores. During the year under review, the Company has not issued shares nor granted employees stock options.

D. Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the financial statements.

NHB Directions

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

Dividend

No Dividends were declared during the financial year 2014 - 2015.

Board Meetings

The Board of Directors met 6 (six) times (April 26, 2014; June 05, 2014; July 25, 2014; August 21, 2014; October 27, 2014 and January 23, 2015) during the financial year.

Committees of the Board

Currently, the Board has three (3) Committees : The Audit and Risk Management Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. The Members of the Committee are:

i) Audit and Risk Management Committee

The Audit and Risk Management Committee comprises of Mr. V. Murali – Chairman, Mr. G. S. Sundararajan and Dr. Qudsia Gandhi as members . All the recommendations made by the Audit and Risk Management Committee were accepted by the Board.

ii) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. V. Murali – Chairman, Mrs. Subhasri Sriram and Dr. Qudsia Gandhi as members.

iii) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Dr. Qudsia Gandhi – Chairperson, Mrs. Subhasri Sriram and Mr. Sujan Sinha as members.

Declaration by Independent Directors

The Company has received declarations from all the Independent Directors of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

Human Resources

We owe our success to our employees. Our workforce defines the Company, and is our most vital asset. The nurturing and development of this asset therefore plays an important role in our Human Resource policies. We believe that our Company learns as our people learn and towards this, Shriram Housing offers its employees sustained opportunities to learn and develop their skills, with the process beginning from induction. Employees, for us, are a capital investment. Exciting growth opportunities combined with initiatives such as ESOP programs assist retention of employees. The result – a workforce that designs, refines and delivers the Company's product and services, often beyond the call of duty in doing so.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Your Directors draw attention of the members to Note 24 to the financial statements which sets out related party disclosures. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure - V to the Board's report.

Employees' Stock Option Scheme

Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia administers and monitors the Employees' Stock Option Schemes of the Company in accordance with the provisions under Section 62(1) (b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014.

The applicable disclosures as stipulated under the Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as at March 31, 2015 are provided in Annexure - I to this Report. The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the provisions of the Companies Act and other applicable rules and guidelines and the resolution passed by the shareholders.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Out Go:

The particulars required under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 for the year ended on March 31, 2015 are as under:

A. Conservation of Energy: the operations of the Company are not energy intensive. However, adequate measures for conservation have been taken to reduce energy consumption

B. The Company has not absorbed any technology

C. There were no foreign exchange earnings

D. There was an outgo of foreign exchange equivalent to ₹ 1.09 lacs

Internal Control Systems

Your Company has an adequate system of internal control procedures which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. The internal control systems of the Company are monitored and evaluated by internal auditors and their audit reports are periodically reviewed by the Audit and Risk Management Committee of the Board of Directors. The observations and comments of the Audit and Risk Management Committee are placed before the Board.

Corporate Social Responsibility (CSR)

The Corporate Social Responsibility (CSR) Committee was constituted by the Board on July 25, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee. The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'Corporate Social Responsibility Policy'.

The constituted CSR Committee met on October 27, 2014 to recommend the CSR policy of the Company to the Board. The CSR policy approved by the Board is available on the Company's website: **www.shriramhousing.in**

The details about the policy developed and implemented by the Company are provided in Annexure - II.

The present constitution of the Committee is as follows:

Sr. No.	Name of the Director	Category	Designation in the Committee
1.	Dr. Qudsia Gandhi	Independent Director	Chairperson
2.	Mrs. Subhasri Sriram	Director	Member
3.	Mr. Sujan Sinha	MD & CEO	Member

Directors and Key Managerial Personnel

The Board of Directors had appointed Mr. V. Murali (DIN 00730218) and Dr. Qudsia Gandhi (DIN: 02568631) in the category of Independent Directors at the General Meetings of the Company held on May 29, 2014 and August 21, 2014 respectively. The Members of the Company appointed the said Directors as Independent Directors under the Companies Act, 2013 for a period of 5 years for a term upto the conclusion of the 9th Annual General Meeting of the Company in the calendar year 2019.

Mr. Sujan Sinha, Managing Director & CEO (DIN 02033322) was re-appointed as the Managing Director of the Company by the shareholders at the EGM held on November 11, 2013. He is not liable to retire by rotation for a period of three years with effect from December 15, 2013.

As per Article 63 of the Articles of Association of the Company, Mr. Sujan Sinha, MD & CEO (DIN 02033322), while holding office as MD & CEO, shall not be subject to retirement by rotation. As per section 6 of the Companies Act, 2013, the provisions of the Act will have effect notwithstanding anything to the contrary contained in the Articles of Association of the Company. For the purpose of compliance with section 152 of the Companies Act, 2013 and for determining the Director liable to retire by rotation, the Board at its meeting held on April 20, 2015, took note of the consent given by Mr. G. S. Sundararajan (DIN: 00361030), being longest in office, to retire by rotation at the ensuing Annual General Meeting of the Company. The Company has received requisite notice in writing from Member proposing Mr. G. S. Sundararajan (DIN: 00361030) as Director.

The Company has received declarations from all the above Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

For the purpose of complying with the provisions of Section 203 of the Companies Act, 2013, the following were appointed as Key Management Personnel by the Board of Directors at their respective meeting: Mr. Sujan Sinha – MD & CEO (DIN 02033322); Mr. Kunal Shah – Chief Financial Officer (CFO); and Ms. Kavitha G. Shah – Company Secretary.

– Policy for selection and appointment of Directors, CEO / Managing Director and Senior Management Personnel and their Remuneration:

  The Nomination and Remuneration Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors, CEO & Managing Director and Senior Management and their remuneration.

– Meetings:

  A calendar of Meetings for each financial year is prepared and circulated in advance to the Directors. During the year, six Board meetings and four Audit and Risk Management Committee meetings were convened and held.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

- that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and the annual accounts have been prepared on a going concern basis.
- that proper internal financial controls were in place, adequate and operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place, adequate and operating effectively.

In the opinion of the Board, there are no risks, which may threaten the existence of the Company.

Auditors

A) Statutory Auditors:

M/s. Pijush Gupta & Co., Chartered Accountants, Kolkata, (FRN 309015E), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

The Auditors have confirmed their eligibility for reappointment under Section 139 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules 2014.

B) Secretarial Auditor:

The provisions of Section 204 read with Section 134(3) of the Companies Act, 2013 mandates Secretarial Audit of the Company to be done from the financial year commencing on or after April 01, 2014 by a Company Secretary in Practice. The Board in its meeting held on January 23, 2015 has therefore appointed M/s P. Sriram & Associates, Practising Company Secretary (Certificate of Practice No. 3310) as the Secretarial Auditor for the financial year ending March 31, 2015. The Report of the Secretarial Audit in the prescribed Format MR - 3 is annexed herewith as "Annexure - III".

Vigil Mechanism

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil Mechanism and Whistle Blower Policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The Vigil mechanism and Whistle Blower Policy approved by the Board is available on the Company's website: **www.shriramhousing.in**

The reportable matters may be disclosed to the Internal Complaints Committee which operates under the supervision of the Audit and Risk Management Committee. Employees may also report to the Chairman of the Audit and Risk Management Committee. During the year under review, no employee was denied access to the Audit and Risk Management Committee.

Extract of Annual Return

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure - IV".

Acknowledgement

The Board expresses gratitude for the guidance and cooperation extended by NHB statutory authorities and regulators. The Board appreciates the excellent co-operation and assistance received from the banks and financial Institutions .The Board is thankful to the auditors of the Company. The Board is pleased to record its appreciation for the enthusiasm, commitment, dedicated efforts of the employees of the Company at all levels. The Board is also deeply grateful for the continued confidence and faith reposed in the Company by the shareholders, debenture holders and debt holders.

For and on behalf of the Board of Directors.

Place : Chennai
Date : April 20, 2015

Sujan Sinha
MD & CEO
(DIN: 02033322)

Subhasri Sriram
Director
(DIN: 01998599)

ANNEXURES TO BOARD REPORT

Annexure – I

Disclosure pursuant to the provisions under Section 62(1) (b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as at March 31, 2015.

	PARTICULARS	SHFL Employees Stock Option Scheme, 2013
a)	Options granted	3,70,000 equity shares of ₹10/- each
b)	Options vested	Nil
c)	Options exercised	Nil
d)	The total number of shares arising as a result of exercise of option	Nil
e)	Options lapsed	90,000
f)	The exercise price	₹ 10/- per share
g)	Variation of terms of options	Nil
h)	Total number of options in force (As on March 31, 2015)	3,70,000 equity shares
I)	Director and employee wise details of options granted to:	
j)	i) Key Managerial Personnel	Mr. Sujan Sinha, Managing Director & CEO
	ii) Any other employee who receives a grant of option in any one year of option amounting to 5% or more of option granted during that year	Nil
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

Annexure – II

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2014-15

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs and the composition of CSR Committee.	CSR Policy is stated herein below: Weblink: www.shriramhousing.in
2.	Composition of the CSR Committee	Dr. Qudsia Gandhi – Chairperson Mrs. Subhasri Sriram – Member Mr. Sujan Sinha – Member
3.	Average net profit of the Company for last three financial years	₹ 3,98,94,025/-
4.	Prescribed CSR expenditure (two percent of the amount mentioned in item 3 above)	The Company is required to spend ₹ 7,97,881/-
	Details of CSR spent during the financial year:	
	Total amount to be spent for the financial year	₹ 7,97,881/-
	Amount unspent, if any	₹ 7,97,881/-

Details of amount spent on CSR activities during the Financial Year 2014-15

Sl. No.	CSR project or Activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2014-15	Amount Spent Direct or through Implementing Agency
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: The Company was not able to spend 2% of its average profit for the last 3 financial years as required under the Companies Act, 2013 amounting to ₹ 7,97,881/- as the Company has not formed any CSR projects/activity. The Company is in the process of firming up CSR projects. The Company would undertake CSR activities through Shriram Seva Sankalp Foundation ("SSS"), a Section 8 Company. SSS has been incorporated.

Annexure – III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR ENDED 31ST MARCH, 2015

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

To,

The Members
Shriram Housing Finance Limited
123, Angappa Naicken Street,
Chennai - 600 001

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and adherence to good corporate practices by Shriram Housing Finance Limited (hereinafter referred to as the Company). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of Shriram Housing Finance Limited'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, I hereby report that in my opinion, the company has, during the audit period covering its financial year ended on 31st March, 2015 complied with the statutory provisions listed here under and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I 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, 2015 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulations) Act, 1956 ("SCRA") and the rules made there under;

3) The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment

5) 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;

6) The National Housing Bank Act, 1987 including Housing Finance Companies (NHB) Directions, 2014

7) Reserve Bank of India Act, 1934

8) Employees' Provident Fund and Miscellaneous Provision Act, 1952

9) Income Tax Act, 1961

10) Finance Act, 1994 (service tax)

11) Payment of Gratuity Act, 1972

12) Payment of Wages Act, 1936 and other applicable labour laws

13) Shop and Establishment Act, 1947 and other similar State Acts

I have also examined compliance with the applicable clauses of the Debt Listing Agreement entered into by the Company with the BSE Limited;

Secretarial Standards issued by the The Institute of Company Secretaries of India (ICSI) is yet to be notified and hence not applicable to the Company during the audit period.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in 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 atleast seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I 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.

I further report that during the audit period apart from the instances mentioned here under, there were no specific events/ actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

(i) Secured Redeemable Non-Convertible Debentures issued on private placement basis pursuant to Section 42 and rule 14 (1) (Prospectus and Allottment of Securities) of the Companies Act, 2013

Signature:

Place : Chennai
Date: 20th day of April, 2015

P. Sriram & Associates
FCS No. 4862
CP No: 3310

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

Annexure – IV

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65929TN2010PLC078004
ii)	Registration Date	November 09, 2010
iii)	Name of the Company	Shriram Housing Finance Limited
iv)	Category/Sub- Category of the Company	Public Company
v)	Address of the Registered Office and contact details	123, Angappa Naicken Street, Chennai – 600 001 Contact No. 044- 2534 1431
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Integrated Enterprises (India) Limited 2nd Floor, 'Kences Towers', No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai – 600 017

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	Interest income on Loans	65922	86%
2.	Fees Income	65922	11%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	Shriram City Union Finance Limited 123, Angappa Naicken Street, Chennai – 600 001	L65191TN1986PLC012840	Holding Company	77.25	2(46)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE TO TOTAL EQUITY)

i) Category-wise share holding

Sl. No.	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 shares	Demat	Physical	Total	% of total shares	
A.	**Promoters**									
1.	**Indian**									
a)	Individual/ HUF	-	6	6	0	-	6	6	0	-
b)	Central Govt	-	-	-	-	-	-	-	-	-
c)	State Govt (s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	165,439,994	165,439,994	77.25	-	165,439,994	165,439,994	77.25	-
e)	Banks/FIs	-	-	-	-	-	-	-	-	-
f)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1) :-	**-**	**165,440,000**	**165,440,000**	**77.25**	**-**	**165,440,000**	**165,440,000**	**77.25**	**-**
2.	**Foreign**									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other- Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks /FIs	-	-	-	-	-	-	-	-	-
e)	Any other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2) :-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	**-**	**165,440,000**	**165,440,000**	**77.25**	**-**	**165,440,000**	**165,440,000**	**77.25**	**-**

Sl. No.	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 shares	Demat	Physical	Total	% of total shares	
B.	**Public Shareholding**									
1.	Institutions	-	-	-	-	-	-	-	-	-
a)	Mutual Funds	-	-	-	-	-	-	-	-	-
b)	Banks / FI	-	-	-	-	-	-	-	-	-
c)	Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt (s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	FIIs	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B) (1) :-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.	**Non - Institutions**									
a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
i)	Indian	-	-	-	-	-	-	-	-	-
ii)	Overseas	-	48,720,000	48,720,000	22.75	-	48,720,000	48,720,000	22.75	-
b)	Individuals	-	-	-	-	-	-	-	-	-
I)	Individual shareholders holding nominal Share Capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B) (2) :-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Public Shareholding (B) = (B) (1) + (B) (2)	-	48,720,000	48,720,000	22.75	-	48,720,000	48,720,000	22.75	-
C.	**Shares held by Custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
	Grand Total (A + B + C)	**-**	**214,160,000**	**214,160,000**	**100.00**	**-**	**214,160,000**	**214,160,000**	**100.00**	**-**

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			No. of shares held at the end of the year			% Change in shareholding during the year
		No. of shares	% to total shares of the Company	% of shares Pledged/ Encumbered to total shares	No. of shares	% to total shares of the Company	% of shares Pledged/ Encumbered to total shares	
1.	Shriram City Union Finance Ltd.	165,440,000	77.25	-	165,440,000	77.25	-	-

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

Sl. 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
1.	At the beginning of the year	NO CHANGE			
2.	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)				
3.	At the end of the year				

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			No. of shares held at the end of the year			% Change in shareholding during the year
		No. of shares	% to total shares of the Company	% of shares Pledged/ Encumbered to total shares	No. of shares	% to total shares of the Company	% of shares Pledged/ Encumbered to total shares	
1.	Valiant Mauritius Partners FDI Limited	48,720,000	22.75	-	48,720,000	22.75	-	-

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. Allotment/ transfer/ bonus/ sweat equity etc)	-	-	-	-
3.	At the end of the year	-	-	-	-

V. INDEBTEDNESS

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

₹ in lacs

Sl. No.		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the financial year				
i)	Principal amount	-	-	-	-
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	-	-	-	-
	Change in Indebtedness during the financial year				
	Addition	36,200.00	1,000.00	-	37,200.00
	Reduction	0.03	1,000.00	-	1,000.03
	Net change	**36,199.97**	**-**	**-**	**36,199.97**
	Indebtedness at the end of the financial year				
i)	Principal amount	36,199.97	-	-	36,199.97
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	780.05	-	-	780.05
	Total (i+ii+iii)	**36,980.02**	**-**	**-**	**36,980.02**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director/ Whole Time Director and/or Managers:

₹ in lacs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager Sujan Sinha – MD & CEO	Total Amount
1.	Gross salary		
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	61.47	61.47
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock option	46.43	46.43
3.	Sweat equity	-	-
4.	Commission	-	-
	- As % of profit	-	-
	- Others	-	-
5.	Others	-	-
	Total (A)	**107.90**	**107.90**
	Ceiling as per the Act		

B. Remuneration to Other Directors:

₹ in lacs

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	**Independent Directors**	**V. MURALI**	**QUDSIA GANDHI**	
	- Fee for attending Board Committee Meetings	1.20	0.60	1.80
	- Commission	-	-	-
	- Others	-	-	-
	Total (1)	**1.20**	**0.60**	**1.80**
2.	**Other Non-Executive Directors**			
	- Fee for attending Board Committee meetings	-	-	-
	- Commission	-	-	-
	- Others	-	-	-
	Total (2)	**-**	**-**	**-**
	Total (B) = (1+2)	**1.20**	**0.60**	**1.80**
	Total Managerial Remuneration	**1.20**	**0.60**	**1.80**
	Overall Ceiling as per the Act			

C. Remuneration to Key Managerial Person Other Than MD/WTD/ Managers

₹ in lacs

Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total Amount
1.	Gross salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.91	16.77	19.68
(b)	Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) of Income Tax, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Others	-	-	-
5.	Others	-	-	-
	Total	**2.91**	**16.77**	**19.68**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

During the year FY 2014-15, the Company or any of its Dirctors or Key Management Personnel were not liable for any penalty, punishment or any compounding offences under the Companies Act, 2013.

ANNEXURE – V

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for 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:- **NIL**

   (a) Name(s) of the related party and nature of relationship: **NIL**

   (b) Nature of contracts/arrangements/transactions : **NIL**

   (c) Duration of the contracts/arrangements/transactions : **NIL**

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any : **NIL**

   (e) Justification for entering into such contracts or arrangements or transactions : **NIL**

   (f) Date(s) of approval by the Board : **NIL**

   (g) Amount paid as advances, if any : **NIL**

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : **NIL**

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

   a) Date(s) of approval by the Board - July 25, 2014 & January 23, 2015.

Sl. No.	Nature of contracts/ arrangements/transactions	Name of related party	Nature of relationship	Duration of contracts	Salient terms of contacts/transactions	₹ in lacs
1.	Rental expenses	Shriram City Union Finance Limited	Holding Company	Various maturities	Rental expenses for sharing space at various locations	12.51
		Shriram Capital Limited	Others	Various maturities	Rental expenses for sharing space at various locations	128.47
2.	Rental income	Shriram City Union Finance Limited	Holding Company	Various maturities	Rent received for occupying space	130.50
3.	Reimbursement of expenses	Shriram City Union Finance Limited	Holding Company	-	Common corporate expenses and sharing charges	8.72
		Shriram Capital Limited	Others	-	Common corporate expenses and sharing charges	15.19
4.	Reimbursement of expenses received	Shriram City Union Finance Limited	Holding Company	-	Common corporate expenses and sharing charges	26.12
		Shriram Capital Limited	Others	-	Common corporate expenses and sharing charges	0.07
5.	Commission	Shriram City Union Finance Limited	Holding Company	Until termination	1.5% of net business	286.09
6.	Loans given	Shriram City Union Finance Limited	Holding Company	-	Loan facility at contractual interest rate	7,400.00
7.	Loans taken	Shriram City Union Finance Limited	Holding Company	-	Loan facility at contractual interest rate	14,200.00
		Shriram Capital Limited	Others	-	Loan facility at contractual interest rate	5,000.00
8.	Interest expenses	Shriram City Union Finance Limited	Holding Company	-	Interest on loans at applicable rates	155.42
		Shriram Capital Limited	Others	-	Interest on loans at applicable rates	77.26
9.	Interest income	Shriram City Union Finance Limited	Holding Company	-	Interest received on loans and advances at applicable rates	18.66
10.	Purchase of land	Shriram City Union Finance Limited	Holding Company	-	Purchase of land at market rate	0.28
11.	Use of intellectual property	Shriram Ownership Trust	Others	5 years	1% of total income or ₹ 50 lacs whichever higher	103.62

8. MANAGEMENT DISCUSSION AND ANALYSIS

8.1 Overview of the Indian Economy

India is expected to grow at 7.5% this year and likely to cross China's projected growth rate, as per IMF. Over the last year, new stable government, RBI initiatives to contain inflation & manage interest rate, subdued commodities prices including oil has helped Indian economy to revive post 2010 global meltdown era. Many government initiatives launched in last 12 months are expected to spur demand & investments. Overall India's macro economic parameters are improving and we are much better placed today compared to many other emerging market economies. Government promoted initiatives like 'Make in India' are aimed to create self sustaining growth, create jobs, reduce reliance on imports (to help curtail fiscal deficits) and overall give the Indian economy global recognition. India is fast becoming a promising investment destination attracting foreign companies to do business here. Such initiatives are expected to increase the purchasing power of the common man, which would further boost demand, and hence spur development, in addition to benefitting investors.

8.2 Housing Finance Industry and its growth opportunity

An efficient and well-developed housing finance industry is one of the basic indicators of the growth of the State's economy. In a country like India, which is still at the developing stage even after 67 years of independence, only a sound housing finance system can fulfill the demand for affordable housing.

Demand for housing in India outstrips by far the supply available, but faces constraints of availability of funds. This situation has led to the emergence of several Housing Finance Companies (HFCs). Many HFCs have ventured into segments and geographies which commercial banks face systemic difficulties in catering to. Favourable demography (rising per capita income, expanding middle class, trend of nuclear families); fiscal incentives (income tax deduction on interest and principal of housing loan) and improving macro-economic indicators (urbanization, GDP growth) have been driving factors for penetration of housing finance. The niches that HFCs have thus created have helped them deliver balance sheet growth with a healthy earnings profile, better asset quality and lower operational costs through improving processes.

Some of the indicators of the supply shortfall in housing stock are mentioned in the Working Group on Rural Housing for the 12th Five Year Plan (year 2012 to year 2017, Economic Sectors Volume II), which estimates the overall housing shortage at 63 million dwelling units, of which majority is for low-income population.

Source : *Working Group on Rural Housing for 12th Five Year Plan (2012-17), Ministry of Rural Development, Government of India; NHB; IFMR*

The affordable housing segment is expected to become the key growth driver for the market. Government and National Housing Bank have launched various schemes to promote housing for the Economically Weaker Sections (EWS) and Low Income Group (LIG) households in Tier–II & Tier–III cities.

Further, the mortgage penetration in India from formal lending sources is only 9%, while the remaining 91% of the houses are built using own funds and from informal sources of borrowing. The penetration levels are one of the lowest among emerging and advanced economies.

8.3 Challenges faced by HFCs

According to a study titled "Affordable Housing Finance Sector Overview", by IFMR Investments, following are some of the key challenges faced by HFCs:

a) Dependence on banks for funding: Banks have always been a prime source of funding for mid-size and small HFCs, while the bigger HFCs have more diversified sources to fund them. NHB would continue being the important source of long-term funds for the smaller HFCs, lending them in very thin spreads. Lack of diversified sources of finance is a strategic weakness.

b) Asset-Liability mismatch: Housing loans from HFCs are generally for a period of 10-15 years, while loans for less than 5 years are less than 10% of the portfolio. The resources available to HFCs are usually for tenure of 4-6 years. This creates an asset-liability mismatch, and could become an inhibitor for scaling up.

Equity base funding can be used by new or small HFCs for their initial years of operations; however, they would need long term sources of funding as they grow larger.

c) Under-developed debt markets: The Indian debt market (in particular, non-convertible debentures and commercial papers) remains under-penetrated by HFCs, especially the smaller ones, due to which HFCs lack access to the capital markets.

8.4 Outlook

The Company is evolving itself to make significant strides in the housing finance industry. SHFL has the unique advantage of being able to leverage the existing branch network of its holding company Shriram City Union Finance Ltd. for expanding its business. The leverage also extends to the resources available to the holding company. Apart from growing in geographies with an existing Shriram City network, SHFL plans to open new branches in places where the holding company has no presence. Operationally, SHFL is in a state of constant evolution, and is currently working on reducing turnaround times by decentralizing certain key aspects of its business.

Internal Control Systems

SHFL has in place adequate systems of internal control which is commensurate with its size and nature of operations. It maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations.

The adequacy and effectiveness of internal control system is monitored by the internal auditors along with the external audit firms appointed to carry out concurrent audit. The internal audit reports are placed before the Audit Committee along with significant audit observations and follow up actions thereon. The Statutory Auditors also present their suggestions to the members for improvements in control and compliance.

Financial Performance

Total Income for the year was ₹ 8,553.79 lacs, a growth of 105.0% over the last fiscal. The Company registered a net profit of ₹ 2,019.66 lacs, up by 41.5% over the previous year. Net interest income (including processing fees) climbed to ₹ 6,828.20 lacs, higher by 92.2%. Assets Under Management stood (AUM) at ₹ 73,723.29 lacs, higher by 130.1%. The Net Worth stood at ₹ 36,134.51 lacs. The Capital Adequacy of the company was 67.33%. The return on Average Net Worth was 5.71% and return on Average Total Assets was 3.55%. Book Value and EPS was ₹ 16.87 and ₹ 0.94 respectively. The total AUM stood at ₹ 73,723.29 lacs as against ₹ 32,033.00 lacs as on March 31, 2014.

The Company's total indebtedness stood at ₹ 36,199.97 lacs, comprising bank borrowings of 29% and privately placed non-convertible debentures of 71%.

Developments in Human Resources Front

The company added 121 employees during the year, an increase of 32% over the previous financial year. The total workforce stood at 501 as on March 31, 2015. The company has initiated increasing number of functional training and employee engagement programs. The company is coming up with various schemes to encourage and enhance learning initiative for the employees. The company also continues to reward deserving team members in the form of incentives and promotions.

9. AUDITOR'S REPORT

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

1) Report on Financial Statements

We have audited the accompanying financial statements of Shriram Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2) 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 standalone 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 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 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 design, implementation and maintenance of adequate internal financial controls, 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.

3) 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 there under.

We conducted our audit in accordance with the Standards on Auditing 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 the 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 standalone financial statements.

4) Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2015, and its profit/loss and its cash flows for the year ended on that date.

5) Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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

   a) We have sought and 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 it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the 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 the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) 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 they were any material foreseeable losses.

      iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

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

Ramendra Nath Das
Partner
Membership No.014125

Place: Chennai
Date: April 20, 2015

ANNEXURE TO AUDITOR'S REPORT

Re: SHRIRAM HOUSING FINANCE LIMITED ("the Company")

Financial Year Ended March 31, 2015

I. (a) According to the information and explanations given to us and records produced before us. 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 and records produced before us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.

II. The Company is engaged in financing activities which does not involve maintenance of any inventory.

III. As per the information and explanations given to us the Company has granted/taken loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 (the Act). In respect of the same,

(a) The receipts/repayment of principal is regular, and

(b) There is no overdue amount as at the end of the year.

IV. 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 purchase of fixed assets. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas. There is no sale of goods or service or purchase of inventory.

V. The Company has not taken any deposits.

VI. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act.

VII. (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, wealth tax, service tax, income tax, and other material statutory dues applicable to it and there are no dues payable in respect of Employees' State Insurance, Excise duty, Custom Duty and Sales Tax, cess and any other statutory dues with appropriate authorities.

(b) There is no amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Act.

VIII. The Company has no accumulated losses at the end of financial year and has not incurred cash losses in the current and immediately preceding financial year.

IX. Based on our audit procedures and as per information and explanations given by the management, it appears that the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.

X. 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.

XI. In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained other than funds temporarily parked pending utilisation of the funds for the intended use.

XII. Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit except as stated below:

	Nature of fraud	Amount (₹ in lacs)		Remarks
1)	Fake documentation and multiple funding	Disbursement Collection Write-off	16.73 0.15 16.58	Fraud detected on May 05, 2014. FIR filed against Mr. Ashok Echacharam Patil (customer) of Mumbai. Court cases are under process, next hearing is on April 23, 2015.
2)	Fake documentation and multiple funding	Disbursement Collection Provision	15.37 0.55 14.82	Fraud detected on May 05, 2014. FIR lodged against Mr. Sandesh Salunke (customer) of Mumbai. Police is investigating the case under court instruction, next hearing has been fixed on June 12, 2015.
3)	Fake documentation and multiple funding	Disbursement Collection Write-off	20.67 1.97 18.70	Fraud detected on May 05,2014. FIR lodged against Mr. Vijai Kashiram Todkari (customer) of Mumbai. Police is investigating the case under court instruction, next hearing is fixed on June 12, 2015.
4)	Fake documentation and multiple funding	Nil		FIR lodged against Mr. Jignesh Popatbhai Bhalodi (customer) of Rajkot. The attempted fraud was detected before disbursement; hence there is no loss to the Company.

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

Ramendra Nath Das
Partner
Membership No: 014125

Place: Chennai
Date: April 20, 2015

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

Balance Sheet as at March 31, 2015

₹ in lacs

Particulars	Notes	March 31, 2015	March 31, 2014
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	5	21,416.00	21,416.00
(b) Reserves and surplus	6	15,158.41	13,139.97
		36,574.41	**34,555.97**
2. Non-Current Liabilities			
(a) Long term borrowings	7	35,686.64	-
(b) Deferred tax liabilities (net)	8	126.55	-
(c) Other Long-term liabilities	9	137.00	117.39
(d) Long-term provisions	10	618.15	237.14
		36,568.34	**354.53**
3. Current Liabilities			
(a) Short term borrowings	11	-	-
(b) Other current liabilities	9	5,553.09	93.89
(c) Short-term provisions	10	88.95	46.57
		5,642.04	**140.46**
TOTAL		**78,784.79**	**35,050.96**
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	108.34	107.90
(ii) Intangible assets	12	7.39	45.16
(b) Non-current investments	13	1,329.06	934.43
(c) Deferred tax assets (net)	8	-	77.47
(d) Long-term loans and advances	14	71,029.59	31,158.39
(e) Other non-current assets	15	365.56	-
		72,839.94	**32,323.35**
2. Current Assets			
(a) Current investments	13	676.00	260.51
(b) Cash and cash equivalents	16	2,136.50	1,228.00
(c) Short-term loans and advances	14	3,049.19	1,238.85
(d) Other current assets	15	83.16	0.25
		5,944.85	**2,727.61**
TOTAL		**78,784.79**	**35,050.96**

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

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: Chennai.
Date: April 20, 2015

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

Sujan Sinha
Managing Director & CEO
DIN : 02033322

Subhasri Sriram
Director
DIN : 01998599

Kavitha G Shah
Company Secretary

Kunal Shah
Chief Financial Officer

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

Statement of Profit & Loss for the year ended March 31, 2015

₹ in lacs

Particulars	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from operations	17	8,289.91	3,585.22
Other Income	18	263.88	587.13
Total Revenue		**8,553.79**	**4,172.35**
Expenses:			
Employee benefits expense	19	1,476.97	956.56
Finance costs	20	1,429.44	20.57
Depreciation and amortization expense	12	99.30	67.02
Other expenses	21	2,099.10	1,414.58
Provisions & write-offs (net)	22	438.62	142.26
Total Expenses		**5,543.43**	**2,600.99**
Profit before tax		**3,010.36**	**1,571.36**
Tax Expense:			
(1) Current tax		853.36	236.84
(2) Less: MAT credit entitlement		-	(27.92)
(3) Deferred tax		204.03	(64.46)
(4) Tax of earlier year		(66.69)	-
Total tax expense		**990.70**	**144.46**
Profit after tax from continuing operations		**2,019.66**	**1,426.90**
Earnings per equity share of par value ₹10/- each	23		
(1) Basic (₹)		0.94	0.82
(2) Diluted (₹)		0.94	0.82

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

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: Chennai.
Date: April 20, 2015

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

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Company Secretary

Kunal Shah
Chief Financial Officer

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

Cash Flow Statement for the year ended March 31, 2015

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
A) Cash flow from Operating activities		
Net Profit before taxation	3,010.36	1,571.36
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	99.30	67.02
Provision for sub standard, doubtful & loss assets	213.02	60.69
Contingent provision on standard assets	190.32	81.57
Bad debts written off	35.28	-
Provision for gratuity	6.08	11.30
Provision for leave benefits	1.56	3.43
Provision for lease rental	4.78	17.33
Provision for bonus and ex-gratia	7.63	5.95
Interest income on fixed deposits	-	(0.29)
Premium on PTC written off	0.09	-
Dividend income	(6.15)	(537.06)
Interest received	(152.43)	(0.10)
(Profit)/Loss on sale of assets	0.08	(0.01)
Profit on sale of investment	(100.54)	(40.93)
Miscellaneous income	(2.80)	(8.49)
Operating profit before working capital changes	**3,306.58**	**1,231.77**
Movement in working capital:		
(Increase) / decrease in Short-term loans and advances	(1,838.26)	(933.52)
(Increase) / decrease in Long-term loans and advances	(39,926.65)	(19,926.06)
(Increase) / decrease in other current assets	(75.47)	72.19
(Increase) / decrease in other non-current assets	(365.56)	294.51
Increase / (decrease) in current liabilities	4,945.87	(273.65)
Increase / (decrease) in non-current liabilities	19.61	-
Cash generated from operation	**(33,933.88)**	**(19,534.76)**
Direct Taxes Paid (Net of Refund)	(738.58)	(208.92)
Net Cash flow from/(used in) operating activities (A)	**(34,672.46)**	**(19,743.68)**
B) Cash flow from investing activities		
Purchase of fixed and intangible assets	(64.50)	(46.61)
Proceeds from sale of assets	1.24	0.01
Purchase of pass through certificates	(1,228.63)	(994.19)
Proceeds from sale of investment (net)	522.68	2,279.48
Interest received on fixed deposits	-	0.29
Dividend received	0.51	217.08
Interest received	146.89	0.10
Miscellaneous income	2.80	8.49
Net Cash flow from/(used in) investing activities (B)	**(619.01)**	**1,464.65**
C) Cash flow from financing activities		
Increase / (decrease) of long term borrowings	36,199.97	-
Proceeds from issue of equity share capital including securities premium & share application money	-	19,071.00
Net Cash flow from/(used in) financing activities (C)	**36,199.97**	**19,071.00**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**908.50**	**791.97**
Cash and cash equivalents at the beginning of the year	1,228.00	436.03
Cash and cash equivalents at the end of the year	**2,136.50**	**1,228.00**

Cash Flow Statement for the year ended March 31, 2015

₹ in lacs

Component of cash and cash equivalents	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash on hand	20.53	3.75
Balances with banks:		
- Current Account	2,115.97	1,224.25
Total Cash and cash equivalents	**2,136.50**	**1,228.00**

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: Chennai.
Date: April 20, 2015

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

Sujan Sinha
Managing Director & CEO
DIN : 02033322

Subhasri Sriram
Director
DIN : 01998599

Kavitha G Shah
Company Secretary

Kunal Shah
Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2015

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 specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounting Standards) Rules, 2014 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 Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as noncurrent.

4.2 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.

4.3 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 capitalised 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 recognised in the statement of profit and loss when the asset is derecognised. Depreciation on Fixed Asset is calculated on a straight line basis as per the useful lives of the assets as prescribed under the Schedule II to Companies Act, 2013. Leasehold Improvements are amortised at a rate of 20% or over the lease period whichever is higher

4.4 Intangible Assets

Intangible assets comprising computer software acquired separately are measured and recognised at cost. Such assets generated internally are capitalised 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 capitalised and are recognised as expense and reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortised 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 Impairment of assets

The company assesses at each balance sheet date if there is an indication of impairment of any asset. If any indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is greater of net selling price and value in use of the asset. Where the carrying amount of an asset is more than its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The value in use is the estimated future cash flows discounted to their present value at pre-tax discount rate which reflects current market assessment of the time value of money and risk specific to the asset.

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

An assessment is made at each Balance Sheet date about existence or decrease of previously recognised impairment losses. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is increased or reversed depending on the changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

4.6 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.

4.7 Borrowing costs

Borrowing cost includes all charges and fees to the extent they are regarded as an adjustment to the interest cost. Borrowing cost is amortised over the period of the borrowing.

4.8 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.

4.9 Home Loan

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.

4.10 Leases

Where the Company is the lessor

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

4.11 Revenue Recognition

Interest income on home loans disbursed is recognised on accrual basis except in case of Non Performing Assets (NPA) where interest is accounted on realization. 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. On part disbursal cases, EMI will commence only on party request or after completion of 18 months moratorium whichever is earlier.

Profit/Loss on sale of investments is recognised at the time of sale/redemption. Dividend is recognised as income in the year in which right to receive such dividend is established.

Interest on deposits with banks and other institutions is recognised 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.

Income from services is recognised as per the terms of the contract on accrual basis.

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 recognised for all taxable timing differences. Deferred tax assets are recognised 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 realised. In case

the Company has unabsorbed depreciation or carry forward losses under tax laws deferred tax assets are recognised 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 realised.

In case the Company is having or approaching tax holiday in near future no deferred tax asset or liability is recognised 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 recognised 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 unrecognised deferred tax assets and recognizes hitherto unrecognised 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 recognised 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 Employee stock compensation cost

The measurement and disclosure of the employee share based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India (ICAI).The company measures cost relating to employees stock option by intrinsic value method. Compensation expenses is amortised on straight line method over the period of vesting of options.

4.15 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. Provisions 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 recognised in full in the statement of profit and loss in the period in which they occur.

Accumulated leave which is expected to be utilised 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.

4.16 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

4.17 Expenses on debentures

Expenses on issue of debentures/subordinated debts are charged off on straight line basis over the weighted average tenor of the underlying debentures.

4.18 Provisions

A provision is recognised 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.

4.19 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.

4.20 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 recognised 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.

4.21 Special Reserve :

The Company creates Special Reserve every year out of its profits in terms of Sec 36(1) (viii) of the Income Tax Act, 1961 read with Sec 29C of the National Housing Bank Act, 1987.

4.22 Securitisation of assets:

Securitised Assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets. De-recognition of securitised assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

5. SHARE CAPITAL

₹ in lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised		
22,00,00,000 (Previous Year: 22,00,00,000)		
equity shares of ₹ 10/- each	22,000.00	22,000.00
	22,000.00	**22,000.00**
Issued, Subscribed and Fully Paid up Equity Shares		
21,41,60,000 (Previous Year: 21,41,60,000)		
equity shares of ₹ 10/- each.	21,416.00	21,416.00
Total Issued, Subscribed and Fully Paid up Share Capital	**21,416.00**	**21,416.00**

5.1 Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period.

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ in lacs	Number	₹ in lacs
Shares outstanding at beginning of the year	21,41,60,000	21,416.00	9,15,00,000	9,150.00
Shares Issued during the year	-	-	12,26,60,000	12,266.00
Shares outstanding at the end of the year	21,41,60,000	21,416.00	21,41,60,000	21,416.00

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% of shares in the company

Name of Shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Valiant Mauritius Partners FDI Ltd.	4,87,20,000	22.75%	4,87,20,000	22.75%
Shriram City Union Finance Ltd. and its Nominees	16,54,40,000	77.25%	16,54,40,000	77.25%

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

₹ in lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Securities premium		
Opening balance	12,180.00	5,375.00
Add: Securities premium credited during the year	-	6,805.00
Closing balance	**12,180.00**	**12,180.00**
Statutory reserve (Pursuant to Section 29C of the NHB Act, 1987 & Section 36(1)(viii) of Income Tax Act, 1961)		
Opening balance	285.38	-
Add: transferred as per section 29C of the NHB Act, 1987	-	-
Add: transferred as per section 36(1)(viii) of the Income Tax Act, 1961 (considered for 29C of the NHB Act)	418.02	285.38
Appropriation during the year	-	-
Closing balance	**703.40**	**285.38**
Surplus in the Statement of Profit and Loss		
Opening balance	674.59	(466.93)
Less: Additional Depreciation as per Companies Act, 2013	1.22	-
Add: Net profit for the year	2,019.66	1,426.90
Less: Appropriations		
Less: Transfer to statutory reserve (Pursuant to Section 29C of the NHB Act, 1987 & section 36(1)(viii) of Income Tax Act, 1961)	418.02	285.38
Net surplus in the statement of Profit and Loss	**2,275.01**	**674.59**
Total	**15,158.41**	**13,139.97**

7. LONG TERM BORROWINGS

₹ in lacs

Particulars	Non-current portion		Current maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Secured				
Privately placed redeemable non-convertible debentures	25,600.00	-	-	-
Term loan from banks	10,086.64	-	513.33	-
Total Long term borrowing	**35,686.64**	**-**	**513.33**	**-**
Amount disclosed under the head "Other liabilities"	-	-	(513.33)	-
Total	**35,686.64**	**-**	**-**	**-**

7.1 Secured Loans - Long Term Borrowings

A. Privately placed redeemable non convertible debentures

₹ in lacs

Series	Tranche	Issue Price	Redemption Price	Type	ROI	Tenor	No. of Debenture	Amount
I	1	10.00	10.00	Quoted	10.30 %	10 years	400.00	4,000.00
I	2	10.00	10.00	Quoted	10.25 %	7 years	600.00	6,000.00
II	1	10.00	10.00	Un-Quoted	10.25 %	3 years	500.00	5,000.00
III	1	10.00	11.97	Quoted	-	723 days	60.00	600.00
IV	1	10.00	10.00	Quoted	9.30 %	3 years	450.00	4,500.00
IV	2	10.00	10.00	Quoted	9.25 %	5 years	400.00	4,000.00
IV	3	10.00	10.00	Quoted	9.35 %	7 years	150.00	1,500.00
								25,600.00

Nature of security:

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a legal mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

B. Term loan from banks

Terms of repayment as at March 31, 2015 — ₹ in lacs

Tenor	Rate of Interest	Repayment Details	Non-Current portion	Current Maturities
48-60 Months	10.00% to 10.60%	1 to 12 installments of bullet & quarterly frequency	7,766.64	333.33
Above 60 months	10.25%	14 installment of half yearly frequency	2,320.00	180.00
Total			**10,086.64**	**513.33**

Nature of security:

Term loans from banks are secured by way of exclusive charges on specified home loan receivables.

8. DEFERRED TAX LIABILITIES (NET)

₹ in lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax liabilities		
Timing difference on account of :		
Differences in depreciation as per income tax & as charged in financial statement	-	14.13
On creation of special reserve	208.78	-
Deferred expenses incurred for NCD mobilization	142.20	-
Deferred expenses - Bank Loan Processing Fees	7.32	-
Rating Expenses	3.79	-
Gross deferred tax liabilities (A)	362.09	14.13
Deferred tax asset		
Timing difference on account of :		
Differences in depreciation as per income tax & as charged in financial statement	(2.12)	-
Contingent provision against standard assets	(108.11)	(43.42)
Provision for sub standard and doubtful assets	(88.00)	(20.63)
Provision for Loss Assets	(5.04)	-
Provision for lease rent	(14.02)	(12.39)
Provision for leave encashment	(2.74)	(2.21)
Provision for gratuity	(12.85)	(10.78)
Preliminary expenditure	(0.18)	(0.37)
Provision for bonus	(2.48)	(1.80)
Gross deferred tax assets (B)	**(235.54)**	**(91.60)**
Deferred tax (assets)/liabilities (Net) (A + B)	**126.55**	**(77.47)**

9. OTHER LIABILITIES

₹ in lacs

Particulars	Long Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Current maturities of long term borrowings (Refer Note 7)	-	-	513.33	-
Interest accrued but not due on borrowings	19.61	-	729.78	-
Interest Payable to banks	-	-	30.66	-
Temporary book overdraft	-	-	4,073.85	-
Tax deducted at source	-	-	8.58	1.61
Statutory dues pertaining to employees	-	-	12.93	-
Outstanding expenses	-	-	170.70	88.14
Service tax payable	-	-	0.85	0.20
Rent deposit	117.39	117.39	-	-
Stale cheque account	-	-	12.41	3.83
Retention money	-	-	-	0.11
Total	**137.00**	**117.39**	**5,553.09**	**93.89**

10. PROVISIONS

₹ in lacs

Particulars	Long Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Provision for Employee benefits:				
Provision for gratuity	37.78	31.71	0.01	-
Provision for leave benefits	7.37	5.95	0.70	0.56
Provision for bonus and ex-gratia	-	-	28.23	20.60
Other provisions:				
Provision for lease rent	21.37	17.57	19.87	18.89
Contingent provision for housing loans of standard assets as per NHB Directions, 2010	225.24	103.17	8.60	3.55
Provision for housing loans of sub standard assets as per NHB Directions, 2010	133.91	55.28	5.83	1.65
Provision for housing loans of doubtful assets as per NHB Directions, 2010	76.02	-	3.51	-
Provision for housing loans of loss assets as per NHB Directions, 2010	-	-	14.82	-
Contingent provision for non- housing loans of standard assets as per NHB Directions, 2010	79.30	19.84	4.92	1.18
Provision for non- housing loans of sub standard assets as per NHB Directions, 2010	31.33	3.62	2.17	0.14
Provision for non housing loans of doubtful assets as per NHB Directions, 2010	5.83	-	0.29	-
Total	**618.15**	**237.14**	**88.95**	**46.57**

11. SHORT TERM BORROWINGS

₹ in lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Secured		
Term loan from banks	-	-
Cash Credit from bank	-	-
Bank Overdraft from banks	-	-
Total	**-**	**-**

11.1 Cash credits

Nature of Security

Cash credits from banks are secured by way of exclusive charge on specified home loan receivables.

12. TANGIBLE AND INTANGIBLE FIXED ASSETS

₹ in lacs

Particulars	As per Companies Act 1956	Gross Block				As per Companies Act 1956	Depreciation / Amortisation				Net Block		
	As at April 1, 2014	As at April 1, 2014	Addition during the year	Deletion during the year	As at March 31, 2015	As at April 1, 2014	As at April 1, 2014	For the year	Adjustment to Opening Retained Earnings	Deletions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
ASSET FOR OWN USE													
Land - Freehold	-	-	0.28	-	0.28	-	-	-	-	-	-	0.28	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	97.91	-	-	-	-	23.62	-	-	-	-	-	-	-
Computer (Useful life "Nil" cases)		2.66	-	-	2.66	-	1.31	-	1.22	-	2.53	0.13	1.35
Computer		80.61	48.52	-	129.13	-	21.28	45.00	-	-	66.28	62.85	59.33
Electrical Installations and Equipments		14.64	8.02	1.48	21.18	-	1.03	1.75	-	0.18	2.60	18.58	13.61
Furniture and Fixtures	9.21	8.48	1.14	-	9.62	3.34	3.25	0.67	-	-	3.92	5.70	5.23
Office Equipment		0.73	0.07	-	0.80	-	0.09	0.07	-	-	0.16	0.64	0.64
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvement	59.55	59.55	5.85	2.36	63.04	31.81	31.81	13.41	-	2.34	42.88	20.16	27.74
INTANGIBLE ASSETS											-	-	
Computer Software	114.87	114.87	0.63	-	115.50	69.71	69.71	38.40	-	-	108.11	7.39	45.16
TOTAL	**281.54**	**281.54**	**64.51**	**3.84**	**342.21**	**128.48**	**128.48**	**99.30**	**1.22**	**2.52**	**226.48**	**115.73**	**153.06**

Note: During the year, the Company has revised depreciation rates on certain fixed assets as per the useful life specified in the Companies' Act 2013. Accordingly, depreciation of ₹ 1.22 lacs on account of assets where useful life is already exhausted as on 1st April 2014 has been adjusted to retained earnings. Had there been no change in useful life of assets, depreciation for the year would have been lower by ₹ 26 lacs.

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

13. INVESTMENTS

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Long-term investment Other than trade				
Investment in pass through certificates (unquoted)	1,329.06	934.43	676.00	59.76
Investment in Mutual funds (quoted)	-	-	-	200.75
Total	**1,329.06**	**934.43**	**676.00**	**260.51**

Note: The market value of the quoted mutual funds as at 31st March 2014 was ₹ 200.88 lacs.

14. 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 28)

₹ in lacs

Particulars	Long Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Housing Loans - Secured				
Standard assets (considered good)	52,193.90	25,487.35	1,976.27	888.02
Sub standard assets	892.76	368.55	38.85	11.00
Doubtful assets	304.08	-	14.05	-
Housing Loans – Unsecured				
Loss assets	-	-	14.82	-
Non housing loans - Secured				
Standard assets (considered good)	17,100.93	4,959.14	939.82	293.86
Sub standard assets	208.87	24.14	14.48	0.94
Doubtful assets	23.31	-	1.15	-
Capital advances - Unsecured, considered good	**-**	**-**	**7.11**	**-**
Other Advances				
Service tax credit (input) receivable	-	-	3.05	-
Prepaid expenses	0.17	-	23.94	3.56
Advance salary	-	-	-	0.61
Security deposit	259.49	261.82	6.29	1.50
Telephone deposit	0.04	0.04	-	-
Electricity deposit	0.10	-	-	-
Advance for assets	-	0.25	0.25	-
Travelling advance	-	-	0.11	0.37
Advance income tax	36.94	57.10	-	-
MAT credit entitlement	-	-	-	27.92
Other sundry advances	9.00	-	9.00	11.07
Total	**71,029.59**	**31,158.39**	**3,049.19**	**1,238.85**

*Short term loans and advances include current maturities of long term loans and advances.

15. OTHER ASSETS

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Private placement issue expenses for non-convertible debentures to the extent not written off or adjusted	346.89	-	71.48	-
Bank loan processing fees to the extent not written off	18.67	-	2.86	-
Interest receivable on PTC	-	-	7.69	0.25
Receivable against expenses	-	-	0.71	-
Other assets	-	-	0.42	-
Total	**365.56**	**-**	**83.16**	**0.25**

16. CASH AND CASH EQUIVALENTS

₹ in lacs

Particulars	Non-current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
(a) Balances with banks				
- Current Account	-	-	2,115.97	1,224.25
(b) Cash on hand	-	-	20.53	3.75
Total	**-**	**-**	**2,136.50**	**1,228.00**

17. REVENUE FROM OPERATIONS

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income	7,314.35	3,060.64
Processing fees	943.29	511.86
Other charges	32.27	12.72
Total	**8,289.91**	**3,585.22**

18. OTHER INCOME

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest on deposit with bank	-	0.29
Dividend income	6.15	537.06
Profit / (Loss) on sale of investment	100.54	40.93
Profit on sale of assets	0.01	0.01
Interest received-others	67.65	0.10
Interest received on PTC	84.78	0.25
Miscellaneous income	4.75	8.49
Total	**263.88**	**587.13**

19. EMPLOYEE BENEFIT EXPENSE

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries	1,224.24	835.03
Contributions to provident fund /ESIC	51.24	30.52
Provision for gratuity (Refer Note No 4.15)	6.08	11.30
Provision for leave benefits (Refer Note No 4.15)	1.58	4.51
Staff welfare expenses	47.26	11.96
Training expenses	2.77	1.46
Bonus and ex-gratia	29.44	20.13
Incentives	112.25	39.44
Meal Sodexo expenses	2.11	2.21
Total	**1,476.97**	**956.56**

20. FINANCE COSTS

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense on:		
Loans from other companies	232.68	20.57
Loan from bank & financial institutions	265.36	-
Debentures	917.89	-
Debenture application money	5.09	-
Other Borrowing Costs :		
Processing and other charges	8.42	-
Total	**1,429.44**	**20.57**

21. OTHER EXPENSES

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	341.28	219.76
Printing & stationery	40.21	25.68
Travelling and conveyance	128.14	94.39
Books & periodicals	6.84	8.19
Meeting expenses	1.77	10.94
Business promotion	14.89	11.49
Business commission	454.35	247.00
Communication expenses	37.10	24.64
Directors' sitting fees	1.91	1.06
Electricity expenses	35.91	27.92
Insurance - others	1.92	1.67
Bank expenses	5.54	2.88
Audit fees	7.43	6.37
Audit expenses	2.77	1.31
Professional and consultancy expenses	477.33	377.06
Registration & filing fees	21.05	63.43
Office maintenance	64.88	39.82
Pooja expenses	0.02	-
Postage & courier expenses	27.30	16.93
Rates, duties & taxes	2.88	1.47
Brokerage	1.10	0.25
Freight charges	0.26	-
Membership fees	3.90	1.98
Miscellaneous expenditure	0.09	0.81
General expenses	1.85	-
Royalty	97.92	53.09
Donation	-	0.25
Interest paid others	0.13	0.02
Loss on sale of assets	0.09	-
Advertising expenditure	6.60	4.13
Legal expenses	12.48	-
Collection recovery expenses	4.72	-
Loan processing expenses	267.65	172.04
NCD private placement expenses	28.79	-
Total	**2,099.10**	**1,414.58**

22. PROVISIONS & WRITE OFFS

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Contingent provision for standard assets & provision for sub standard asset/doubtful assets	403.34	142.26
Bad debts written off	35.28	-
Total	**438.62**	**142.26**

23. EARNINGS PER SHARE (EPS)

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax as per statement of profit and loss (₹ in lacs) (A)	2,019.66	1,426.90
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	2,141.60	1,741.69
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	2,141.60	1,741.69
Basic earnings per equity share (₹) (Face value of ₹10/- per share) (A) / (B)	0.94	0.82
Diluted earnings per equity share (₹) (Face value of ₹10/- per share) (A) / (C)	0.94	0.82

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Weighted average number of equity shares for calculating EPS (No. in lacs)	2,141.60	1,741.69
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)	2,141.60	1,741.69

24. RELATED PARTY DISCLOSURE

24.1. Names of Related Party and Respective Relations :

Nature of Relationship	Name of the Company/ Individual
Holding Company	Shriram City Union Finance Limited (SCUF)
Enterprises having significant influence over the Company	Shriram Capital Limited (SCL), Shriram Ownership Trust (SOT) and Valiant Mauritius Partners FDI Ltd. (VMPL)
Key Managerial Personnel	Mr. Sujan Sinha, (MD & CEO), Mr Kunal Shah (CFO) Ms. Nikita Hule (Company Secretary)

24. 2 Related Parties Identified by the Company

₹ in lacs

Particulars as at	Holding Company		Enterprises having significant influence over the Company		Key Managerial Personnel		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Payments/Expenses								
Employee Benefits *Mr. Sujan Sinha	-	-	-	-	108.38	72.72	108.38	72.72
Employee Benefits *Mr. Kunal Shah	-	-	-	-	16.87	-	16.87	-
Employee Benefits *Ms. Nikita Hule	-	-	-	-	2.93	4.42	2.93	4.42
Rent – SCUF	12.51	5.80	-	-	-	-	12.51	5.80
Rent – SCL	-	-	128.47	-	-	-	128.47	-
Expenses reimbursements - SCUF	8.72	4.58	-	-	-	-	8.72	4.58
Expenses reimbursements - SCL	-		15.19	-	-	-	15.19	-
Commission/Interest - SCUF	441.51	181.08	-	-	-	-	441.51	181.08
Interest - SCL	-	-	77.26	-	-	-	77.26	-
Intercorporate loan - Given to SCUF	7,400.00	-	-	-	-	-	7,400.00	-
Intercorporate loan - Repayment to SCUF	14,200.00	2,500.00	-	-	-	-	14,200.00	2,500.00
Intercorporate loan - SCL	-	-	5,000.00	-	-	-	5,000.00	-
Royalty Fees - SOT	-	-	103.62	56.18	-	-	103.62	56.18
Fixed Asset - SCUF	0.28	-	-	-	-	-	0.28	-
Receipts								
Expenses reimbursement - SCUF	26.12	15.00	-	-	-	-	26.12	15.00
Expenses reimbursement - SCL	-	-	0.07	-	-	-	0.07	-
Interest - SCUF	18.66	-	-	-	-	-	18.66	-
Share Capital - SCUF	-	9,544.00	-	-	-	-	-	9,544.00
Share Capital - VMPL	-	-	-	2,722.00	-	-	-	2,722.00
Securities Premium - VMPL	-	-	-	6,805.00	-	-	-	6,805.00
Rent - SCUF	130.50	123.00	-	-	-	-	130.50	123.00
Intercorporate loan - Given by SCUF	14,200.00	2,500.00	-	-	-	-	14,200.00	2,500.00
Intercorporate loan - Repayment by SCUF	7,400.00	-	-	-	-	-	7,400.00	-
Intercorporate loan - SCL	-	-	5,000.00	-	-	-	5,000.00	-
Balance outstanding as at 31st March 2015								
Share Capital – SCUF	16,544.00	16,544.00	-	-	-	-	16,544.00	16,544.00
Share Capital - VMPL	-	-	4,872.00	4,872.00	-	-	4,872.00	4,872.00
Outstanding Expenses - SCUF	32.00	17.19	-	-	-	-	32.00	17.19
Outstanding Expenses - SCL	-	-	11.15	-	-	-	11.15	-
Outstanding Expenses - SOT	-	-	32.84	14.05	-	-	32.84	14.05
Security Deposit - SCUF	117.39	117.39	-	-	-	-	117.39	117.39

*He / She is eligible for gratuity / leave encashment as per the company policy.

25. GRATUITY AND OTHER POST EMPLOYMENT BENEFIT PLANS:

The company operates one defined benefit 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.

25.1 Net employee benefit expense (Recognized in Employee Benefits Expenses)

A) Gratuity

In Statement of Profit and Loss :

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Current service cost	4.69	3.65
Interest cost on benefit obligation	2.77	1.79
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(1.38)	5.86
Past services cost	-	-
Net benefit expense	6.08	11.30

In Balance Sheet
Benefit Asset/Liability

₹ in lacs

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Opening defined benefit obligation	31.71	20.41
Interest cost	2.77	1.79
Current services cost	4.69	3.65
Benefits paid	-	-
Actuarial (gains)/losses on obligation	(1.38)	5.86
Closing defined benefit obligation	37.79	31.71
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	24.48 years	25.16 years

B) Leave encashment :

Company has provided Leave encashment liability as required under Accounting Standard – 15 (Revised) and balance in books as on 31-03-15 is ₹ 8.07 lacs (Previous Year ₹ 6.51 lacs).

26. EMPLOYEE STOCK OPTION PLANS

The company provides share-based payment schemes to its employees. For the period ended March 31, 2015 an Employee Stock Option Plan (ESOP) was in existence.

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 recognized any expenditure on the ESOP granted in the current period.

27. CONTINGENT LIABILITY AND COMMITMENT:

a) Contingent Liability: NIL (Previous Year - NIL)

b) Estimated amount of contract remaining to be executed on capital account for interior work net of advance to be paid ₹ 2.87 lacs (Previous Year - NIL).

28. 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.

29. No funds raised through preferential allotment of shares.

30. Value of imports on CIF basis - NIL (Previous Year - NIL).

31. Foreign exchange earnings (NIL) and out go - ₹ 1.09 lacs (Previous Year - ₹ 1.11 lacs).

32. During the financial year ended 31.03.2015, Company invested in Pass Through Certificates (PTCs) amounting to ₹ 1,226.73 lacs including a premium of ₹ 6.04 lacs. The balance outstanding as on 31.03.2015 of all PTCs is ₹ 2,005.06 lacs.

    The details of PTC investment are as under :

Originator	Balance as on 31.03.2015 (₹ in lacs)
India Shelter Finance Corporation Limited	1,226.64*
Shubham Housing Finance Limited	778.42

*Balance amount includes premium of ₹ 5.96 lacs

33. 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.

34. During the financial year, company identified frauds amounting to ₹ 50.10 lacs committed by borrowers on the company out of which ₹ 35.28 lacs was written off and 100% provision made on the balance amount.

35. The company has not been able to spend 2% of its average profit for the last 3 financial years as required under the Companies Act 2013 amounting to ₹ 7.98 lacs as the company has not firmed up any CSR projects/activity. The company is in the process of firmimg up CSR projects. The company would undertake CSR activities through Shriram Seva Sankalp Foundation ("SSS"), a section 8 company. SSS has been incorporated.

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

37. The Company does not have licensed capacity as it is a Home Finance Company.

38. The company has 72 branches as at March 31, 2015.

39. 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 ₹ 418.02 (Previous Year ₹ 285.38 lacs).

₹ in lacs

Particulars	As at March 31, 2015	As at March 31, 2014
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	285.38	-
c) Total	**285.38**	**-**
Addition / Appropriation / Withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act, 1987		
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under section 29C of the NHB Act 1987.	418.02	285.38
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.	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	703.40	285.38
c) Total	**703.40**	**285.38**

40. 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.

40.1 Capital to Risk Ratio (CRAR)

Items	As at March 31, 2015	As at March 31, 2014
1. CRAR (%)	67.33%	159.33%
2. CRAR (%) Tier I capital	66.74%	158.74%
3. CRAR (%) Tier II capital	0.59%	0.59%

40.2 Exposure to real estate sector

a) DIRECT EXPOSURE

i) Residential Mortgage

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, 2015	As at March 31, 2014
(i) Housing Loan to individuals upto ₹ 15 lacs	29,299.40	16,426.27
(ii) Housing Loan to individual more than ₹ 15 lacs	23,185.92	10,328.65
(iii) Non Housing Loan against residential property	17,069.02	5,074.78

ii) Commercial Real Estate

₹ in lacs

Category	As at March 31, 2015	As at March 31, 2014
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	4,154.13	203.30

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

₹ in lacs

Category	As at March 31, 2015	As at March 31, 2014
a) Residential	2,005.06*	994.19
b) Commercial Real Estate	-	-

*includes premium of ₹ 5.96 lacs

b) INDIRECT EXPOSURE:

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

41. 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)	-	-	1,043.58	53.44
Over one month to 2 months	-	-	153.96	58.16
Over 2 months upto 3 months	-	-	156.16	57.01
Over 3 months to 6 months	-	-	482.60	175.77
Over 6 months to 1 year	513.33	-	1,148.53	328.58
Over 1 year to 3 years	2,178.33	10,100.00	7,737.10	751.22
Over 3 to 5 years	7,028.31	4,000.00	7,039.17	147.35
Over 5 to 7 years	720.00	7,500.00	8,504.27	163.86
Over 7 to 10 years	160.00	4,000.00	16,251.73	263.72
Over 10 Years	-	-	31,206.19	-
Total	10,599.97	25,600.00	73,723.29	1,999.11

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

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: Chennai.
Date: April 20, 2015

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

Sujan Sinha
Managing Director & CEO
DIN : 02033322

Subhasri Sriram
Director
DIN : 01998599

Kavitha G Shah
Company Secretary

Kunal Shah
Chief Financial Officer

ABOUT THE SHRIRAM GROUP

The Shriram Group had its humble beginnings in the Chit Fund business over four decades ago. Mr. R. Thyagarajan and his two associates ventured into these and other financial services businesses. Over time, manufacturing and services were added to the Group. Shriram Group is however best identified by its flagship NBFCs – Shriram Transport Finance Company Limited and Shriram City Union Finance Limited. The Group today manages assets of over ₹ 1 lac crores.

Among financial services, the Group's businesses include commercial vehicle financing, consumer & enterprise finance, retail stock broking, life insurance, general insurance, chit funds and distribution of investment & insurance products.

The Group has also made successful forays in non-financial products and services. It has investments in manufacturing, value added services, project development, engineering services, pharmaceuticals, machined & auto components, press dies & sheet metal stamping, packaging, information technology, property development etc.

ABOUT SHRIRAM CITY UNION FINANCE LIMITED

Shriram City Union Finance Limited (hereinafter referred to as SCUF) is now in the 29th year of its existence. A deposit–accepting NBFC with multiple product lines, SCUF is the largest small enterprise finance company in India in the small loan segment (*Source: "Analysis of Small Loan Credit Market for NBFCs in India – April 2013" by Frost and Sullivan*). It is also a prominent provider of loans against gold, financing for two wheelers, pre-owned and new vehicle loans, personal loans and housing loans (the last named product being disbursed through its subsidiary Shriram Housing Finance Limited).

SCUF with a presence over 1,000 branches across India, had ₹ 16,717 crores Assets under Management as on March 31, 2015. During the financial year ending 2015 it attained a top line of ₹ 3,532 crores and registered a net profit of ₹ 558 crores. Loans disbursed during the year were ₹ 17,202 crores, while Capital Adequacy stood at 29.55% (against the minimum required of 15%).

SCUF floated its equity IPO in the year 1994, and has, over the years, seen active interest and participation by major Private Equity players. ChrysCapital, Merrill Lynch, and CPIM were the earliest entrants, being followed by ICICI Ventures, Asia Bridge, and Bessemer Venture Partners. It also sought and received public participation in its debt offerings and issued listed Non–Convertible Debentures in the year of 2011, 2012, 2013 and 2014.

SCUF possesses a unique business model. Focused on serving the non-corporate component of the Micro, Small and Medium Enterprise (MSME) segment through small-ticket loans, It harnesses to best effect its symbiotic relationship with companies within the corporate group in reaching out to its target market. These group companies have had a four-decade-old business relationship with retail customers; many of them from the MSME segment, involving small savings and investments. Of these, customers seeking financial assistance for business purposes are referred to SCUF, which thereby obtains access to their repayment track record and business antecedents. This arrangement has enabled it to build a quality loan book while providing it a formidable barrier against competition. In short, SCUF has designed and continues to execute a branch-centric, community-led, relationship based business model.

SHRIRAM
HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES
www.shriramhousing.in

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