6th ANNUAL REPORT 2015-16

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

Growing with Strong foundation

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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 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 plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', '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 realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep 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.

Corporate Information

Board Of Directors

Mr. Sujan Sinha
Managing Director
& Chief Executive Officer

Mr. Khushru Burjor Jijina
Director

Mr. Gopalasamudram Srinivasaraghavan Sundararajan
Director

Ms. Subhasri Sriram
Director

Mr. Yalamati Srinivasa Chakravarti
Director

Mr. Duruvasan Ramachandra
Director

Mr. Venkataraman Murali
Director

Dr. Qudsia Gandhi
Director

Top Management Team

Mr. Arun Mishra
Chief Operating Officer

Mr. Kunal Shah
Chief Financial Officer

Mr. Paresh Athalye
Chief Human Resources Officer

Company Secretary
Ms. Mageswari Pasupathy

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

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

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

Banks

Axis Bank

Bank of Maharashtra

Barclays Bank

Citi Bank

HDFC Bank

Kotak Mahindra Bank

Indian Bank

IDBI Bank

Standard Chartered Bank

State Bank of India

Syndicate bank

United Bank of India

Union Bank of India

Vijaya Bank

Our Mission

To serve the under-served population of the country in fulfilling their aspiration of owning a dream home by 'Finding Ways to Funding Homes'

Milestones

FY16

Composite book size
in excess of ₹ 1,250 Crores

FY15

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

FY14

Second tranche of investment
received from our PE investor:
Valiant Mauritius Partners FDI Limited
Crossed ₹ 100 Crores in disbursement

FY13

Private equity investment
of ₹ 75 Crores by
Valiant Mauritius
Partners FDI Limited

FY12

Registered with
National Housing Bank as a
Housing Finance Company
in August 2011; Commenced lending
operations from December 2011

FY11

Shriram Housing Finance Limited
incorporated as a Company

Our Products

Home Loans

Loans with simple documentation are provided for purchase of a new / resale house as well as purchase of plot and construction of house thereon. Loans are also provided for self construction of a house or extension / renovation of an existing property. We also provide attractive schemes for takeover of existing home loan along with additional finance options.

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.

Branch Presence Pan India

State-wise Branch Network

ANDHRA PRADESH
Guntur
Kurnool
Nellore
Rajahmundry
Tirupati
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
Hubli
Mysore

KERALA
Ernakulam

MADHYA PRADESH
Bhopal
Indore
Neemuch
Ratlam
Ujjain

MAHARASHTRA
Amravati
Ahmednagar
Aurangabad
Chandrapur
Kolhapur
Nagpur
Nasik
Navi Mumbai
Pune
Solapur

ODISHA
Bhubaneshwar

PUDUCHERRY
Puducherry

PUNJAB
Amritsar
Bathinda
Jalandhar
Ludhiana
Mohali/ Chandigarh

RAJASTHAN
Ajmer
Alwar
Bikaner
Jaipur
Jodhpur
Kota
Udaipur

TAMIL NADU
Chennai
Chennai II
Coimbatore
Hosur
Madurai
Tiruchirapalli
Tirunelveli

TELANGANA
Hyderabad
Karimnagar
Warangal

UTTAR PRADESH
Agra
Allahabad
Bareilly
Kanpur
Lucknow
Meerut

UTTARAKHAND
Dehradun
Haldwani
Haridwar

WEST BENGAL
Barasat
Durgapur
Kolkata
Siliguri

Performance

Directors' Profiles

Mr. Sujan Sinha

Mr. Sinha is the Managing Director and Chief Executive Officer on our Board. He holds a degree of Bachelor of Science from Presidency College. He is in the 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. He has been on our Board since December 2010.

Mr. Khushru Burjor Jijina

Mr. Khushru is a Non Executive, Non Independent Director on our Board. He is a Chartered Accountant with a career spanning over 3 decades in the field of real estate, corporate finance and treasury management and has been with the Piramal Group for more than 15 years handling several key positions including Managing Director of Piramal Realty, Executive Director of Piramal Sunteck Realty, etc. Currently, he is the Managing Director of Piramal Fund Management Private Limited. Mr. Jijina started his career with Rallis, a TATA Group Company, where he held several important positions in corporate finance over a span of 12 years. He has been on our Board since January 2016.

Mr. Gopalasamudram Srinivasaraghavan Sundararajan

Mr. Sundararajan is a Non Executive, Non Independent Director on our Board. He holds a degree of Bachelor of Engineering (Agriculuture) from Tamil Nadu Agricultural University, Comibatore and a post graduate diploma in management (Agriculture) from the Indian Institute of Management, Ahmedabad. He has been on our Board since October 2012.

Ms. Subhasri Sriram

Ms. Sriram is a Non Executive, Non Independent Director on our Board . She holds a degree of Master of Commerce, I.C.W.A and ACS. She is Instrumental in setting up Retail Finance of Shriram Group. She has over 20 years of experience in retail and corporate finance, treasury & fund management and corporate administration. She has been on our Board since November 2010.

Mr. Yalamati Srinivasa Chakravarti

Mr. Chakravarti is a Non Executive, Non Independent Director on our Board. 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. He serves the Boards of Shriram Chits Pvt Ltd and Shriram Chits (Maharashtra) Limited. He has been in our Board since November 2010.

Mr. Duruvasan Ramachandra

Mr. Duruvasan is a Non Executive, Non Independent Director on our Board. He holds a degree of Bachelor of Commerce, he has been serving the Shriram Group for more than 3 decades and has been instrumental in the growth of the Shriram group. He was the Managing Director and Principal Officer of Shriram Life Insurance Company Ltd. He also serves on the Board of Shriram City Union Finance Limited and CES Limited. He has been on our Board since October 2015.

Mr. Venkataraman Murali

Mr. Murali is an Non Executive, Independent Director on our Board . He holds degrees of Bachelors of Commerce, from Vivekananda College, Chennai. He is 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 30 years of experience in the relevant fields. He has been elected as Central Council Member of the Institute of Chartered Accountants of India for four terms in succession for the periods from 2004-2016 and secured sixth consecutive record win in ICAI elections from the Southern Region. He has been on our Board since July 2013.

Dr. Qudsia Gandhi

Dr. Gandhi is an Non Executive, Independent Director on our Board. 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. She has been on our Board since November 2012.

Report of the Board of Directors

To

The Members of
Shriram Housing Finance Limited

Your Directors are pleased to present the Sixth Annual Report along with the Audited Financial Statements for the year ended March 31, 2016 of Shriram Housing Finance Limited ('the Company').

FINANCIAL RESULTS

The summary of financial performance of the Company for the Year is as under:

₹ in lacs

Particulars	2015-16	2014-2015
Profit before depreciation and taxation	4,344.07	3,109.66
Less: Depreciation	70.67	99.30
Profit before tax	4,273.40	3,010.36
Less: Provision for taxation	1,378.14	990.70
Profit after tax	2,895.26	2,019.66
Add: Profit brought forward from previous year	2,275.01	673.37
Profit available for appropriation	5,170.27	2,693.03
Earnings per share		
(1) Basic ₹	1.35	0.94
(2) Diluted ₹	1.35	0.94

A. DIVIDEND

No Dividends were declared during the financial year 2015 - 2016.

B. PERFORMANCE REVIEW

Total income for the year increased to ₹ 16,746.62 lacs as compared to ₹ 8,553.79 lacs in 2015. The revenue from operations for the year was ₹ 16,721.06 compared to ₹ 8,374.69 lacs in 2015. The profit before tax for the year was ₹ 4,273.40 lacs as compared to ₹ 3,010.36 lacs in 2015. The Profit after tax for the year was ₹ 2,895.26 lacs as compared to ₹ 2,019.66 lacs in 2015.

C. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2016 was ₹ 214.16 crores. During the year under review, the Company has not issued shares.

D. NON CONVERTIBLE DEBENTURES (NCDs):

During the year, the Company issued NCDs amounting to ₹ 60 crore on private placement basis which have been listed on the Wholesale Debt Segment of Bombay Stock Exchange (BSE) Ltd. The NCDs have been assigned rating of "CARE AA+" by Credit Analysis & Research Ltd (CARE) and "IND AA" by India Ratings & Research Private Limited. As at March 31, 2016, NCDs amounting to ₹ 316/- crore were outstanding. The Company has been regular in making payment of principal and interest on the NCDs.

As at March 31, 2016, there were no NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the said NCDs became due for redemption. Hence the amount of NCDs remaining unclaimed or unpaid beyond due date is Nil.

STATUTORY & REGULATORY COMPLIANCE

The Company has complied with the applicable statutory provisions, including those of the Companies Act, 2013 and the Income-tax Act, 1961. Further, the Company has complied with the NHB's Housing Finance Companies Directions, 2010, Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Pursuant to Section 186 (11) of the Companies Act, 2013 loans made, guarantee given or security provided by a Housing Finance Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions (RPT) that were entered during the financial year was in the ordinary course of business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with Promoters, Directors, key managerial personnel or other persons which may have a potential conflict with the interest of the Company. Considering the nature of the industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which are also on arm's length basis. All such Related Party Transactions are placed before the Audit and Risk Management Committee for approval, wherever applicable. The particulars of contracts or arrangements with related parties as referred in section 188(1) of the Act is attached to this Report in prescribed form AOC -2 as Annexure 1. Your Directors draw attention of the members to Note 24 to the financial statement which sets out related party disclosures.

BOARD OF DIRECTORS:

The Company has eight Directors consisting of two Non-Executive Independent Directors, five Non-Executive Non-Independent Directors including Chairman; and Managing Director & CEO as Executive Director as on the date of adoption of this report.

The Board of Directors in its meeting held on October 19, 2015 appointed Mr. Duruvasan Ramachandra (DIN: 00223052) as an Additional Director of the Company in the category of Non-Executive; Non- Independent Director. Pursuant to Section 161 of the Companies Act, 2013, Mr. Duruvasan holds office of Additional Director upto the ensuing AGM.

The Board of Directors in its meeting held on January 21, 2016 appointed Mr. Khushru Burjor Jijina (DIN: 00209953) as an Additional Director of the Company in the category of Non-Executive; Non- Independent Director. Pursuant to Section 161 of the Companies Act, 2013, Mr. Jijina holds office of Additional Director upto the ensuing AGM. The Company has received a notice under Section 160 of the Act along with the requisite deposit proposing the appointment of Mr. Jijina. The Board has recommended appointment of Mr. Khushru Burjor Jijina as Director of the Company.

The resolution seeking approval of the Members for the appointment of Mr. Khushru Burjor Jijina (DIN: 00209953) as a Non-Executive Non-Independent Director has been incorporated in the Notice of the forthcoming Annual General Meeting of the Company.

Pursuant to Section 152(6) of the Companies Act, 2013, Ms. Subhasri Sriram (DIN: 01998599), Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Pursuant to Section 152(6) of the Companies Act, 2013, Mr. G. S. Sundararajan (DIN: 00361030), retires by rotation at the ensuing AGM and is eligible for re-appointment. He does not seek re-appointment as a Director at the ensuing AGM of the Company in order to focus on his new assignments.

KEY MANAGERIAL PERSONNEL:

Mr. Sujan Sinha, Managing Director & Chief Executive Officer, Mr. Kunal Shah, Chief Financial Officer and Ms. Kavitha G. Shah, Company Secretary of the Company are the Key Managerial Personnel of the Company as per the provisions of the Companies Act, 2013. Their appointment as Key Managerial Personnel have been duly formalized pursuant to section 203 of the Companies Act, 2013.

DECLARATION BY INDEPENDENT DIRECTORS

The Board has received declarations from all the Independent Directors as per the Section 149(7) of the Companies Act, 2013 and the Board is satisfied that all the Independent Directors meet the criterion of independence as mentioned in Section 149(6) of the Companies Act, 2013.

Company'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:

The Nomination Remuneration Committee has put in a place a policy on Board diversity for appointment of Directors taking into consideration qualification and wide experience of the Directors in the fields of banking, finance, regulatory, administration, legal, commercial segment apart from compliance of legal requirements of the Company. The Company has laid down remuneration criteria for the Directors, key managerial personnel and other employees in the Nomination Remuneration Policy. The Nomination Remuneration Policy approved by the Board is available on the Company's website www.shriramhousing.in

NUMBER OF BOARD MEETINGS

The Board of Directors met 4 (Four) times (April 20, 2015, July 22, 2015, October 19, 2015 and January 21, 2016) during the financial year.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Companies Act, 2013 and Rules.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Director and Non-Executive Directors. The same was discussed in the Board Meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and individual Directors was also discussed.

COMMITTEES OF THE BOARD

The Company has various Committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

- Audit and Risk Management Committee
- Nomination and Remuneration Committee
- Asset Liability Management Committee
- Banking and Finance Committee
- Corporate Social Responsibility Committee
- Whistle blower and Vigil mechanism Committee
- Internal Complaints Committee
- Credit Committee
- Business Continuity Plan (BCP) & Disaster Recovery (DR) Committee
- Interest Rate Monitoring Committee

• 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.

Brief description of terms of reference

- Recommend appointment, re-appointment, terms of appointment/reappointment and remuneration of Auditors and review and monitor auditor's independence and performance and effectiveness of audit process.
- Examine the Financial Statements, financial reporting process, proper disclosure in the financial statements and the auditor's report and evaluation of internal financial controls and risk management systems, internal audit function, internal audit report follow up on findings, the performance of the internal auditor and to approve appointment of Chief Financial Officer (CFO) of the Company.
- Monitor the end use of funds raised through public offers and related matters.
- Review Asset Liability Management, capital adequacy, resources raised, credit ratings and management of Non-Performing Assets.
- Review the credit policy for each product & to assess dovetailing of business done in accordance with overall credit policy.

• NOMINATION AND REMUNERATION COMMITTEE

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

Brief description of terms of reference

- Identify persons who qualify to become Directors and recommend their appointment to the Board, as and when vacancies arise and to identify persons who may be appointed as members of senior management.
- Carry out evaluation of performance of every Director on an annual basis and formulate policies for qualification, attributes and independence of Directors.
- Recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Employees keeping in view to attract, motivate and retain talent required for the progress of the Company.
- Formulate, recommend to the Board and administer Employees Stock Option Plans (ESOP) and other incentive plans for Employees and Directors and interpret and adopt rules for the operation thereof.

- **ASSET LIABILITY MANAGEMENT COMMITTEE**

The Asset Liability Management Committee comprises of Mr. G.S Sundararajan – Chairman, Mr. V. Murali and Dr. Qudsia Gandhi as members.

Brief description of terms of reference

- Funding and Capital, profit Planning and growth projections, Balance Sheet planning from risk-return perspective and strategic management of interest and liquidity risk.
- Adoption of Asset-Liability management practices.
- Providing a comprehensive and dynamic framework for measuring, monitoring and managing liquidity and interest rate risks of major operators in the financial system.

- **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

Brief description of terms of reference

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (*a*)
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has framed a Whistle Blower Policy/Vigil Mechanism providing a mechanism under which an employee/ director of the Company may report violation of personnel policies of the Company, unethical behaviour, suspected or actual fraud, violation of code of conduct. The Vigil Mechanism ensures standards of professionalism, honesty, integrity and ethical behavior. The Mechanism adopted by the Company encourages the whistle blower to report genuine concerns or grievances and provides for adequate safeguards against victimisation of whistle blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit and Risk Management Committee. The Whistle Blower Policy/ Vigil Mechanism is uploaded on the Company's website: www.shriramhousing.in

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, 2016 are provided in Annexure -II 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, FOREIGN EXCHANGE EARNING AND OUTGO DURING THE YEAR:

The information on conservation of energy, technology absorption, foreign exchange earnings and out go as stipulated under Section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules 2014 are furnished below.

The operations of the Company are not energy intensive. However, adequate measures for conservation of energy, usage of alternate sources of energy and investments for energy conservation, wherever required, have been taken.

The Company has not absorbed any technology.

There were no foreign exchange earnings. There was an outgo of foreign exchange equivalent to ₹ 0.84 lacs (PY - ₹ 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.

PUBLIC DEPOSITS

Your Company has not accepted deposits from public since its inception.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has established Corporate Social Responsibility Committee and statutory disclosures with respect to the CSR Committee and an annual report on CSR activities is annexed as Annexure - III to this report.

The CSR policy approved by the Board is available on the Company's website www.shriramhousing.in

The present constitution of the Committee is as follows:

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

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, 2016, 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 and that the financial controls were adequate and were operating effectively.
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

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

HUMAN RESOURCE DEVELOPMENT

We owe our success to our employees. Our workforce defines our Company, and is the most vital asset in our possession. The Company aims to align HR practices with business goals, motivate people for higher performance and build a competitive working environment. Productive high performing employees are vital to the Company's success. The Board values and appreciates the contribution and commitment of the employees towards performance of your Company during the year. To create the leadership bench and for sustainable competitive advantage, the Company inducted / promoted employees

during the year. In pursuance of the Company's commitment to develop and retain the best available talent, the Company had organised various training programmes for upgrading skill and knowledge of its employees. The Company also has in place performance-linked incentives which reward outstanding performers who meet certain performance targets. It has been sponsoring its employees for training programmes / seminars / conferences organized by reputed professional institutions. Employee relations remained cordial and the work atmosphere remained congenial during the year. The information required pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 on remuneration are attached as Annexure IV to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURT

There are no material order passed by Regulators/Courts, which would impact the going concern status of the Company and it's future operations.

AUDITORS

A) Statutory Auditors:

M/s. Pijush Gupta & Co, Chartered Accountants, Kolkata, (FRN 309015E), Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Certificates have been received from them to the effect that their re-appointment as Auditors of the Company, if made, would be within the limits prescribed under Section 139 and 141 of the Companies Act, 2013. Members are requested to consider their re-appointment. The Auditors' Report to the Shareholders for the year under review does not contain any qualification.

B) Secretarial Audit:

The Board had appointed Mr. P. Sriram, Practicing Company Secretary (Certificate of Practice No. 3310) (Membership No. FCS 4862) to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2015-16. The Secretarial Audit Report is annexed to this report as Annexure- V. The report does not contain any qualification.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the Form MGT 9 is annexed to this report as Annexure- VI.

ACKNOWLEDGEMENT

The Board expresses gratitude for the guidance and cooperation extended by National Housing Bank, statutory authorities and regulators. The Board appreciates the excellent co-operation and assistance received from 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, depositors, debenture holders and debt holders.

For and on behalf of the Board of Directors

Place: Chennai
Date: April 22, 2016

Sujan Sinha
Managing Director & CEO
(DIN: 02033322)

Subhasri Sriram
Director
(DIN: 01998599)

Annexure I

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 arm's length basis:- **NIL**
   (a) Name (s) of the related party and nature of relationship: **NA**
   (b) Nature of contracts/arrangements/transactions : **NA**
   (c) Duration of the contracts/arrangements/transactions : **NA**
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any : **NA**
   (e) Justification for entering into such contracts or arrangements or transactions : **NA**
   (f) Date(s) of approval by the Board : **NA**
   (g) Amount paid as advances, if any : : **NA**
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : **NA**

2. Details of material contracts or arrangements or transactions at arm's length basis
   a) Date of approval by the Board – July 22, 2015

Sr. 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	14.20
		Shriram Capital Limited	Others	Various maturities	Rental expenses for sharing space at various locations	186.96
2.	Rental Income	Shriram City Union Finance Limited	Holding Company	Various maturities	Rent received for occupying space	142.92
3.	Reimbursement of expenses	Shriram City Union Finance Limited	Holding Company	-	Common corporate expenses and sharing charges	9.56
		Shriram Capital Limited	Others	-	Common corporate expenses and sharing charges	44.43
4.	Reimbursement of expenses received	Shriram City Union Finance Limited	Holding Company	-	Common corporate expenses and sharing charges	17.20
5.	Commission	Shriram City Union Finance Limited	Holding Company	Until termination	1.5% of net business	295.37
6.	Use of Intellectual Property	Shriram Ownership Trust	Others	5 years	1% of total income or ₹ 50 lacs whichever higher	191.38

Annexure II

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, 2016.

PARTICULARS		SHFL Employees Stock Option Scheme, 2013
a)	Options Granted	5,20,000 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, 2016)	5,20,000 equity shares
i)	Director and employee wise details of options granted to:	
j)	i) Key Managerial Personnel	1. Mr. Sujan Sinha, Managing Director & CEO 2. Mr. Kunal Shah, Chief Financial Officer
	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 III

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2015-16

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 Ms. Subhasri Sriram - Member Mr. Sujan Sinha - Member
3.	Average net profit of the Company for last three financial years	₹ 1530.32 Lacs
4.	Prescribed CSR expenditure (two percent of the amount mentioned in item 2 above)	The Company is required to spend ₹ 30.61 Lacs
5.	Details of CSR spent during the financial year:	
	Total amount to be spent for the financial year	₹ 1.50 Lacs
	Amount unspent, if any	₹ 29.11 Lacs

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2015-16

Sr. No	CSR project or Activity Identified	Sector in which the project is covered	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	Amount Spent Direct or through Implementing Agency
1.	Flood Relief	Promoting Health Care	Chennai, Tamil Nadu	₹ 1,50,000	₹ 1,50,000	₹ 1,50,000	Implementing Agency

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial year or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

The Company is in the process of evaluating certain CSR projects. The Company along with its holding Company and certain group Companies has incorporated a Section 8 Company i.e Shriram Seva Sankalp Foundation ("SSS"), after obtaining license from Ministry of Corporate Affairs, Government of India, to conduct the CSR activities.

We hereby affirm that the CSR Policy ("Policy") of the Company as approved by the Board of Directors of the Company is monitored by the CSR Committee and the CSR activities have been implemented in accordance with the Policy.

Annexure IV

Disclosure under Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(in ₹ lacs)

Sr. No	Name of Directors & KMPs	Designation	Category	Remuneration during the year (2015-16)	% of increase during the year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Mr. Khushru Jijina	Director	NE,NI	-	-	-	-
2	Mr. Sujan Sinha	MD & CEO	E, NI	68.87	10	17.30	#
3	Mr. Duruvasan Ramachandra	Director	NE,NI	-	-	-	-
4	Mr. G. S. Sundararajan	Director	NE,NI	-	-	-	-
5	Dr. Qusia Gandhi	Director	NE,I	0.90	-	0.22	
6	Ms. Subhasri Sriram	Director	NE,NI	-	-	-	-
7	Mr.Venkataraman Murali	Director	NE,I	1.20	-	0.30	
8	Mr. Y.S.Chakravarti	Director	NE,NI	-	-	-	
9	Mr. Kunal Shah	CFO		50.43	-	-	#
10	Ms. Kavita Shah	CS		1.60	-	-	#

Managing Director ("MD"), Chief Executive Officer ("CEO") and Company Secretary ("CS").
Non Executive ("NE"), Executive ("E"), Non Independent ("NI") and Independent ("I").

The profit before tax for the financial year 2015-16 increased by 42% over the profit before tax for the financial year 2014-15.

The number of permanent employees on the rolls of Company as on March 31, 2016 was 442.

The increase in remuneration of KMP was 10% which was less than the increase in the profit before tax of 42%. The increase in median remuneration of employees on the rolls of the Company in the financial year 2015-16 over the financial year 2014-15 was 9%.

The average increase in remuneration of employees was 10% which was less than the increase in the profit before tax of 42%. There was no exceptional circumstances for increasing the managerial remuneration.

The remuneration of directors did not contain any variable component. No employee was paid in excess of the remuneration paid to the Managing Director, who is the highest paid Director.

It is affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and Employees of the Company.

Annexure V

Form No.MR-3

SECRETARIAL AUDIT REPORT
FINANCIAL YEAR ENDED 31st MARCH, 2016
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Managerial Remuneration Personnel) Rules, 2014]

To,

THE MEMBERS,
SHRIRAM HOUSING FINANCE LIMITED
123, ANGAPPA NAICKEN STREET,
CHENNAI -600001

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

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, Whereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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 March 31, 2016 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA')and the rules made thereunder;
3) The Depositories Act,1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder 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 (Issue and Listing of Debt Securities) Regulations, 2008;
   (b) 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;
   (c) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.
6) The National Housing Bank Act, 1987 including Housing Finance Companies(NHB) Directions, 2014
7) Reserve Bank of India Act, 1934

   We have also examined compliance with the applicable clauses of the following:
   (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
   (ii) The Debt Listing Agreements entered into by the Company with BSE Limited;

   During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, 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 the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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 have examined the systems and processes established by the Company to ensure the compliance with general laws including Labour Laws, Employees Provident Funds Act, Employees State Insurance Act & other State Laws, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

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, there were no specific events / actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

Place: Chennai
Date: April 22, 2016

Signature:
(P.Sriram)
P. Sriram & Associates
FCS No. 4862/ CP No: 3310

Annexure A

To

THE MEMBERS,
SHRIRAM HOUSING FINANCE LIMITED

My report of even date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, the Company had followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date: April 22, 2016

Signature:
(P.Sriram)
P. Sriram & Associates
FCS No. 4862/ CP No: 3310

Annexure VI

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016

[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 9, 2010
iii)	Name of the Company	Shriram Housing Finance Limited
iv)	Category/Sub- Category of the Company	Company Limited by shares / Indian Non-Government 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	Wholesale Debt Segment listed on BSE
vii)	Name, Address and Contact details of Registrar and Transfer Agent	1. Integrated Enterprises (India) Limited 2nd Floor, 'Kences Towers',No.1 Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 2. Shriram Insight Share Brokers Limited Mookambika Complex 4, Lady Desika Road Mylapore Chennai - 600 004

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	65922	92%
2.	Fees Income	65922	8%

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	Nil
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	Nil
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	Nil
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	Nil

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**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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) :-	-	48,720,000	48,720,000	22.75%	-	48,720,000	48,720,000	22.75%	-
										-
	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%	-	214,160,000	214,160,000	100%	-

ii) **Shareholding of Promoters**

Sl. No.	Name of Shareholder	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	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	
1.	Shriram City Union Finance Limited	165,439,994	77.25	Nil	165,439,994	77.25	Nil	Nil

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

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
	At the beginning of the year				
1.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment/ transfer/ bonus/ sweat equity etc)	No Change			
	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.	Name of Shareholder	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	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged/ Encumbered to total shares	
1.	Valiant Mauritius Partners	48,720,000	22.75	-	48,720,000	22.75	-	Nil

v) Shareholding of Directors and Key Managerial Personnel: NIL

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
	At the beginning of the year	-	-	-	-
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. Allotment/ transfer/ bonus/ sweat equity etc)	-	-	-	-
	At the end of the year	-	-	-	-

V. INDEBTEDNESS

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

(₹ in lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				-
• Addition	54,220.87	6,591.62	-	60,812.49
• Reduction	5,705.28	5,590.60	-	11,295.88
Net Change	48,515.59	1,001.02	-	49,516.61
Indebtedness at the end of the financial year				-
i) Principal Amount	84,321.33	1,000.00	-	85,321.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,174.28	1.02	-	1,175.30
Total (i+ii+iii)	85,495.61	1,001.02	-	86,496.63

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/ OR MANAGER :

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Sujan Sinha - Managing Director & CEO	Total Amount
1.	Gross Salary		
	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	68.87	68.87
	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	22.50*	22.50*
(a)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- As % of profit	-	-
	- Others, specify	-	-
5.	Others, please specify	-	-
Total (A)		**91.37**	**91.37**
Ceiling as per the Act			

**Includes perquisite value of Stock options.*

B. REMUNERATION TO OTHER DIRECTORS:

₹ in lacs

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Mr. Venkataraman Murali	Dr. Qudsia Gandhi	
	• Fee for attending Board/Committee Meetings	1.20	0.90	2.10
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	1.20	0.90	2.10
2.	Other Non-Executive Directors	-	-	-
	• Fee for attending Board/Committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B) = (1+2)	1.20	0.90	2.10
Total Managerial Remuneration		**1.20**	**0.90**	**2.10**
	Overall Ceiling as per the Act			

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

₹ in lacs

Sl. No.	Particulars of Remuneration	Company Secretary	CFO	Total
1.	Gross Salary			
(a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1.60	50.34	51.94
(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, specify	-	-	-
5.	Others, please specify	-	-	-
Total		**1.60**	**50.34**	**51.94**

VII. PENALITIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding/ fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give details)
A. **Company**					
Penalty					
Punishment					
Compounding					
B. **DIRECTORS**					
Penalty					
Punishment					
Compounding					
C. **OTHER OFFICERS IN DEFAULT**					
Penalty					
Punishment					
Compounding					

Nil

Management Discussion & Analysis

Overview of the Indian Economy

2015 was an interesting year for global development. Global growth was sporadic, currently projected at 3.2% in 2016 and 3.5 % in 2017. In advanced economies, a modest and uneven recovery is expected to continue, with a gradual further narrowing of output gaps. However, 2015 has also been a difficult year for the world economy with a major slowdown in China and limited recovery in the USA. Central banks of major economies have persevered with various versions of easing through provision of liquidity as well as maintenance of an easy interest rate regime.

According to IMF, in FY15, India's growth was 7.3%, which would increase to 7.5% each in the next two years of 2016-17 and 2017-18.The country has overtaken China since 2014-15, becoming the fastest growing major economy in the world. India is now among the largest and fastest growing economies of the world. Last economic survey has projected India's economic growth to remain within a range of 7-7.75% in 2016-17 against an estimated 7.6% growth in 2015-16. India's growth will continue to be driven by private consumption "which has benefited from lower energy prices and higher real incomes". However, IMF has cautioned India that sustaining growth would require labour reforms as well as reducing infrastructure bottlenecks.

India's growth story has largely remained positive on the strength of domestic consumption, and the country has registered a robust and steady pace of economic growth in 2015-16 as it did in 2014-15. Additionally, its other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited some signs of improvement.

Housing Finance Industry

Housing Finance is one of the largest loan portfolio for Banks & NBFCs after infrastructure. There has been shift of focus by several Banks & NBFCs towards secured lending after the global slowdown in 2008-09, due to high delinquencies witnessed in unsecured loan portfolio.

HFCs currently enjoy a competitive edge over banks, owing to better operating efficiency and ease of doing business. As corporate credit offtake is expected to be sluggish in the medium term, banks are shifting focus to the retail loan market. Following the cuts in repo rate by RBI, the cost of HFCs borrowings is likely to decline.

Recent Development in Housing Finance Industry

The shortage of urban housing across the country will increase to an estimated 3.41 crores units by 2022, mainly on the back of demand-supply gap and rising levels of income among the working class seeking to purchase houses. However, the government has also announced plans to build six crores houses by the year 2022 under the Housing for All scheme. Further, the government identified 98 cities to be developed as smart cities and announced 20 cities to be taken up in the first phase.

HFCs and NBFCs offering home loans now account for more than 1/3rd of the entire housing finance market. Though the growth in credit off-take within other segments has remained muted, growth in housing finance market has been ~17% for banks and HFCs/NBFCs. Growth prospects are higher in low income, affordable housing and underserved self-employed segments.

In recent months, government and regulators have introduced many changes in favour of the housing finance market.

- Support for lower ticket loans:
  - Risk weight reduced for individual housing loans (loan-to-value of upto 80%) of up to ₹ 30 lacs from 50% to 35% for Banks and Housing Finance Companies
  - The loan-to-value ratio cap has been increased to 90% for loans up to ₹ 30 lacs
  - Cap on lending spread set by the NHB under the RHF and UHF revised upward from 2% to 3.5%

- Support for collection from NPA accounts
  - Allowed 41 more HFCs (including SHFL) to use the SARFAESI law

In the light of higher growth prospects, strong regulatory support and lower credit losses, investor sentiment for the housing finance sector remains upbeat. Even on the demand side, the requirement for both equity and debt capital will remain high. HFCs will also try to supplement capital from new avenues like mortgage guarantee and securitization. In spite of the growing competition, operational efficiencies and sound credit management could enable HFCs to post healthy returns.

Challenges faced by the Housing Finance Industry

Some of the key challenges faced by the housing finance companies are as under:

- Increased competition: Entry of new players in the market including the ones floated by existing NBFCs/banks
- Lower primary sales: The real estate market has been subdued. Lenders have been forced to focus more on balance transfers, further adding to the competitive pressure.
- Dilution of lending norms: To make loans more affordable and attract incremental business, some lenders have relaxed the lending norms for LTV, DBR/FOIR and cash-outs. Some lenders have even offered innovative products with step-up or interest-only EMIs wherein customer assessment is more complex.
- Higher attrition: The absence of prepayment penalties is snowballing into higher attrition. This also compels the existing lender to re-price the loan.

In the current scenario, margins and asset quality indicators may continue to hold, however, overall portfolio vulnerability of housing finance may increase in coming months.

Outlook for SHFL

SHFL is on track to become most relevant player in its chosen customer segment. Product offerings and distribution network are being enhanced to take the Company to the next level. Adoption of technology and digitalization will help in offering better service to our customers and stakeholders. The Company is well-capitalized to seize new opportunities emerging in the housing finance sector.

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 safeguard for assets, the reliability of financial controls and compliance with applicable laws and regulations.

In FY16, the Company implemented Internal Financial Controls (IFC) to strengthen governance of financial transactions. For other aspects of the business, Enterprise Risk Management was put in place to effectively monitor and manage the existing and potential risks to the business.

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 auditors have found the internal control systems (including IFC) to be adequate and operationally effective.

Financial Performance

Particulars (₹ cr.)	FY 16	FY 15	Growth (%)
Total income	167.47	85.54	95.8%
PBT	42.73	30.10	42.0%
Net Interest Income	94.26	58.93	59.9%
PAT	28.95	20.20	43.4%
AUM	1,275.03	737.23	72.9%
Net Worth	389.01	361.03	7.8%

Key Ratios

Particulars	FY 16	FY 15
Return on Average Net Worth	7.72%	5.73%
Return on Assets	2.66%	3.55%
Capital Adequacy Ratio	42.85%	67.33%
EPS ₹	1.35	0.94
Book Value ₹	18.16	16.86

Developments in Human Resources Front

In line with the growth aspirations of the Company, significant investment has been made in human resources. The Company added 89 employees during the last fiscal year, an increase of 18% over the previous fiscal year. The total workforce stood at 590 as on March 31, 2016. Apart from acquisition of new manpower, the Company is also investing in the skill development of the employees through various training programs and engagements. The Company also continues to reward deserving team members across the hierarchy in the form of incentives and promotions.

Auditor's Report

INDEPENDENT AUDITOR'S REPORT

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA –700 010

To the Members of
SHRIRAM HOUSING FINANCE LIMITED
Report on the Financial Statements

We have audited the acCompanying financial statements of Shriram Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing 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. 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 financial statements.

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 31st March, 2016, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 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', 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 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations which would impact its financial position in its financial statements – refer Note 27 to the financials statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were 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: Mumbai
Date: 22nd April 2016

Annexure A

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Report under The Companies (Auditor's Report) Order, 2016

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

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.

(c) According to the information and explanations given to us and records produced before us, the title deeds of all the immovable properties are held in the name of the Company.

ii. The Company is engaged in distributions and marketing of financial products which does not involve maintenance of any inventory.

iii. According to the information and explanations given to us,the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 20l3 in respect of loans, investments, guarantees, and security.

v. According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report.

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, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and there are no dues payable as at the year end with such authorities.

(b) According to the information and explanations given to us and the relevant documents produced before us the following disallowance under Income Tax assessment has been disputed by the Company. Total assessed income for the year being loss, department has reduced the carry forward amount of loss and has not raised any demand for deposit.

Statute	Nature of Dispute	Amount of tax involved ₹ lacs	Years to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Expenditure disallowed	14.64	Assessment Year 2013-14	C.I.T (Appeals), Chennai

viii. Based upon the audit procedures and according to the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank, government or dues to debenture holders.

ix. In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). The Company has obtained term loans from the Banks and NHB and the same were applied for the purposes for which those were raised.

x. We have been informed that during the audit period certain borrowers have defrauded the Company by providing fake documents/multiple sale amounting to ₹ 65.35 lacs. The Company has taken necessary action against the said borrowers. Refer Note 34 to the financial statements.

xi. Based on our audit procedures and as per information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. In our opinion the Company is not a Nidhi Company.

xiii. According to the information and explanations given to us, the Company has complied with section 177 and 188 of Companies Act, 2013 where applicable in respect of all transactions with the related parties and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review

xv. According to the information and explanations given to us the Company has not entered into any non-cash transactions with Directors or persons connected with the Directors.

xvi. According to the information and explanations given to us the Company is not required to be registered under section 45 IA of the Reserve Bank of lndia Act, 1934

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

Ramendra Nath Das
Partner
Membership No.014125

Place: Mumbai
Date: 22nd April 2016

Annexure B

Annexure to the independent auditors' report of even date on the financial statements of Shriram Housing Finance Limited

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Ramendra Nath Das
Partner
Membership No.014125

Place: Mumbai
Date: 22nd April 2016

Balance Sheet as at March 31, 2016

CIN NO : U65929TN2010PLC078004

₹ in lacs

Balance Sheet as at	Notes	March 31, 2016	March 31, 2015
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	5	21,416.00	21,416.00
(b) Reserves and surplus	6	18,053.67	15,158.41
		39,469.67	**36,574.41**
2. Non-Current Liabilities			
(a) Long term borrowings	7	74,514.37	35,686.64
(b) Deferred tax liabilities (net)	8	-	126.55
(c) Other long-term liabilities	9	217.42	137.00
(d) Long-term provisions	10	1,546.84	618.15
		76,278.63	**36,568.34**
3. Current Liabilities			
(a) Short term borrowings	11	5,288.04	-
(b) Other current liabilities	9	17,496.87	5,581.32
(c) Short-term provisions	10	183.34	60.72
		22,968.25	**5,642.04**
TOTAL		**1,38,716.55**	**78,784.79**
II. ASSETS			
1. Non-current Assets			
(a) Fixed assets			
(i) Tangible assets	12	238.92	108.34
(ii) Intangible assets	12	1.28	7.39
(b) Non-current investments	13	7,600.76	1,329.06
(c) Deferred tax assets (net)	8	39.40	-
(d) Long-term loans and advances	14	1,18,289.87	71,036.70
(e) Other non-current assets	15	363.38	365.56
		1,26,533.61	**72,847.05**
2. Current Assets			
(a) Current investments	13	1,142.34	676.00
(b) Cash and cash equivalents	16	1,278.11	2,136.50
(c) Short-term loans and advances	14	9,644.83	3,042.08
(d) Other current assets	15	117.66	83.16
		12,182.94	**5,937.74**
TOTAL		**1,38,716.55**	**78,784.79**

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

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: **Mumbai**
Date: **April 22, 2016**

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

Mageswari Pasupathy
Company Secretary

Kunal Shah
Chief Financial Officer

Statement of Profit & Loss for the year ended March 31, 2016

₹ in lacs

Statement of Profit and Loss	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income:			
Revenue from operations	17	16,721.06	8,374.69
Other Income	18	25.56	179.10
Total Income		**16,746.62**	**8,553.79**
Expenses:			
Employee benefits expense	19	2,759.45	1,476.97
Finance costs	20	5,652.17	1,429.44
Depreciation and amortization expense	12	70.67	99.30
Other expenses	21	2,941.85	2,099.10
Provisions & write-offs (net)	22	1,049.08	438.62
Total Expenses		**12,473.22**	**5,543.43**
Profit before tax		**4,273.40**	**3,010.36**
Tax Expense:			
(1) Current tax		1,541.90	853.36
(2) Deferred tax		(165.95)	204.03
(3) Tax of earlier years		2.19	(66.69)
Total tax expense		**1,378.14**	**990.70**
Profit after tax from continuing operations		**2,895.26**	**2,019.66**
Earnings per equity share of par value ₹10/- each	23		
(1) Basic (₹)		1.35	0.94
(2) Diluted (₹)		1.35	0.94

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

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: **Mumbai**
Date: **April 22, 2016**

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

Mageswari Pasupathy
Company Secretary

Kunal Shah
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2016

₹ in lacs

Cash Flow Statement	For the year ended March 31, 2016	For the year ended March 31, 2015
A) **Cash flow from Operating activities**		
Net Profit before taxation	4,273.40	3,010.36
Adjustments for:		
Depreciation and amortization	70.67	99.30
Provision for sub standard, doubtful & loss assets	704.39	213.02
Contingent provision on standard assets	279.34	190.32
Bad debts written off	65.35	35.28
Provision for gratuity	65.30	6.08
Provision for leave benefits (net of paid)	0.75	1.56
Provision for lease rental	1.53	4.78
Premium on PTC written off	2.66	0.09
NCD private placement Expenses	83.73	28.79
Dividend income	-	(6.15)
Interest received (others)	(4.68)	(67.65)
(Profit)/Loss on sale of assets	1.43	0.08
Profit on sale of investments	(8.08)	(100.54)
Operating profit before working capital changes	**5,535.79**	**3,415.32**
Movement in working capital:		
(Increase) / decrease in short-term loans and advances	(6,602.75)	(1,838.26)
(Increase) / decrease in long-term loans and advances	(47,303.02)	(39,926.65)
(Increase) / decrease in other current assets	(22.45)	(11.43)
(Increase) / decrease in other non-current assets	(30.94)	(18.67)
Increase / (decrease) in current liabilities	6,909.96	4,953.50
Increase / (decrease) in non-current liabilities	80.42	19.61
Cash generated from operations	**(41,432.99)**	**(33,406.58)**
Direct Taxes Paid (net of refund)	(1,559.58)	(738.58)
Net Cash flow from/(used in) operating activities (A)	**(42,992.57)**	**(34,145.16)**
B) **Cash flow from investing activities**		
Purchase of fixed and intangible assets	(198.19)	(64.50)
Proceeds from sale of assets	1.62	1.24
Purchase of pass through certificates	(7,500.00)	(1,226.73)
Proceeds from sale of investments (net)	767.37	522.68
Dividend received	-	0.51
Interest received (others)	4.68	67.65
Net Cash flow from/(used in) investing activities (B)	**(6,924.52)**	**(699.15)**

C) Cash flow from financing activities		
Increase / (decrease) in long term borrowings	43,833.32	36,199.97
Increase / (decrease) in short term borrowings	5,288.04	-
Private placement expenses for non-convertible debentures paid	(62.66)	(447.16)
Net Cash flow from/(used in) financing activities (C)	**49,058.70**	**35,752.81**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(858.39)**	**908.50**
Cash and cash equivalents at the beginning of the year	**2,136.50**	**1,228.00**
Cash and cash equivalents at the end of the year	**1,278.11**	**2,136.50**

₹ in lacs

Component of cash and cash equivalents	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash on hand	92.81	20.53
Balances with banks:		
- Current Account /Cash Credit Account	1,185.30	2,115.97
Total Cash and cash equivalents	**1,278.11**	**2,136.50**

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

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: **Mumbai**
Date: **April 22, 2016**

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

Mageswari Pasupathy
Company Secretary

Kunal Shah
Chief Financial Officer

Notes to Financial Statements for the year ended March 31, 2016.

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 loans for construction or purchase of residential property and loans against property.

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 (Accounts) Rules, 2014 and the guidelines 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. Depreciation on assets acquired /sold during the year is recognised on a prorata basis in the Statement of Profit and Loss account from the date of acquisition or till the date of sale , as the case may be. Leasehold Improvements are amortised on SLM over the primary period of lease subject to a maximum of 60 months.

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.

Amortisation of assets acquired/sold during the year is recognised on prorata basis in the Statement of Profit and Loss till the date of sale or from the date of acquisition.

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 Loans

Loans consist of secured loans given for acquisition of property and/or loans against existing property. 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 standard, sub-Standard and doubtful assets is made in the books, as per estimates of the management, subject to the minimum prescribed under the provisions of 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 loans disbursed is recognised on accrual basis except in case of Non Performing Assets (NPA) where interest is accounted on realization. Loans are generally repayable in Equated Monthly Installments (EMIs) along with interest. EMIs commence generally once the loan is entirely disbursed. 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.

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

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 and investments is recognised as income on a time proportion basis to the extent said deposits/ investments were outstanding during the year.

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 realized.

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, 2016	As at March 31, 2015
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, 2016		As at March 31, 2015	
	Number	₹ in lacs	Number	₹ in lacs
Shares outstanding at beginning of the year	214,160,000	21,416.00	214,160,000	21,416.00
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**214,160,000**	**21,416.00**	**214,160,000**	**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 the shares in the Company

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Valiant Mauritius Partners FDI Ltd.	48,720,000	22.75%	48,720,000	22.75%
Shriram City Union Finance Ltd., and its Nominees	165,440,000	77.25%	165,440,000	77.25%

5.4 For details of share reserved for issue under the employees stock option scheme (ESOP) [Refer note 26]

5.5 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, 2016	As at March 31, 2015
Securities premium account		
Opening balance	12,180.00	12,180.00
Add: Securities premium credited during the year	-	-
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	703.40	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)	600.00	418.02
Appropriation during the year	-	-
Closing balance	**1,303.40**	**703.40**
Surplus in the Statement of Profit and Loss		
Opening balance	2,275.01	674.59
Less: Additional Depreciation as per Companies Act 2013.	-	1.22
Add: Net profit for the year	2,895.26	2,019.66
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)	600.00	418.02
Net surplus in the statement of Profit and Loss	**4,570.27**	**2,275.01**
Total	**18,053.67**	**15,158.41**

7. Long term borrowings

₹ in lacs

Particulars	Non-current portion As at March 31, 2016	Non-current portion As at March 31, 2015	Current maturities As at March 31, 2016	Current maturities As at March 31, 2015
Secured				
Privately placed redeemable non-convertible debentures	31,000.00	25,600.00	600.00	-
Term loan from banks	41,227.77	10,086.64	4,758.87	513.33
Refinance from National Housing Bank	2,286.60	-	160.05	-
Total Long term borrowing	**74,514.37**	**35,686.64**	**5,518.92**	**513.33**
Amount disclosed under the head "other liabilities"	-	-	(5,518.92)	(513.33)
Total	**74,514.37**	**35,686.64**	**-**	**-**

7.1 Secured Loans - Long Term Borrowings

A. Privately Placed Redeemable Non Convertible Debentures
Terms of repayment as at March 31,2016

₹ in lacs

ROI	Issue Price	Redemption Price	Type	Redemption on	Non-Current portion	Current Maturities
10.30%	10.00	10.00	Quoted	10-Oct-24	4,000.00	-
9.35%	10.00	10.00	Quoted	26-Dec-21	1,500.00	-
10.25%	10.00	10.00	Quoted	13-Oct-21	1,500.00	-
10.25%	10.00	10.00	Quoted	10-Oct-21	4,500.00	-
9.00%	10.00	10.00	Quoted	27-Oct-20	4,000.00	-
9.25%	10.00	10.00	Quoted	26-Dec-19	4,000.00	-
-	10.00	13.09	Quoted	08-Oct-18	2,000.00	-
9.30%	10.00	10.00	Quoted	26-Dec-17	4,500.00	-
9.70%	10.00	10.00	Un-Quoted	01-Dec-17	5,000.00	-
-	10.00	11.97	Quoted	24-Nov-16	-	600.00
					31,000.00	**600.00**

Terms of repayment as at March 31,2015

₹ in lacs

ROI	Issue Price	Redemption Price	Type	Redemption on	Non-Current portion	Current Maturities
10.30%	10.00	10.00	Quoted	10-Oct-24	4,000.00	-
9.35%	10.00	10.00	Quoted	26-Dec-21	1,500.00	-
10.25%	10.00	10.00	Quoted	13-Oct-21	1,500.00	-
10.25%	10.00	10.00	Quoted	10-Oct-21	4,500.00	-
9.25%	10.00	10.00	Quoted	26-Dec-19	4,000.00	-
9.30%	10.00	10.00	Quoted	26-Dec-17	4,500.00	-
9.70%	10.00	10.00	Un- Quoted	01-Dec-17	5,000.00	-
-	10.00	11.97	Quoted	24-Nov-16	-	600.00
					25,000.00	**600.00**

Nature of security:

The redemption of principal amount of secured redeemable non-convertible debentures with all interest thereon 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, 2016

₹ in lacs

Tenor	Rate of Interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	9.75% to 9.80%	1 to 20 installment of quarterly & half yearly frequency	10,102.80	2,217.20
48-60 months	9.10% to 9.90%	1 to 60 installments of bullet, monthly & quarterly frequency	31,124.97	2,541.67
Total			**41,227.77**	**4,758.87**

Terms of repayment as at March 31, 2015

₹ in lacs

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

C. Refinance from National Housing Bank

Terms of repayment as at March 31, 2016

₹ in lacs

Tenor	Rate of Interest	Repayment Details	Non-Current portion	Current Maturities
Above 60 months	8.50% to 9.00%	47 installments of quarterly frequency	2,286.60	160.05
Total			**2,286.60**	**160.05**

Nature of security:

Refinance from NHB is secured by way of exclusive charge on specified home loan receivables.

8. Deferred tax assets / liabilities (net)

₹ in lacs

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax liabilities		
Timing difference on account of :		
On creation of special reserve	(416.56)	(208.78)
Deferred expenses incurred for NCD mobilization	(137.49)	(142.20)
Deferred expenses - Bank Loan Processing Fees	(21.77)	(7.32)
Rating expenses	(2.57)	(3.79)
Gross deferred tax liabilities (A)	**(578.39)**	**(362.09)**
Deferred tax asset		
Timing difference on account of :		
Differences in depreciation as per income tax & as charged in financial statement	3.41	2.12
Contingent provision against standard assets	206.75	108.11
Provision for sub standard and doubtful assets	333.40	88.00
Provision for loss assets	5.10	5.04
Provision for lease rent	14.80	14.02
Provision for leave encashment	3.05	2.74
Provision for gratuity	35.68	12.85
Provision for bonus & ex-gratia	15.60	2.48
Preliminary expenditure	-	0.18
Gross deferred tax assets (B)	**617.79**	**235.54**
Deferred tax assets / (liabilities) (net) (A + B)	**39.40**	**(126.55)**

9. Other liabilities

₹ in lacs

Particulars	Long Term As at March 31, 2016	Long Term As at March 31, 2015	Short Term As at March 31, 2016	Short Term As at March 31, 2015
Current maturities of long term borrowings (Refer Note 7)	-	-	5,518.92	513.33
Interest accrued but not due on borrowings	100.03	19.61	1,075.28	760.44
Temporary book overdraft	-	-	9,657.34	4,073.85
Tax deducted at source	-	-	18.38	8.58
Statutory dues pertaining to employees	-	-	17.32	12.93
Outstanding expenses	-	-	332.80	170.70
Service tax payable	-	-	8.67	0.85
Rent deposit	117.39	117.39	-	-
Stale cheque account	-	-	350.44	12.41
Retention money and other liabilities	-	-	517.72	28.23
Total	**217.42**	**137.00**	**17,496.87**	**5,581.32**

10. Provisions

₹ in lacs

Particulars	Long Term As at March 31,		Short Term As at March 31,	
	2016	2015	2016	2015
Provision for Employee benefits:				
Provision for gratuity	102.30	37.78	0.79	0.01
Provision for leave benefits	8.10	7.37	0.72	0.70
Other provisions:				
Provision for lease rent	18.83	21.37	23.94	19.87
Contingent provision for housing loans of standard assets	347.17	225.24	49.82	8.60
Provision for housing loans of sub standard assets	244.75	133.91	9.33	5.83
Provision for housing loans of doubtful assets	474.14	76.02	43.03	3.51
Provision for housing loans of loss assets	-	-	14.73	14.82
Contingent provision for non- housing loans of standard assets	187.24	79.30	13.17	4.92
Provision for non- housing loans of sub standard assets	68.24	31.33	19.94	2.17
Provision for non housing loans of doubtful assets	96.07	5.83	7.87	0.29
Total	**1,546.84**	**618.15**	**183.34**	**60.72**

11. Short Term Borrowings

₹ in lacs

Particulars	As at March 31,	
	2016	2015
Secured		
Working capital demand loan from banks	500.00	-
Cash Credit from banks	3,788.04	-
Unsecured		
Short term loan from bank	1,000.00	-
Total	**5,288.04**	-

11.1 Cash Credits and Working Capital Demand Loans

Nature of Security :
Cash credit and working capital demand loan from banks are secured by way of exclusive charge on specified home loan receivables.

11.2 Short Term Loan From Bank

Terms of repayment as at March 31, 2016

₹ in lacs

Rate of Interest	Repayment Details	March 31, 2016	March 31, 2015
9.30%	Bullet payment at the end of 90 days	1,000.00	-

12. TANGIBLE AND INTANGIBLE FIXED ASSETS

₹ in lacs

Particulars	Gross Block				Depreciation / Amortization					Net Block	
	As at April 1, 2015	Additions during the period	Deletions during the period	As at March 31, 2016	As at April 1, 2015	For the period	Adjustment to opening retained earnings	Deletions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Assets for own use											
Land - Freehold	0.28	-	-	0.28	-	-	-	-	-	0.28	0.28
Plant and Machinery											
Computer	131.79	49.88	4.59	177.08	68.81	35.84	-	4.32	100.33	76.75	62.98
Electrical Installations and Equipments	21.18	41.68	2.32	60.54	2.60	4.24	-	0.62	6.22	54.32	18.58
Furniture and Fixtures											
Furniture and Fixtures	9.62	16.25	2.37	23.50	3.92	1.25	-	1.82	3.35	20.15	5.70
Office Equipment	0.80	0.71	0.55	0.96	0.16	0.07	-	0.14	0.09	0.87	0.64
Leasehold Improvement	63.04	89.67	2.83	149.88	42.88	23.16	-	2.71	63.33	86.55	20.16
Intangible Assets											
Computer Software	115.50	-	-	115.50	108.11	6.11	-	-	114.22	1.28	7.39
TOTAL	**342.21**	**198.19**	**12.66**	**527.74**	**226.48**	**70.67**	**-**	**9.61**	**287.54**	**240.20**	**115.73**
Year ended March 31, 2015	**281.54**	**64.51**	**3.84**	**342.21**	**128.48**	**99.30**	**1.22**	**2.52**	**226.48**	**115.73**	**-**

SHRIRAM HOUSING FINANCE
FINDING WAYS TO FUNDING HOMES

13. Investments

₹ in lacs

Particulars	Non-current As at March 31,		Current As at March 31,	
	2016	2015	2016	2015
Long-term investment				
Other than trade (valued at cost)				
Investment in pass through certificates (unquoted)	7,600.76	1,329.06	1,142.34	676.00
Total	**7,600.76**	**1,329.06**	**1,142.34**	**676.00**

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.

₹ in lacs

Particulars	Long Term As at March 31,		Short Term* As at March 31,	
	2016	2015	2016	2015
Housing Loans - Secured				
Standard assets (considered good)	76,124.71	52,193.90	6,853.77	1,976.27
Sub standard assets	1,631.65	892.76	62.19	38.85
Doubtful assets	935.24	304.08	68.47	14.05
Housing Loans - Unsecured				
Standard assets	11.38	-	0.60	-
Doubtful assets	-	-	14.89	-
Loss assets	-	-	14.73	14.82
Non Housing Loans - Secured				
Standard assets (considered good)	38,599.90	17,100.93	2,397.58	939.82
Sub standard assets	454.95	208.87	132.90	14.48
Doubtful assets	185.05	23.31	15.15	1.15
Capital advances - Unsecured, considered good	-	7.11	-	-
Other Advances				
Service tax credit (input) receivable	-	-	0.10	3.05
Prepaid expenses	7.53	0.17	60.15	23.94
Advance salary	-	-	2.25	-
Security deposit	282.02	259.63	5.52	6.29
Advance for assets	-	-	-	0.25
Travelling advances	-	-	-	0.11
Advance income tax	52.44	36.94	-	-
Other sundry advances	5.00	9.00	16.53	9.00
Total	**1,18,289.87**	**71,036.70**	**9,644.83**	**3,042.08**

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

15. Other assets

₹ in lacs

Particulars	Non-current As at March 31,		Current As at March 31,	
	2016	2015	2016	2015
Private placement issue expenses for non-convertible debentures to the extent not written off or adjusted	313.77	346.89	83.53	71.48
Bank loan processing fees to the extent not written off	49.61	18.67	13.30	2.86
Interest receivable on PTC	-	-	18.44	7.69
Receivable against expenses	-	-	0.54	0.71
Other sundry assets	-	-	1.85	0.42
Total	**363.38**	**365.56**	**117.66**	**83.16**

16. Cash and cash equivalents

₹ in lacs

Particulars	Non Current As at March 31,		Current As at March 31,	
	2016	2015	2016	2015
(a) Balances with banks				
- Current Account	-	-	1,185.30	2,115.97
(b) Cash on hand	-	-	92.81	20.53
Total	**-**	**-**	**1,278.11**	**2,136.50**

17. Revenue from operations

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Income		
Interest on loans	15,049.12	7,314.35
Interest received on PTC	279.28	84.78
Fees & other charges		
Processing fees	1,311.28	943.29
Other charges	81.16	32.27
Bad debts recovery	0.22	-
Total	**16,721.06**	**8,374.69**

18. Other income

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Dividend income	-	6.15
Net Gain/Loss on sale of investment	8.08	100.54
Profit on sale of assets	0.68	0.01
Interest received - others	4.68	67.65
Miscellaneous income	12.12	4.75
Total	**25.56**	**179.10**

19. Employee benefit expense

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries	1,841.06	1,224.24
Contributions to provident fund /ESI	87.56	51.24
Provision for gratuity	65.30	6.08
Provision for leave benefits	5.06	1.58
Staff welfare expenses	75.88	47.26
Training expenses	9.45	2.77
Bonus and ex-gratia	113.46	29.44
Incentives	561.68	112.25
Meal Sodexo expenses	-	2.11
Total	**2,759.45**	**1,476.97**

20. Finance costs

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense on:		
Loans from other companies	-	232.68
Loan from banks	2,761.41	265.36
Loan from financial institution	62.06	-
Debentures	2,769.38	917.89
Debenture application money	-	5.09
Commercial paper	30.13	-
Other Borrowing Costs :		
Processing and other charges	29.19	8.42
Total	**5,652.17**	**1,429.44**

21. Other expenses

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	438.15	341.28
Printing & stationery	60.19	40.21
Travelling and conveyance	190.53	128.14
Books & periodicals	5.43	6.84
Meeting expenses	5.86	1.77
Business promotion	16.73	14.89
Business commission	623.66	454.35
Communication	66.19	37.10
Director's sitting fees	2.25	1.91
Electricity	55.33	35.91
Insurance	5.68	1.92
Bank charges	9.49	5.54
Payment to auditors		
Audit fees	13.42	7.43
Out of pocket expenses	2.46	2.77
Professional and consultancy	333.85	477.33
Registration & filing fees	22.09	21.05
Office maintenance	138.15	64.88
Postage & courier	41.98	27.30
Rates, duties & taxes	14.25	2.88
Membership fees	15.74	3.90
Premium on PTC written off	2.66	-
Royalty	179.66	97.92
Corporate social responsibility	1.50	-
Donation	0.60	-
Loss on sale of assets	2.11	0.09
Advertisement	17.02	6.60
Legal	25.95	12.48
Collection and recovery	133.62	4.72
Loan processing expenses	421.18	267.65
NCD private placement expenses	83.73	28.79
Miscellaneous expenditure	12.39	3.45
Total	**2,941.85**	**2,099.10**

22. Provisions & write offs

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Contingent provision for standard assets	279.34	213.02
Provision for sub standard /doubtful /loss assets	704.39	190.32
Bad debts written off	65.35	35.28
Total	**1,049.08**	**438.62**

23. Earnings per share (EPS)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit after tax as per statement of profit and loss (₹ in lacs) (A)	2,895.26	2,019.66
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	2,141.60	2,141.60
Weighted average number of equity shares for calculating diluted EPS (No. in lacs) (C)	2,141.60	2,141.60
Basic earnings per equity share (in ₹) (Face value of ₹10/- per share) (A) / (B)	1.35	0.94
Diluted earnings per equity share (in ₹) (Face value of ₹10/- per share) (A) / (C)	1.35	0.94

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Weighted average number of equity shares for calculating EPS (No. in lacs)	2,141.60	2,141.60
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	2,141.60

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 Valliant Mauritius Partners FDI Ltd. (VMPL)
Key Managerial Personnel	Mr. Sujan Sinha, (MD and CEO), Mr. Kunal Shah (CFO), Ms. Kavitha G Shah (CS)**, Ms. Nikita Hule (CS)***

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, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Payments/Expenses								
Employee Benefits Mr.Sujan Sinha*	-	-	-	-	91.61	108.38	91.61	108.38
Employee Benefits Mr.Kunal Shah*	-	-	-	-	50.62	16.87	50.62	16.87
Employee Benefits Ms.Kavitha G Shah*/ Ms. Nikita Hule*	-	-	-	-	1.73	2.93	1.73	2.93
Rent - SCUF	14.20	12.51	-	-	-	-	14.20	12.51
Rent - SCL	-	-	186.96	128.47	-	-	186.96	128.47
Expenses reimbursements - SCUF	9.56	8.72	-	-	-	-	9.56	8.72
Expenses reimbursements - SCL	-	-	44.43	15.19	-	-	44.43	15.19
Commission/Interest - SCUF	295.37	441.51	-	-	-	-	295.37	441.51
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	-	-	-	-	-	14,200.00
Intercorporate loan - SCL	-	-	-	5,000.00	-	-	-	5,000.00
Royalty Fees - SOT	-	-	191.38	103.62	-	-	191.38	103.62
Fixed Asset - SCUF	-	0.28	-	-	-	-	-	0.28
Receipts								
Expenses reimbursement - SCUF	17.20	26.12	-	-	-	-	17.20	26.12
Expenses reimbursement - SCL	-	-	-	0.07	-	-	-	0.07
Interest - SCUF	-	18.66	-	-	-	-	-	18.66
Rent - SCUF	142.92	130.50	-	-	-	-	142.92	130.50
Intercorporate loan - Given by SCUF	-	14,200.00	-	-	-	-	-	14,200.00
Intercorporate loan - Repayment by SCUF	-	7,400.00	-	-	-	-	-	7,400.00
Intercorporate loan - SCL	-	-	-	5,000.00	-	-	-	5,000.00
Balance outstanding as at March 31, 2016								
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	43.20	32.00	-	-	-	-	43.20	32.00
Outstanding Expenses - SCL	-	-	5.42	11.15	-	-	5.42	11.15
Outstanding Expenses - SOT	-	-	56.41	32.84	-	-	56.41	32.84
Security Deposit - SCUF	117.39	117.39	-	-	-	-	117.39	117.39

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

** Ceased to be the Company Secretary w.e.f 21.10.2015

*** Ceased to be the Company Secretary w.e.f 10.10.2014

SHRIRAM HOUSING FINANCE FINDING WAYS TO FUNDING HOMES

25. Gratuity and other post employment benefit plans:

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

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, 2016	For the year ended March 31, 2015
Current service cost	8.95	4.69
Interest cost on benefit obligation	3.02	2.77
Expected return on plan assets	-	-
Net actuarial (gain). Loss recognized in the year	53.33	(1.38)
Past services cost	-	-
Net benefit expense	65.30	6.08

In Balance Sheet
Benefit Asset/Liability

₹ in lacs

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening defined benefit obligation	37.79	31.71
Interest cost	3.02	2.77
Current services cost	8.95	4.69
Benefits paid	-	-
Actuarial (gains)/losses on obligation	53.33	(1.38)
Closing defined benefit obligation	103.09	37.79
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	24.92 Years	24.48 Years

B) Leave encashment :

Company has provided Leave encashment liability as required under Accounting Standard – 15(Revised) and balance in books as on March 31,2016 is ₹ 8.82 lacs (Previous Year ₹ 8.07 lacs).

26. Employee Stock Option Plans

The Company provides share-based payment schemes to its employees. For the period ended March 31, 2016 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 & 20.04.2015
4. Number of options granted - 3,70,000 & 1,50,000
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 Sept 1, 2013 & June 12, 2015 fair market value is less than exercise price. Based on the above information, the Intrinsic Value per option is Zero. Therefore, the Company has not recognised any expenditure on the ESOP granted in the current period.

The impact on the reported net profit and earnings per share by applying the fair value based method is as follows :

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Shared Based Payments" applicable to Employee based share plan, the grant date in respect of which falls on or after April 1 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

Particulars	As at March 31,	
	2016	2015
Profit as reported (₹ in lacs)	2,895.26	2,019.66
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	-
Less: Employee stock compensation under fair value method (₹ in lacs)	-	-
Proforma profit (₹ in lacs)	2,895.26	2,019.66
Less: Preference Dividend	-	-
Proforma Net Profit for Equity Shareholders	2,895.26	2,019.66
Earnings per share		
Basic (₹)		
As reported	1.35	0.94
Proforma	1.35	0.94
Diluted (₹)		
As reported	1.35	0.94
Proforma	1.35	0.94

27. Contingent liability and commitment to the extent not provided for:

a) Contingent Liability

₹ in lacs

Particulars	As at March 31,	
	2016	2015
Income Tax	14.64	-

Total assessed income for the A.Y 2013-14 being loss, department has reduced the carry forward amount of loss and has not raised any demand for deposit. This may impact the future tax liability by ₹14.64 Lacs. The appeal is pending before the Commissioner of Income Tax (Appeals), Chennai.

b) Commitments

As at March 31, 2016, Estimated amount of contract remaining to be executed on capital account - Nil (Previous Year- ₹ 2.87 lacs).

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- ₹ 0.84 Lacs (Previous Year- ₹ 1.09 Lacs).

32. During the financial year ended March 31, 2016, Company invested in Pass Through Certificates (PTCs) amounting to ₹ 7,500 lacs. The balance outstanding as on March 31, 2016 of all PTCs is ₹ 8,743.10 lacs.

The details of PTC investment are as under :

₹ in lacs

Originator	Balance as on March 31,2016
Shubham Housing Finance Limited	561.75
India Shelter Finance Corporation Limited*	681.35
Equitas Finance Limited	2,500.00
Equitas Finance Limited	5,000.00
Total	**8,743.10**

* Balance amount includes premium of ₹ 3.29 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 ₹ 65.35 lacs committed by borrowers on the Company and was fully written off.

35. Section 135 of The Companies Act 2013, which mandates CSR for specific companies, applies to the Company. Accordingly the Company is required to spend atleast 2% of the average net profit of the Company made during three immediate preceding financial years, which amount to ₹ 30.61 lacs for the year 2015-16 . The Company has spent ₹ 1.50 lacs during the year.

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 79 branches as at March 31, 2016.

39. The Company recalculated its CRAR applying the combined LTV in cases where multiple loans have been extended against the same property for the FY 2013-14. Based on the revised calculations CRAR as on March 31, 2014 stands at 159.08% as against 159.33% earlier.

40. During the year additional provision amounting to ₹ 274.56 Lacs on loans was made over and above the provision required as per NHB Directions.

41. 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 ₹ 600.00 lacs (Previous Year ₹ 418.02 lacs).

₹ in lacs

Particulars	As at March 31,	
	2016	2015
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	703.40	285.38
c) Total	**703.40**	**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.	600.00	418.02
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 period		
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	1,303.40	703.40
c) Total	**1,303.40**	**703.40**

42. 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.

42.1 Capital to Risk Ratio (CRAR)

Items	As at March 31,	
	2016	2015
1. CRAR (%)	42.85%	67.33%
2. CRAR (%) Tier I capital	42.20%	66.74%
3. CRAR (%) Tier II capital	0.65%	0.59%

42.2 Exposure to Real Estate Sector

a) Direct exposure

i) Residential mortgages
Lending fully secured by mortgage on Residential property that is or will be occupied by the borrower or that is rented

₹ in lacs

Category	As at March 31,	
	2016	2015
(i) Housing Loan to individuals upto ₹ 15 Lacs	37,714.78	29,299.40
(ii) Housing Loan to individual more than ₹ 15 Lacs	39,189.17	23,185.92
(iii)Non Housing Loan against residential property	35,930.51	17,069.02

(ii) Commercial Real Estate

₹ in lacs

Category	As at March 31,	
	2016	2015
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	14,627.10	4,154.13

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

₹ in lacs

Category	As at March 31,	
	2016	2015
a) Residential	1,243.10*	2,005.06*
b) Commercial Real Estate	-	-

* includes premium of ₹ 3.29 lacs (previous year - ₹.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)

43. 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)	805.00	-	2,515.86	88.10
Over one month to 2 months	125.00	-	460.54	89.78
Over 2 months upto 3 months	1,845.27	-	652.05	90.50
Over 3 months to 6 months	970.02	-	1,975.66	279.29
Over 6 months to 1 year	6,461.67	600.00	3,927.43	593.04
Over 1 year to 3 years	13,673.70	11,500.00	12,154.62	4,123.78
Over 3 to 5 years	27,173.70	8,000.00	13,990.33	3,206.06
Over 5 to 7 years	1,660.80	7,500.00	16,813.35	146.46
Over 7 to 10 years	640.20	4,000.00	27,767.99	122.80
Over 10 Years	365.97	-	47,245.33	-
Total	**53,721.33**	**31,600.00**	**1,27,503.16**	**8,739.81**

* Includes Borrowings from NHB

As per our report of even date

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

Ramendra Nath Das
Partner
Membership No : 014125

Place: **Mumbai**
Date: **April 22, 2016**

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

Mageswari Pasupathy
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 Co. Ltd. and Shriram City Union Finance Limited. The Group today manages assets of over ₹ 1 Lac Crore.

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 part of the over four decade-old Shriram Group. A deposit-accepting NBFC with multiple product lines, SCUF is one of the largest small enterprise finance company in India in the small loan segment (loans between ₹ 1 Lac to ₹ 10 Lac). It is also a prominent provider of loans against gold, financing for two wheelers, pre-owned and new vehicle loans, personal loans, small business loans and housing loans (the last named product being disbursed through its subsidiary Shriram Housing Finance Limited).

SCUF with a presence of around 1,000 branches across India, had ₹ 19,576 Crore Assets under Management as on March 31, 2016. During the financial year ending 2016, it attained a top line of ₹ 3,856 Crore and registered a net profit of ₹ 530 Crore. Loans disbursed during the year were ₹ 18,649 Crore, while Capital Adequacy stood at 26.60% (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. Among its later prominent private equity partners have been TPG Capital, and most recently, Apax Partners. It also sought and received public participation in its debt offerings and issued listed Non-Convertible Debentures starting 2011.

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 represent an attractive target market for SCUF. This arrangement has enabled SCUF 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

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Concept and Design: Drachma & Dollars/ Anish Doshi