



BRIDGING THE GAP

AU HOUSING FINANCE LIMITED (AuHFL) | 6TH ANNUAL REPORT, 2015-16

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.



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BRIDGING THE GAP.

11,00,00,000.

This is India's estimated additional home requirement (in the number of units) by 2022.

Possibly the largest anywhere in the world.

The question is not whether India possesses adequate cement or steel or land for this staggering requirement.

The challenge is whether India has enough housing finance companies to address this emerging reality.

This is the rationale behind Au Housing Finance Limited's existence.

A company dedicated to bridging the gap.



Au HOUSING FINANCE LIMITED. BRIDGING THE GAP.

Home buyers needed financing support across semi urban-rural India. AuHFL was created as a semi urban-rural focused home financing company.

Home buyers needed financing choices; AuHFL was created to provide prospective home buyers with a basket of home financing products.

Home buyers needed superior service; AuHFL

was created to provide customers accessibility, affordability and availability.

Home buyers needed credible financing intermediaries; AuHFL was drawn from a credible parent (Au Financiers) that had demonstrated successful service-led growth in the field of vehicle financing.

WHAT WE
ACHIEVED
IN 2015-16

1,050 cr
Loan disbursement
in 2015-16 (Rs.)

100 bps
Borrowings cost
reduction in
2015-16

99.30%
AUM growth
in 2015-16

11,437
Customers acquired
in 2015-16

ICRA
'A / stable'

Au HOUSING FINANCE LIMITED.

ENGAGED IN PROVIDING HOUSING FINANCE.

TO THE UNSERVED, UNREACHED AND UNDER-SERVED.

LARGELY ACROSS SUB-URBAN AND RURAL INDIA.

Vision

Our vision is to enrich the lives of people we touch by providing access to housing finance in the unserved and underserved markets in India. We aspire to provide customised and easy home loan solutions to our customers. We aim to be sympathetic to the needs of our customers. We strive to establish ourselves as a trustworthy, transparent and well-governed housing finance company.

Business

AuHFL is engaged in providing housing finance in rural and sub-urban India with an emphasis on the low and middle-income segments.

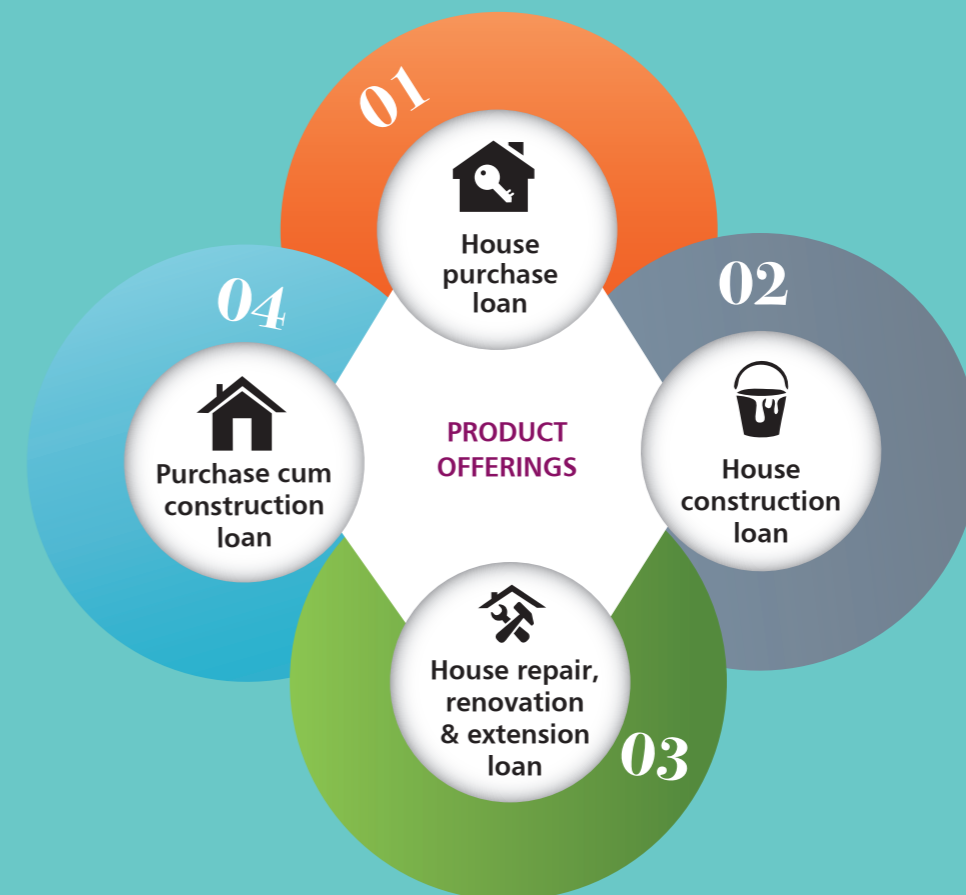
The Company's customer profile comprises salaried and self-employed individuals (grocers, dairy chains and kirana store owners, restaurants owners and textile traders, among other service provider individuals like drivers, car painters and electricians). It expanded its customer base by extending housing loans to entrepreneurs who may or may not have formal documented income proof.

The Company enjoys a presence in Rajasthan, Gujarat, Maharashtra, Delhi, Madhya Pradesh and Haryana through 44 independent branches.

Parentage

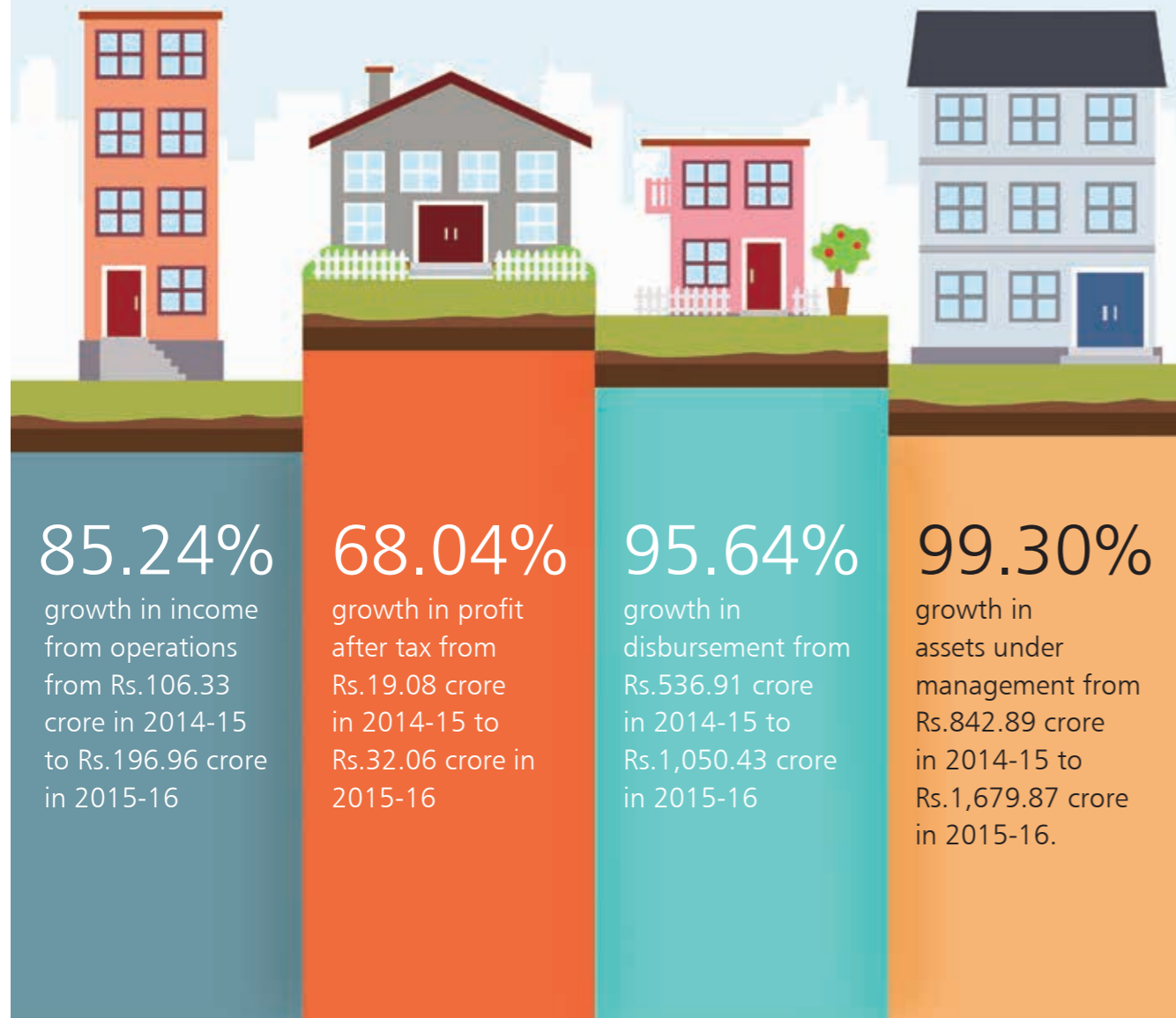
Au Housing Finance Limited (AuHFL) is a subsidiary of Au Financiers (India) Limited (AuFIN). AuFIN, incorporated in 1996, is one of the fastest-growing non-deposit accepting non-banking finance companies registered with the Reserve Bank of India.

The Company is led by first-generation entrepreneur, Mr. Sanjay Agarwal. Au Financiers was granted in-principle approval from the RBI for converting into small finance bank in 2015.



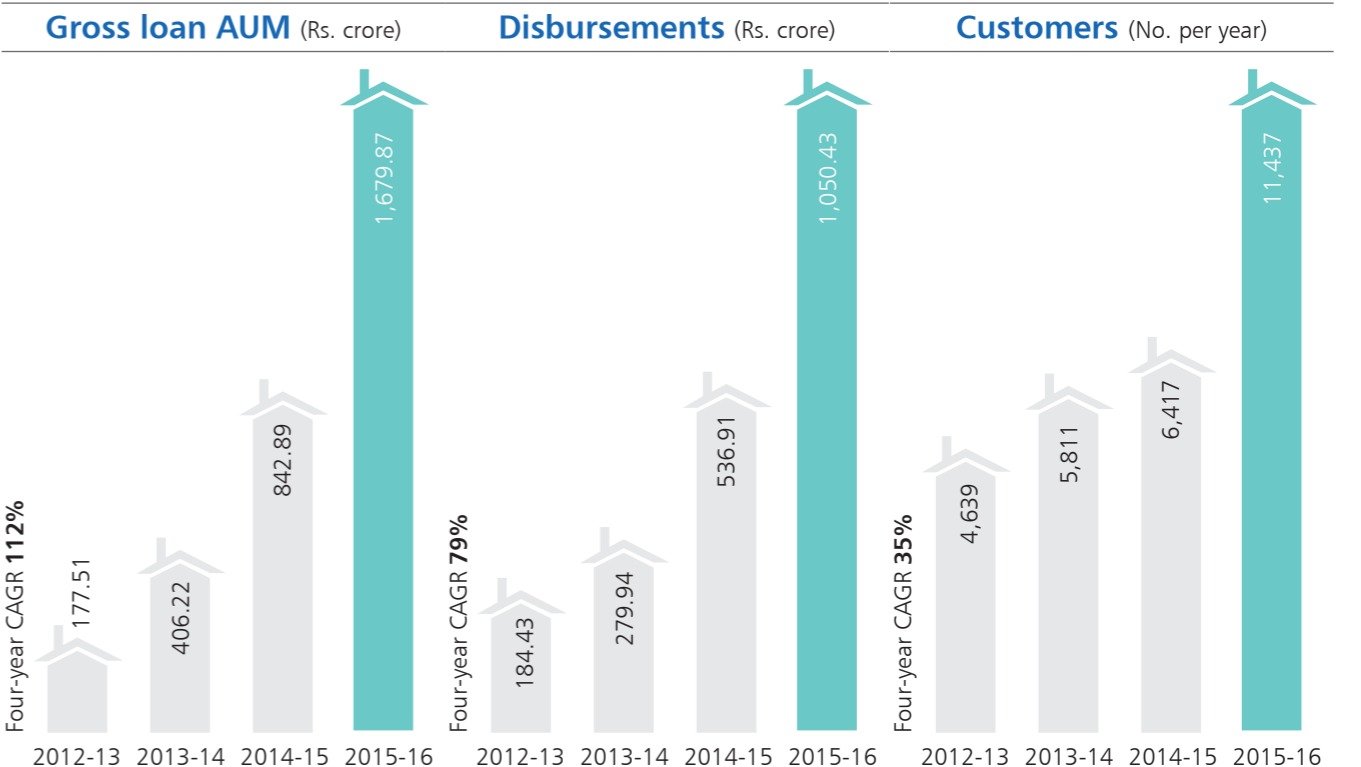
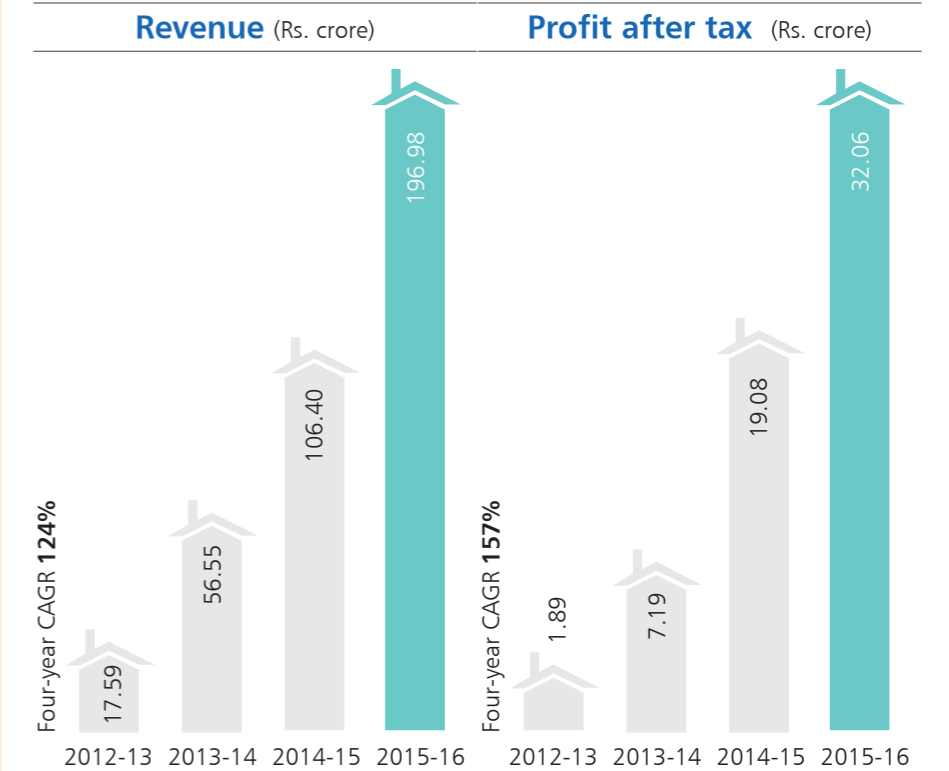
WHAT WE ACHIEVED IN 2015-16

Sectoral outperformance



Strategic improvement

- Reported a strong capital adequacy ratio of 30.37% as on March 31, 2016
- Improved liquidity by raising funds worth Rs.1,040.40 crore in 2015-16
- Created separate verticals to cater to the affordable and premium housing segments
- Added two new branches to take the total to 44 as on March 31, 2016



APPRAISING THE HEALTH OF OUR BUSINESS





BRIDGING THE GAP ENTAILS STEPPING OUTSIDE OUR COMFORT ZONE.

There could have been a number of ways in which we could have addressed the national need for building 11 crore housing units by 2022.

At AuHFL, our first response was to step outside our comfort zone.

We responded consistently. We planned methodically. We worked tirelessly.

For instance, it would have been more convenient for us to solely focus on the financing needs within Rajasthan, the state of our origin. Instead, we selected to widen our national footprint. We painstakingly created offices in suburban locations in other states; we increased the number of states of our presence from one to five within four years; we increased the number of our branches to 44 covering more than 100 locations; we recruited personnel who could communicate in local languages.

The result: The non-Rajasthan component of our AUM grew to an

attractive 50% as on March, 2016, within just four years of going into business.

While it would have been simpler to borrow funds from our parent company, we chose to stand independent. We focused on enhancing transparency and streamlining processes to build a distinctive brand and strengthen our Balance Sheet. The result is that 91% of sanctions sought during the year were mobilised independently.

While it would have been easier to connect with prospective customers through the branch network of our parent company, we chose to create an independent network instead. We increased our in-house branch network from 25 in 2012-13 to 44 in 2015-16.

The result: Despite a sectoral slowdown and the usual challenges faced by a fledgling company, AuHFL continued to double its loan portfolio for the fourth successive year.



BRIDGING THE GAP MEANS APPRAISING SECTIONS NOT CONVENTIONALLY CONSIDERED AS CUSTOMERS.

At AuHFL we continuously focus on expanding our customer base.

We ventured beyond urban centres. We imposed proprietary appraisal standards. We widened customer eligibility. And above all, we trusted people to do the right thing.

For instance, the majority of those wanting to build homes (and needing financial support for the same) hail from sub-urban or rural India. Consequently, we positioned ourselves as a housing finance company responsibly addressing the financing needs of the underserved and unserved segments in these geographies.

However, most of these prospective customers were self-employed and classified as 'high-risk' because of their inability to come up with income-substantiating documents, but they are engaged in the same business since ages. The result was that interest rates charged to these customers were

generally a few hundred basis points higher than the standard rates. In some cases, the higher rates ate into their savings and put paid to their hopes of climbing the social order. In other cases, the higher rates simply prevented these customers from accessing loans from organised financing sources.

This is where we came in. We introduced unconventional appraisal processes without diluting our portfolio quality. We lowered lending rates (from 19% during 2012-13 to 14% in 2015-16) to enhance accessibility. We widened our customer coverage to include the so-called 'credit-unworthy' and brought them within the ambit of financial inclusion.

The result: We emerged as the largest sectoral provider of small denomination loans (more than 42.05% of our sanctioned loans were worth Rs. 5 Lacs or below) and in the process effectively serviced the needs of the largest segment of borrowers.

At AuHFL, we preferred to invest in relationships over conducting business around a rate-based approach.



BRIDGING THE GAP MEANS WALKING THE EXTRA MILE.

It would have been easier for us to engage solely in maximising customer accretion through a rate-based approach, in line with the ambitious 'Housing for All' programme.

At AuHFL, we preferred to invest in relationships instead.

We invested in the holistic (qualitative and quantitative) and addressed the aggregate (direct and indirect).

For instance, in the housing finance business, players find it easier to grow their business through external channels and agents, minimising the effort required to build an organisation from the ground up. The popularity of this approach is reflected in the fact that more than 60% of the country's housing finance players choose to grow their business via these external representatives.

At AuHFL, we walked the road less travelled. We recognised that while

growing an in-house team would be a slower means of scaling our business, it would allow us to convert one-off transactions into enduring relationships. We realised that even though creating a direct presence would mean that it would take us longer to widen our geographic footprint, it would result in a stronger recall because of our ability to provide personalised attention.

We dovetailed our direct presence with in-depth appraisal of 'income surrogates' (sales invoices, bank statements and business prospects), thereby accurately estimating repayment capabilities and ancillary metrics. The result was that we were able to appraise creditworthiness and enhance customer satisfaction.

The result: We achieved the lowest balance transfer in the country's housing finance – a mere 5% compared to the industry average of 12-15%.





At AuHFL, we believe that there can be no quantity without quality.



BRIDGING THE GAP WARRANTS BUCKING ESTABLISHED TRENDS.

In a bid to achieve a challenging national goal, it would be simplistic to focus merely on volume growth.

At AuHFL, we believe that there can be no quantity without quality. Only a company that believes in steady growth will be able to go the distance; only a company that is prepared to grow to the extent that its Balance Sheet permits and not be awed by the vastness of the opportunity, will endure.

Subsequently, we created a dedicated team to handhold loanees through the disbursement process. In so doing, we gained critical insights into a customer's income and expenditure cycles. Thus, we were able to evolve credit appraisal from cursory documentation to a detailed assessment of borrower backgrounds, profiles and aspirations.

We created a three-tiered customer evaluation matrix. This made it possible for us to ascertain repayment capabilities, define credit limits and conduct 360 degree referral checks – imperative for a business whose 36.29% of customers included first-time borrowers.

This rigorous discipline enhanced our book quality, moderated fund costs and provided us with a sustainable foundation to accelerate growth without compromising our Balance Sheet.

The result: We increased the portion of our CIBIL-approved clients from 33% (March 2012) to 61%, thereby improving the quality of our loan book.



At our Company,
governance commitment
extends beyond the
printed word.



BRIDGING THE GAP MEANS ENHANCING TRANSPARENCY.

The alignment of our business goals with a national vision will only work over the long-term if transparent governance processes are institutionalised.

At AuHFL, we reinforced our commitment to governance by engaging competent professionals, enhancing strategic clarity, balancing our Board composition (two Independent Directors accounting for 40% of the Board) and ensuring across-the-table accountability.

At our Company, governance commitment extends beyond the

printed word. We deployed a dedicated team to continuously ensure compliance with the norms set down by the National Housing Bank and other regulatory bodies. We embarked on periodic audits (internal and statutory) to ensure process discipline. We engaged an external auditor (one of the 'Big Four') to vet our stated numbers.

The result: We graduated from being just another housing finance player to one of the most respected young corporates in India's housing finance sector.



CEO's review

“AuHFL IS ON TRACK TO REACH THE RS. 10,000 CRORE-MARK IN TERMS OF ASSETS UNDER MANAGEMENT BY 2020.”

Sushil Kumar Agarwal, *Wholetime Director & CEO*

Dear fellow Stakeholders,

Even as India addresses an urban housing shortage of approximately 20 million units, the reality is that the majority of this gap, an estimated 90%, is drawn from lower income groups (families with a monthly income of no more than Rs.16,000).

The writing is clearly on the wall: unless the country's housing finance sector is able to customize its loan appraisal process in line with evolving macroeconomic realities and alter its mindset to address small ticket loan seekers, it will have missed an outstanding opportunity to play the role of a national game-changer.

At AuHFL, we are addressing the needs of the small loan seekers, we are widening and deepening our presence in sub-urban and rural locations, where a majority of these loan seekers reside. We have customised our processes around the needs of these customers instead of sticking to conventional methods.

This explains why, even as the prevailing environment during FY2015-16 continued to be challenging for the Indian economy, AuHFL reported a visible improvement across parameters that are considered relevant within the industry.

Stronger team

Established itself as a respected standalone entity of 704 members comprising senior management and executives.

Increased scale

Made its presence felt in five states through 44 branches.
Disbursed Rs. 1050.43 crore in loans during the year.

Achieved 100% growth in assets under management for the fourth consecutive year to reach Rs. 1,679.87 crore.

Enhanced credibility

- Mobilised 91% sanctions of Rs.1,025.9 crore without parental support or guarantors.
- Received the 'A/Stable' rating from ICRA, the first sectoral player (without parental support) to be bestowed with this rating.
- Moderated average debt cost by 100 bps.
- Doubled disbursements to Rs. 1,050.43 crore.

Robust financials

- Reported net NPA level of 0.37%, considerably lower than the industry average.
- Earned a profit of Rs. 32.06 crore.
- Strengthened ROA to 2.49%.
- Retained net interest margin at 7.16%.

Creating the foundation

In order to realise the Central Government's 'Housing for all by 2022' vision, it is imperative that we emerge as a preferred housing finance brand.

As a means to this end, we did not just loan money but advised and counselled first-time homeowners. We created separate verticals to enhance focus. We accelerated branch rollout to respond to incipient opportunities. We built teams to address market needs. We routinely honed the skills of our workforce.

We believe that our average loan ticket size of Rs. 8.54 Lac, which is lower than that of most established housing finance companies, will find no shortage of customers in the years ahead.

During the year in review, AuHFL created a new vertical to address the needs of upper- middle income customers, helping de-risk the business from an excessive dependence on one segment.

In a business where customer servicing is of mission-critical importance, the Company launched a 25-seat call centre to provide round-the-clock assistance to clients. During the year, 703 new customers were accessed through this route, adding Rs. 30.06 crore to the business. The customer service team was enlarged, that led to retained loan assets of Rs. 30 crore which otherwise would have been foreclosed. The Company received the SARFAESI

license, a strong legal collection tool, vindicating the robust nature of our processes and assets. The Company worked with the National Housing Bank on the World Bank's Special Urban Housing Refinance Scheme pilot project for low-income households.

We expect that these initiatives will strengthen the Company's financials over the long-term.

Outlook

At AuHFL, we are optimistic of our prospects. We intend to widen our geographical footprint across Uttar Pradesh, Chhattisgarh, Punjab and Haryana. We expect to double our profits and grow disbursement by 50% to Rs.1,500 crore by the end of the next financial year. AuHFL is on track to reach the Rs.10,000 crore-mark in terms of AUM by 2020, one of the fastest in the country's sector to reach this coveted benchmark.

Acknowledgements

I wish to thank our stakeholders for their support and assure them that we will continue to run the Company in a completely ethical manner and add value in the hands of our stakeholders.

How we widened our net interest margin...

- We targeted an overarching NIM that was compatible with our business model
- We provided superior service that countered a decline in lending rates
- We negotiated stronger with banks and sourced funds cheaper

- We widened our borrowing mix and reduced overall rates
- We improved our credit rating

How we moderated our cost-to-income ratio

- We positioned our culture around thrift
- We widened the number of

branches, strengthening our fixed cost coverage
We focused on training personnel and increasing productivity

How we protected our asset-liability ratio

We ensured that a majority of our borrowings were long-term in nature

CREATING THE FOUNDATION FOR INCREMENTAL GROWTH



Differentiated identity

The Company strengthened its presence in its area of operations with a keen emphasis on the unserved and under-served customer segments.

Conspicuous presence

The Company added two branches in 2015-16 to enhance last-mile customer access. The Company has a presence in 44 Indian locations across five states, making it possible to provide housing finance to 11,437 customers in villages, towns and tehsils in the areas of its presence.

Direct sourcing

The Company relied on reaching out to prospective clients solely through its internal team who were entrusted with the responsibility of guiding the customers across the length of their loan cycles, creating relationships that last a lifetime.

Collection processes

The Company urges its customers to repay through banks and as a result, all of the Company's collections were conducted via ECS or post-dated cheques, reducing the risk of cash management and bring countless Indians within the fold of organised banking.

Diversified funding

The Company has access to a diversified funding mix (term loan, PSL term loan, refinance from NHB, debentures, subordinate debts, Commercial paper and assignment of loan) which allowed it to successfully

reduce its average cost of funds which helped moderate fund costs by 222 bps to 10.45% across three years.

Asset quality

Over 99% of AuHFL's customers live in houses financed by the Company and 52.48% of customers have availed loans for self-construction, helping maintain book quality.

Intellectual prowess

The Company has established itself as an independent and sustainable company propelled by a seasoned top management at its helm who imbue a sense of ownership and responsibility among all the members.

Transparent processes

AuHFL has reinforced strong procedural guidelines across the cycle of origination, underwriting and collection functions. The Company has demonstrated this by maintaining its net NPA considerably lower (0.37 %) than the industry average, despite better yield on assets.

Adequate liquidity

AuHFL cherry-picks its long-term borrowings in order to maintain a positive asset-liability maturity ratio (24% as of March 31, 2016) with reference to yearly cumulative outflows. Additionally, the Company has in its kitty Rs. 742.16 crore in unutilised sanctions and short term FDR of Rs. 150 crore held with the Bank to mitigate capital inflow and outflow-related risks.

OUR REPORT CARD

1,050.43
Total financing
FY-15-16
(Rs. crore)

70%
Quantum of
financing done
for loans below
Rs. 15 Lac

80%
Proportion of rural
home financing

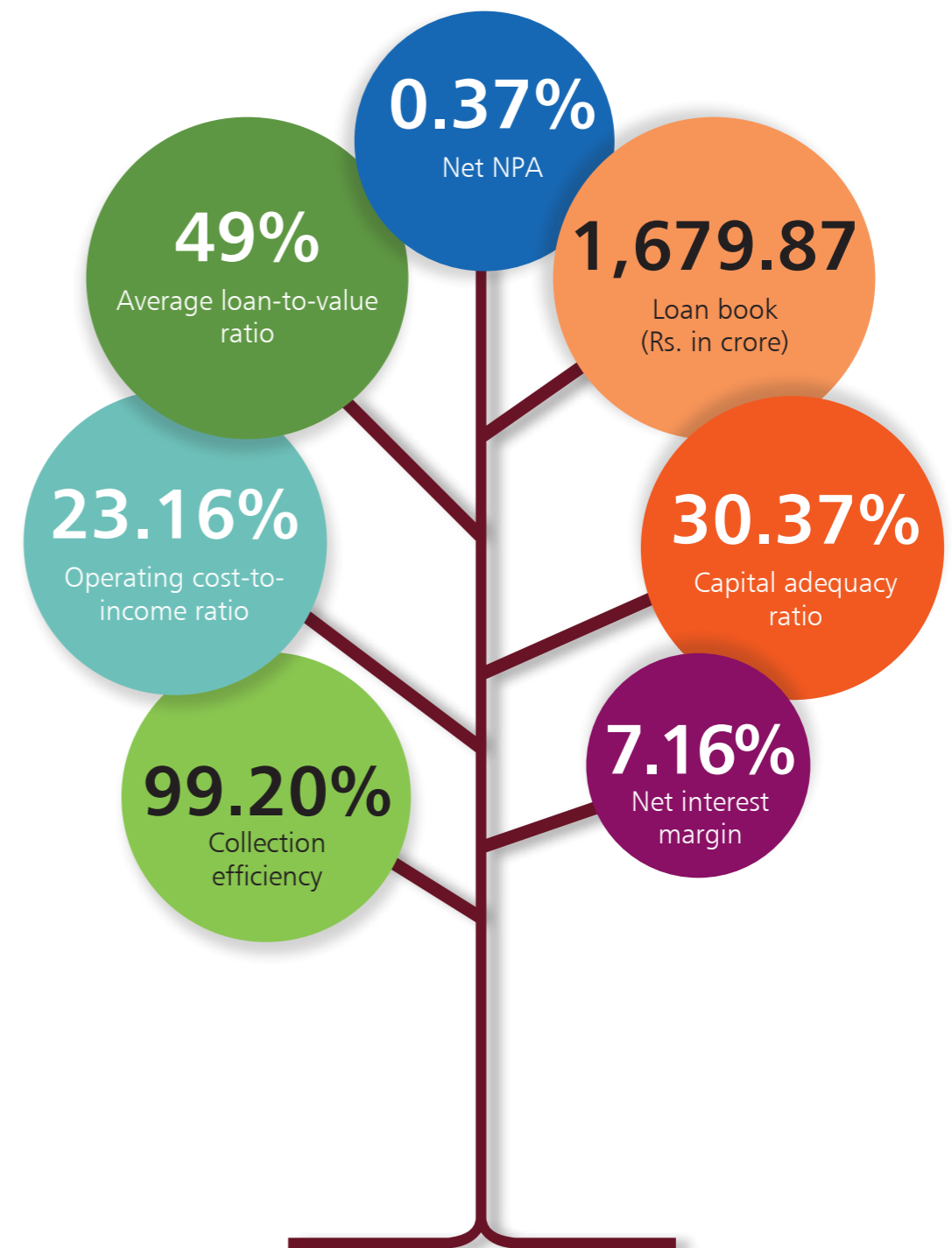
8.5
Average loan ticket
size (Rs. Lac)



27,628
Number of
customers funded
till date

31%
Proportion of
salaried customers

HOW WE CREATED A GROWING AND CREDIBLE BUSINESS



TALKING POINTS, 2015-16

- 1**

The Company successfully raked in NHB refinancing worth Rs.112 crore during the year. This was the fifth such refinance sanctioned by the NHB within a mere four years.
- 2**

The Company's credit rating outlook was updated from 'stable' to 'positive'. The 'A Stable' rating (ICRA) was the first independent rating without parental support.
- 3**

The Company mobilised Rs.1,025.9 crore of sanction without the parent company's intercession, strengthening its standalone credibility.
- 4**

The Company crossed Rs. 1,000 crore in disbursements.
- 5**

The Company conducted five direct assignment transactions worth Rs.220.90 crore (excluding MRR), including one in the non-priority sector lending segment worth Rs.76.61 crore.
- 6**

The Company garnered funding worth Rs.135 crore from NCDs.
- 7**

The Company optimised its borrowing mix - term loans (58%), NHB refinancing (8%), Assignments (14%), NCDs (18%) and Tier-II (2%)
- 8**

The Company reduced its average borrowing costs by 100 bps to 10.45%.
- 9**

The Company had Rs.237.60 crore cash on its books to mitigate asset-liability mismatch risks.
- 10**

The Company's capital-adequacy ratio stood at 30.37%, well above the mandated 12% for HFCs.
- 11**

The Company signed MOU under CLSS under "PMAY - Housing for All 2022" with NHB in Aug, 2015. Claimed the first tranche of Interest subsidy of Rs. 73.81 Lacs in March 2016 for 53 customers of the company and passed on the benefit to these customers.
- 12**

World Bank Selected Au Housing as Pilot runner of "Special Urban Scheme of World Bank Scheme" through NHB and the Company successfully completed the pilot of Rs. 10 crore.



AUG 15
We signed MOU under this scheme with NHB in August 2015.

NOV 15
Creation of a separate dedicated team.

MAR 16
Claimed first tranche of interest subsidy in March, 2016 and passed on the benefit to 53 customers amounting to Rs. 73.81.

Scheme

Under the leadership of Hon'ble Prime Minister Shri Narendra Modi, the Govt. of India launched a comprehensive mission of "Housing for All by 2022".

Our contribution

To support this mission, the Company has launched a new product in the month of March 2016 i.e. 'Affordable Housing' to benefit the ultimate beneficiaries through "Credit Link Subsidy Scheme" launched under the mission.

Dedicated team

We have developed a dedicated team for product sales and have provided extensive training to our ground staff to focus on EWS-LIG customers.

Our presence

We are available in 459 towns out of 4,041 Statutory towns listed from NHB for PMAY.

MoU(s)

We have signed MoU with ULBs to list us a preferred partner for loan disbursement to successful allottees.





MANAGEMENT DISCUSSION AND ANALYSIS

Indian economic overview

India's economic prospects have largely remained positive on the strength of unabated domestic consumption. The country's GDP growth rate has been pegged at 7.5% in 2016-17 (Source: IMF) and is expected to grow by 8% in the next year (Source: *The Economic Times*), reflecting offsetting developments in terms of both demand (low interest rates, increased wages, increased consumer spending) and supply (increased population, increased labour productivity, increased capital). The forecast of a normal monsoon for 2016 and the announcement of higher wages for government employees under the revised Seventh Pay Commission standards will provide a shot in the arm to the economy too.

The rural economy did not perform well in 2015-16 on account of the abysmally low rainfall. Also, the absence of major infrastructural initiatives stifled economic growth. Hence, a good monsoon would increase rural consumption by dampening price pressures and opening up further space for monetary easing. The Reserve Bank of India played an important role in determining the growth structure of India. It cut interest rates four times this year as inflation eased sharply and also reduced the repo rate by 75 basis points from 7.25% to 6.50%. Stressed farm incomes led to a slump in rural wages. Lower agricultural growth meant rural

consumption fell in tandem. (Source: RBI)

The IIP revealed, that manufacturing production grew by 3.1% during 2015-16 period vis-à-vis recording a growth of 1.8% in the corresponding period of the previous year. (Source: IBEF) The ongoing manufacturing recovery is supported by vigorous growth in petroleum refining, automobiles, apparels, chemicals, electrical machinery and wood product segments. In response, the Central Government launched a slew of initiatives to boost industrial growth such as 'Ease of Doing Business', 'Make in India' and 'e-biz Mission Mode'. Moreover, the Reserve Bank of India also announced a number of measures to boost liquidity and ease price pressures like reducing the repo rate, reducing the minimum daily maintenance of the cash reserve ratio (from 95% to 90%) reducing the MSF rate (by 75 basis points) and increasing the reverse repo rate (by 25 basis points). (Source: RBI)

It must be noted that growth in the agriculture sector in 2015-16 continued to be lower than the decadal average, mainly on account of a below par monsoon. Growth in the services sector moderated slightly and was compensated by the manufacturing sector. Besides, back-to-back droughts lowered farm incomes even in well-irrigated states of Punjab, Haryana, Karnataka, Uttar Pradesh and Odisha.

This lowered incomes to farmers and indentured labourers. Agricultural growth rates over the years have been fluctuating between 1.5% in 2012-13, 4.2% in 2013-14, -0.2% in 2014-15 and 1.1% in 2015-16. As per the second advance estimates, for 2015-16, foodgrain production during 2015-16 was estimated at 253.16 million tonnes, increasing by 1.14 million tonnes over the production of 252.02 million tonnes during 2014-15. (Source: IBEF).

Within the global context, India's economy is relatively buoyant. In contrast to other major developing countries, growth in India has been robust, propped up by strong investor sentiment, the collapse in oil prices and decade-low commodity prices.

Housing finance sector in India

The housing finance market has continued to report robust growth despite numerous setbacks over the past few years. This has bolstered the attractiveness of this segment among banks as well as NBFCs. The Indian real estate sector is expected to touch the US\$ 180 billion-mark by 2020. Interestingly, the housing sector alone contributes ~6% to the country's GDP. (Source: IBEF)

The 'Housing-For-All by 2022' scheme unveiled during the fiscal 2015-16 heralded the beginning of a new era in the housing finance sector. It provided

a much-needed impetus to the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership.

Over the past few years, affordable housing finance companies proactively catered to the needs of the under-banked in the rural and suburban areas and in the process, developed a keen understanding of the needs and aspirations of these segments. Housing finance companies also gained sizeable ground during the year, thanks to rising incomes and large-scale urbanisation. This generated interest even among large corporations to enter and make the most of the low-cost housing opportunity.

The total housing credit outstanding in India as on March 31, 2016 was around Rs. 12.5 trillion as against Rs.10.5 trillion as on March 31, 2015, indicating an annualized growth of 19% in FY16. The housing credit growth was supported by disbursements on construction linked loans, growth in the small ticket affordable housing segment and demand from Tier II/III cities and some increase in primary sales during the festive season.

Housing credit growth for banks has been higher than that in the previous years (19% annualised in FY16), driven by the increased focus of banks on retail loans such as housing given the

asset quality related challenges in their corporate loan books and their ability to offers loan at relatively competitive interest rates leading to higher balance transfers from HFCs to banks.

The provisions announced in the Union Budget 2016 seem to be in sync with the agenda of 'Housing for All by 2022'. The intention to construct six crore housing units across rural and urban India will help correct the longstanding demand-supply skew in the housing sector. An additional deduction of Rs. 50,000 has been given on interest for loans up to Rs. 35 Lac (provided the house value doesn't exceed Rs. 50 Lac). To realise the aim of 'Housing for All by 2022', a significant corpus of Rs. 22,407 crore has been allocated towards housing development in the country. Importantly, the Government of Rajasthan became the first state to initiate private investments in affordable housing by signing four MoUs with private players at an investment of Rs. 5,400 crore.

Growth of housing finance companies

Growth in disbursements among housing finance companies is expected to accelerate in 2016-17. (Source: CRISIL). However, growth in outstanding loans will be slightly slower as lower interest rates will increase repayments and prepayments in the existing portfolio. Among financiers,

housing finance companies will continue to grow at a somewhat faster pace with affordable HFCs continuing to outpace their larger peers. Following are some of the factors that will determine how fast and how well HFCs will grow in the years ahead:

Asset quality: Asset quality is a key parameter when it comes to determining the overall health of any housing finance company. The primary factors affecting the overall asset quality is the quality of the loan portfolio and credit administration. Capitalising on these, HFCs have been able to maintain their GNPA (gross non-performing assets) at 0.71% as on December 31, 2015 and the credit growth being at 17%. (Source: ICRA). Furthermore, the top-seven banks accounted for ~60% of the housing credit at a GNPA of 0.80% as on March 31, 2015.

Although, asset quality indicators remain positive, they could deteriorate over the long-term. The factors increasing the vulnerability of HFCs include dilution in lending norms, competitive pressures, increased emphasis on riskier products (like loans against property and builder loans).

Nevertheless, strong monitoring and control processes could reduce the impact of these factors on the asset quality of HFCs to a large extent. Overall, ICRA expects the GNPA of HFCs to veer between 0.8 and 1.2% during

the next fiscal. Also, coverage of new entrants under the SARFESI Act, could help improve recoveries.

Return on equity: Stable net interest margins, operating expenses and credit provisions have served HFCs in good stead. Smaller HFCs continue to report higher net interest margins as a result of their focus on niche segments. Overall, stable net interest margins and

operating expenses and some rise in credit provisions could lead to a 5-10 bps reduction in profitability for HFCs in the financial year 2016, leading them to report sizeable return on equity of ~18% (Source: ICRA).

Low mortgage-to-GDP ratio: Mortgage levels in India have been increasing steadily from around 7% as on March 31, 2007 to around

9% as on December 31, 2015, propelled by favourable demographics, advantageous loan terms, increasing urbanisation and nuclearisation, rising demand for affordable homes in satellite towns and growing preference for property as an investment vehicle, among others.

SWOT analysis

Strengths

- Housing is a primary necessity and not only generates demand for supporting industries but also leads to creation of jobs
- HFCs provide credit to low-income customers which has emerged as a key component of the Indian economy
- Under the 'Housing for All by 2022' programme, six crore houses are to be built – four crore in rural and two crore in urban areas

- Removal of the distribution tax regime as announced in the Union Budget 2016 will immensely benefit the securitisation market
- The introduction of MCLR (marginal cost of funds-based lending rate) by banks along with the systemic softening of interest rates could lower borrowing costs for HFCs effective April, 2016 onwards

Weaknesses

- Availability of long term debt at reasonable rate to small HFCs is a challenge.
- For long, the growth of India's affordable housing segment has been hampered by many procedural and policy-related challenges, foremost among them being approval delays which escalate project development costs
- The absence of single-window clearance mechanism for affordable housing projects plays havoc with completion timelines
- The absence of cutting-edge technology continues to bleed the sector

Opportunities

- Increasing urbanisation has catalysed demand for housing
- Tax rebates and falling interest rates on housing loans will encourage more people to jump into the housing

bandwagon

- Steadily declining SLRs and CRRs will enhance liquidity, thereby creating the environment for greater lending

Threats

- Lower transaction levels in the realty sector
- Continuous changes in regulatory environment
- Higher cost of home ownership dampening demand

Demand drivers

Over the last five years, economic growth in the country's real estate vertical has remained relatively subdued. Nevertheless, the housing finance sector has grown at an annual rate of 17.7% between 2011 and 2015, much higher than overall banking credit growth of 15.5% during the same period. At the end of the previous fiscal FY15, the size of the housing finance market stood at Rs.10,522 billion. The key demand drivers for the housing industry in India are:

1. Growing urbanisation

Urbanization is an 'index of transformation from traditional rural economies to modern industrial ones.' Urban-Suburban areas have emerged as economic hubs in developing countries and India too has witnessed a sharp rise in urbanisation. There has been a decadal growth of 17.6% in urbanisation in India between 2001 and 2011. As a result, Indian urban areas added 181 million people over the decade which is almost equal to the entire population of Brazil. The population density in urban areas has risen from 325 per square kilometre in 2001 to 385 per square kilometre in 2011. This unabated influx will bolster housing demand in the affordable segment (Sources: PwC and FICCI).

2. Favourable demographics
Between 2015 and 2050, the global

population is projected to grow by one-third, to 9.3 billion people, with emerging market economies accounting for 99% of the increase. In absolute and percentage terms, the forecast growth is lower than the period between 1950 and 2015, when the population jumped from 2.5 billion to 7.3 billion. Currently, India's population is 1,326,801,576 – a yearly change of 1.2% from 2015. This population growth has had a significant bearing on housing demand.

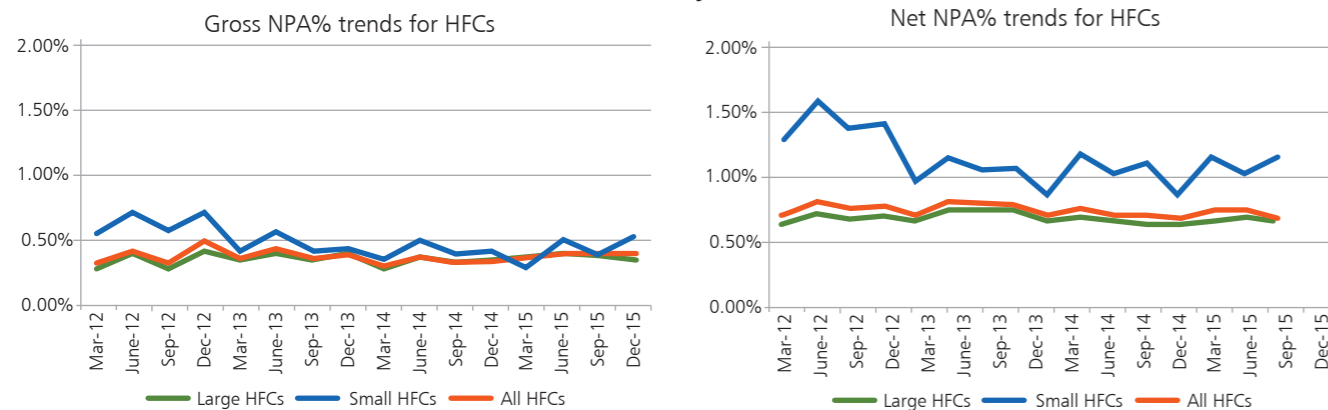
3. Rising affordability

As per the Economic Survey 2015-16, the per capita income of the country jumped by 7.3% to Rs. 93,231 in 2015-16 from Rs. 86,879 in 2014-15. The figures were at Rs. 71,050 and Rs. 79,412 in 2012-13 and 2013-14, respectively. This sustained economic growth and contained property prices has increased affordability index positively. The growth of retail and residential real estate, generated more employment opportunities and heightened income levels. Besides, a large proportion of India's working population comprises aspirational youth with a penchant for better standards of living backed by adequate purchasing power. With rising income levels, there is greater demand for owned houses as well as larger houses, thereby providing a fillip to the housing sector.

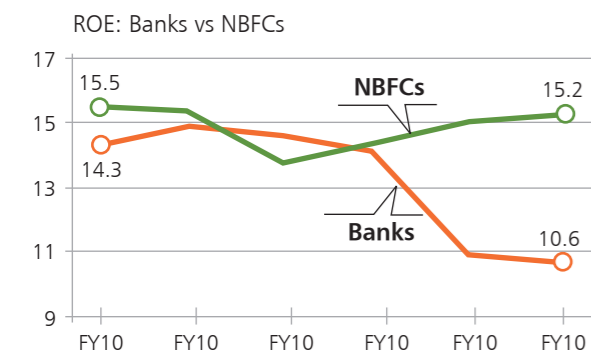
4. Governmental initiatives

The Central Government aims to provide housing to all its citizens by the year 2022. As per the estimate, the vision entails development of about 11 crore housing units including addressing the existing shortage of about six crore units. The housing need is almost evenly distributed between urban and rural areas and primarily falls under the affordable category. The Central Government seeks to address the housing requirement of urban slum dwellers by:

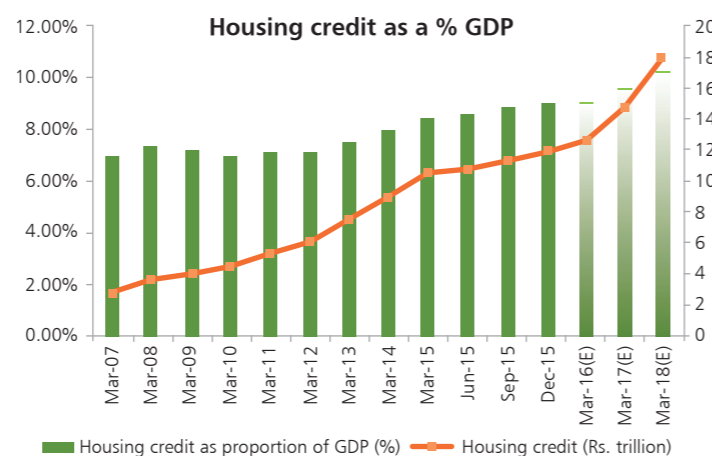
Quarterly trends



NBFCs: Power points



Source: Capitaline, ETIG database



- Offering affordable housing opportunities through Credit Linked Subsidy Scheme (CLSS) under Pradhan Mantri Awas Yojana- Housing for All (Urban)
- Developing affordable housing projects in partnership with private players
- Subsidising beneficiary-led individual house construction

The Central Government aims to strengthen housing ownership by:

- Promoting rental housing
- Enhancing project delivering capabilities
- Endorsing mass housing construction technologies
- Reviewing building development norms

This Central Government's vision has provided a much-needed impetus to the housing and housing finance sectors to realise the development of about 11 crore houses at an investment of over USD 2 trillion.

5. Fiduciary incentives

The Central Government has been offering several tax concessions to spur

housing demand, which have also been instrumental in driving growth in housing and housing finance sectors, including the government's initiative to promote green homes. This has led to the concept of 'green housing' which aims at reducing utility costs in an affordable and environment-friendly manner.

Affordable housing in India

The Indian real estate industry, which was considered 'shockproof', was also badly hit during the recession that ensued from 2011 onwards. Moreover, corrections in the prices of real estate started. The correction in prices was a boon for those who wanted to purchase houses but could not due to the steep property prices and high costs of finance. Besides, excess supply and a sluggish market forced even bigger developers to enter the affordable segment, thereby intensifying competition.

Thus, affordable housing is getting a lot of focus in today's market and small and affordable housing is finding favor with most households as well as major realty players. Developers have realised that the bulk of the demand

lies in this segment and are increasingly turning their attention to units that are affordable.

The Budget 2016 announcement on allowing 100% deduction for profits to housing projects building homes up to 30 square metres in the four metro cities and 60 square metres in other cities is likely to spur supply of affordable homes, demand for which makes for almost 90% of the demand for homes in India.

Builders and real estate experts indicate that the exemption for affordable housing projects would bring in a 15-20% upside on profits after paying MAT, making it easier for the developer to attract foreign and domestic investments into housing projects.

Long-term benefits

- Emphasis on road and infrastructure development to improve connectivity to housing projects in peripheral areas
 - Excise duty exemption to ready-mix concrete will help in quicker project delivery
 - Land reforms and digitisation to reduce disputes in housing projects
- (Source: *The Economic Times*)



'Housing for All by 2022'

Backdrop

- Housing shortage of about six crore units
- Level of annual investments in the housing sector is pegged at ~USD 120 billion
- Faster-than-expected rural growth has widened the housing demand-supply skew
- The combined budget of Central and State Governments is pegged at ~USD 6 billion annually, which is about 3% of the current investments in the real sector, or 1% of its annual expenditure

Requirements

- By 2022, India needs to develop about 11 crore housing units
- Annual investments worth more than USD 250 to 260 billion are required until 2022
- Investments will need to grow at a CAGR of 12-13% (unadjusted for inflation) till 2022
- As much as 70% of the housing needs till 2022 will be predominantly concentrated in nine states
- A keen emphasis needs to be laid on affordable housing, which is 70% of the total housing requirement
- A landbank spanning 1.7-2 lakh hectares will be required to fulfill the urban housing shortage

(Sources: *Ministry of Housing and Urban Poverty Alleviation, KPMG, Ministry of Rural Development*)

Governmental initiatives

- 100% deduction for profits to an undertaking in housing project for flats up to 30 square metres in four metro cities and 60 square metres in other cities (approved during June 2016 to March 2019 and completed in three years)
- Deduction for additional interest of Rs. 50,000 (US\$ 730) per annum for loans up to Rs. 35 Lac (US\$ 51,158) sanctioned in FY 2016-17 for first-time home buyers, where house costs do not exceed Rs. 50 Lac (US\$ 73,082)
- Excise duty exemption for on-site manufactured concrete mix



PROFILE OF OUR BOARD OF DIRECTORS



MR. MANNIL VENUGOPALAN - Independent Director (DIN No. 00255575)

He is a commerce graduate, a gold medalist from Kerala University and a CAIIB. He has career record spanning four and a half decades in the banking sector and has touched diverse geographies in leadership capacities in India and abroad. He is the former CEO & Managing Director of Federal Bank. He has also provided his leadership credentials as the Chairman & Managing Director of Bank of India and Executive Director of Union Bank of India. As an independent director, he advised the boards of various companies.

He is well-recognized and accomplished commercial banker with domestic and international experiences across the realms of corporate finance, foreign exchange, resource management and strategic planning for large public and private sector banks. He has track record of driving change in commercial banks, bringing in transformation changes which has resulted in his banks being adjudged the leading banks in the country in terms of efficiency and adaptability to the rapidly changing business environment



MR. KRISHAN KANT RATHI - Independent Director (DIN No. 00040094)

He holds a bachelor's degree in commerce and is a qualified Chartered Accountant (CA) and Company Secretary (CS) with more than 25 years of professional experience in finance and accounting functions.

He has worked as the CFO of Future Group and had done assignments for RPG Group and Rajan Raheja Group occupying senior position.

Mr. Rathi serves as the Chief Executive Officer of Future Ventures India Ltd.



MR. SANJAY AGARWAL - MANAGING DIRECTOR (DIN NO. 00009526)

He possesses vast experience spanning more than 20 years in the field of financial, legal and credit risk analysis & management, strategic planning and is responsible for the overall management of the Company.

He is also the Managing Director of Au FINANCIERS (INDIA) LIMITED. His area of specialization encompasses strategic

planning, business model, HR and relationship management.

His vision, strategic focus and entrepreneurial skills continue to guide the Company's businesses across demanding markets and competitive scenarios.



MR. SUSHIL KUMAR AGARWAL - Whole Time Director & CEO (DIN No. 03154532)

He is a Chartered Accountant & Company Secretary by qualification, having a vast experience of 15 years and has served ICICI Bank Ltd. as National Head - Credit Risk for Business Banking Group, SME. First 6 years of his career, he has experience in housing finance with ICICI Bank and in last assignment for housing was managing entire North & east

zone for credit risk, Product in housing finance business.



MR. UTTAM TIBREWAL - Director (DIN No. 01024940)

He has an extensive experience of more than 18 years in the area of retail marketing and business development, strategic market analysis, delivery and service quality, customer relationships and strategic relationship.

He is also experienced in the areas of operations, sales, marketing and promotions

targeted towards rural and suburban consumers

SENIOR MANAGEMENT



**MR. GHANSHYAM RAWAT
Chief Financial Officer**

He is a Chartered Accountant, having a vast experience of 23 years in Finance, Service and Manufacturing industry for Corporate Finance, Funds Raising, Treasury Management, Forex & Interest risk management, Merger & Acquisition, Finalisation of accounts, IFRS & SAP system.

Associated with the Company since 2013, he is responsible for overall control on Finance, Operation and Accounts functions.



**MR. S. RAM NAREESH
National Business Manager**

He is an MBA (Marketing) and B.Sc. from Sri Krishnadevaraya University, A.P. He is a business development professional having a rich experience of 18 years in Mortgages and FMCG distribution. His last assignment was with Bajaj Finance Ltd. and he has also worked with companies like Future Money, GE Money Financial Services Ltd., ICICI Bank LTD. and Nestle India Ltd



**MR. ASHUTOSH ATRE
National Credit Manager**

He is Diploma in Finance Management from NMIMS, Mechanical Engineering from M.P Board of Technical Education and having experience of around 28 Years with Sanghi Brothers India Ltd, Apple Finance Ltd, Cholamandalam Investment & Finance Company Ltd, ICICI Bank Ltd, Equitas Micro Finance Pvt. Ltd & Equitas Housing Finance Pvt. Ltd.



CORPORATE INFORMATION

BOARD OF DIRECTOR

Mr. Mannil Venugopalan – *Independent Director*
 Mr. Krishan Kant Rathi – *Independent Director*
 Mr. Sanjay Agarwal – *Managing Director*
 Mr. Sushil Kumar Agarwal – *Whole Time Director & CEO*
 Mr. Uttam Tibrewal – *Director*

CHIEF FINANCIAL OFFICER

Mr. Ghanshyam Rawat

COMPANY SECRETARY

Mr. Sharad Pathak

SENIOR MANAGEMENT TEAM

Mr. Ashutosh Atre – *National Credit Manager*
 Mr. S. Ram Naresh – *National Business Manager*
 Mr. Mukesh Agarwal – *Asst. Vice President - Accounts*

STATUTORY AUDITORS

M/s. S. R. BATLIBOI & Associates LLP
 Chartered Accountants,
 14th Floor, The Ruby,
 29, Senapati Bapat Marg, Dadar (W),
 Mumbai - 400 028, Maharashtra

SECRETARIAL AUDITORS

M/s. V.M. & ASSOCIATES
 Company Secretaries
 403, Royal World, S.C. Road,
 Jaipur - 302001

INTERNAL AUDITORS

M/s G.M. Kapadia & Co.
 Chartered Accountants,
 S.B.-One, Bapu Nagar,
 Jaipur-302015, Rajasthan

DEBENTURE TRUSTEES

IDBI Trusteeship Services Ltd.
 Asian Building, Ground Floor, 17, R. Kamani Marg
 Ballard Estate, Mumbai - 400 001

PRINCIPAL BANKERS

Andhra Bank
 Bank of Baroda
 Bank of India
 Corporation Bank
 DCB Bank
 Dena Bank
 HDFC Bank
 ICICI Bank
 IDBI Bank
 IndusInd Bank
 Oriental Bank of Commerce
 RBL Bank
 State Bank of Bikaner and Jaipur
 State Bank of Hyderabad
 State Bank of India
 State Bank of Mysore
 State Bank of Patiala
 Tata Capital Financial Services
 UCO Bank
 Yes Bank Ltd.

REGD. & CORP. OFFICE

201-202, 2nd Floor, Southend Sqaure,
 Mansarovar Industrial Area, Jaipur-302020
 CIN: U65922RJ2011PLC034297
 Website: www.auhfin.in



FINANCIAL INSTITUTIONS AND BANKS

Name of Debenture Trustee



Regd. Office : Asian Building, Ground Floor,
 17, R. Kamani Marg, Ballard Estate,
 Mumbai – 400 001.
 Tel: +91 22 4080 7015 / Fax: +91 22 6631 1776
 Website: www.idbitrustee.co.in

Registrar & Transfer Agent



Link Intime India Pvt. Ltd.
 Regd. Office C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (West),
 Mumbai – 400 078.
 Tel: +91 22 2596 3838 / Fax: +91 22 2596 2691
 Website: www.linkintime.co.in

DIRECTOR'S REPORT

Dear Shareholders

Your Company's Directors are pleased to present the Sixth Annual Report on the business and operations of your Company together with the Audited Statement of Accounts and the Auditor's Report for the FY ended 31st March, 2016. The summarized financial results for fiscal 2015-16 are as under:

Financial Result

Particulars	(In Cr)	
	For the Year ended March 31, 2016	For the Year ended March 31, 2015
Total Income	196.98	106.40
Less: Total Expenditure before Depreciation & Amortization	146.84	76.44
Less: Depreciation & Amortization	1.28	1.01
Total Expenses	148.12	77.45
Profit Before Tax	48.86	28.95
Less: Provision for Taxations	16.80	9.87
Profit After Tax	32.06	19.08
Transfer to Statutory Reserve	7.75	4.80

Company posted Total Income (Total Interest Income and other income) of Rs.196.98 Cr and Net Profit of Rs. 32.06 Cr for the FY 2015-16 as against Rs. 106.40 Cr and Rs. 19.08 Cr respectively for FY-2014-15.

Review of Operations

Au HOUSING FINANCE LIMITED ("Company" or "AuHFL"), is a subsidiary of Au FINANCIERS (INDIA) LIMITED ("AuFIN"), and is registered with National Housing Bank ("NHB") to carry on housing finance activities in India.

Sanctions

During the year under review, the Company sanctioned housing loans for Rs.1119.24 Cr as compared to Rs. 576.94 Cr in the previous Year with a growth of 94% over the previous year. The cumulative loan sanctions since inception of the Company stood at Rs. 2190.39 Cr at the end of the FY 2015-16.

Disbursements

During the year under review, company disbursed housing loans for Rs. 1050.43 Cr as compared to Rs. 536.91 Cr in the previous Year and recorded a growth of 96% in disbursements.

The cumulative loan disbursement from inception to the end of the FY 2015-16 was Rs. 2052.41 Cr.

Assets under Management (AUM)

During the year under review, the Assets Under Management stood at Rs. 1,679.87 Cr (including assignment of Rs. 225.36 Cr) as at 31st March, 2016 as against Rs. 842.89 Cr as at 31st March, 2015, with the growth of 99%.

Income & Profits

Total Income grew by 85% to Rs. 196.98 Cr for the year ended 31st March, 2016 as compared to Rs. 106.40 Cr for the previous year. Profit Before Tax (PBT) was 69% higher at Rs. 48.86 Cr as compared to Rs.28.96 Cr for the previous year.

The net profit after tax for the year increased by 68%, from Rs. 19.08 Cr in the previous FY to Rs. 32.06 Cr in the current FY.

Operating Cost increased by 108% to Rs. 46.56 Cr, from Rs.22.36 Cr, in the preceding FY 2014-2015. Manpower expenses for the year were Rs. 33.95 Cr as against Rs. 17.45 Cr in the preceding FY 2014-2015, an increase of 94%.

Non- Performing Assets

A pro-active collection and recovery management system at ground level of your company was able to contain its gross Non Performing Assets at Rs. 8.04 Cr (0.48% of the portfolio) as at 31st March, 2016. The company reviews the delinquency and loan portfolio on regular basis.

The Company coupled a defined policy with procedures to address risks as a result of which Gross NPA and net NPA as at 31st March, 2016 were 0.48% and 0.37% respectively (against 0.52% and 0.43% respectively in the previous year).

Company has also created provisions for contingencies amounting to Rs. 1.09 Cr, which is over and above the provisions prescribed under NHB Guidelines in order to ensure adequate cushion against unforeseen contingencies

During the year under review, the Company has, as per the guidelines issued by the National Housing Bank made a provision of Rs. 4.68 Cr towards NPA and Standard Assets.

The cumulative provisioning on the asset book as at 31st March, 2016 was Rs. 8.80 Cr, of which standard asset provisioning amounted to Rs. 5.83 Cr.

The average size of home loans disbursed to individuals during the year was Rs. 8.54 Lacs and Average tenure is 158 Months.

Further information on the Business overview and outlook and State of the affairs of the Company is discussed in detail in the Management Discussion & Analysis.

Notified As "Financial Institution" Under SARFAESI Act, 2002

Your company has been notified as "Financial Institution" under SARFAESI Act, 2002 vide Notification no. S.O. 3466 (E) dated 18th Dec, 2015 issued by Department of Financial Services, Ministry Of Finance, Govt. of India.

This move of ministry facilitated the company to focus on its vision of providing more access to housing finance in the unserved and underserved markets in India and to smoothen the process of recovering its non-performing assets in accordance with the provision of SARFAESI Act, 2002 which shall be resulted in improvement of its asset quality.

Affordable Housing

As a part to complete comprehensive mission of "Housing for All by 2022" launched by Govt. of India, company has launched a new business vertical "Affordable Housing" for facilitating

ultimate beneficiaries through "Credit Link Subsidy Scheme" under PMAY. The company has signed MOU with National Housing Bank in Feb, 2016.

We have built an exclusive team for the product and trained the ground staff to focus on Low Income Households Customers of EWS and LIG segment. This segment has one prime aspiration of owning their own house and thereby creating an affordable environment for their family members to live in. We thrive to create with an environment and provide proper financing schemes to these families of EWS/LIG segment residing across Rural/Semi Urban and Urban areas across major cities of India. We also emulate our presence in those areas/cities under the 4041 statutory towns as mentioned in the mission.

We have signed Memorandum of Understanding with various Urban Local Bodies of State Government authorities of Rajasthan, Gujarat, Madhya Pradesh and Maharashtra to fulfill the requirement of providing loans to the beneficiaries of properties built by these authorities.

During the FY 2015-16, company has approached NHB for subsidy of around Rs. 0.73 Cr. for 53 cases in its first phase which has been cleared and adjusted as principal prepayment to ultimate beneficiaries.

Authorised Share Capital

The authorized share capital of the Company stood at Rs. 40 Cr (divided into 4 Cr Equity Shares of Rs. 10/- each)

During the year under review, the Authorised Share Capital of the Company was increased to Rs. 40 Cr from Rs. 33 Cr in the previous year.

Share Capital

The Paid-up Share Capital of the Company as at 31st March, 2016 stood at Rs.38.38 Cr (31st March, 2015: Rs. 32.92 Cr) consisting of 38383334 Equity Shares of Rs. 10/- each.

During the year under review, the Company has issued and allotted 5,466,667 fully paid up Equity Shares to its existing shareholders as Further Issue of shares on preferential basis.

Branch Expansion

Your Company has been successful in establishing its branch network with a view to support its growth initiatives and enhancing customer base. During the year under review, the Company has expanded its branch network to 44 branches as of 31st March, 2016 and plans to scale up its operation to newer geographies in FY 2016-17.

The Company has its registered office in Rajasthan and branch network as listed here under:

State	No. of Branches
Rajasthan	21
Maharashtra	09
Gujarat	07
Madhya Pradesh	05
Delhi	01
Haryana	01
Total number of branches	44

Directors

Company has five Directors consisting of two Independent Directors, a Non-executive Directors, a Whole Time Directors & CEO and a Managing Director as at 31st March, 2016.

There was no resignation of Directors during the year.

Appointments / Resignations of The Key Managerial Personnel

Mr. Sanjay Agarwal- Managing Director; Mr. Sushil Kumar Agarwal-Whole-Time Director & CEO; Mr. Ghanshyam Rawat-Chief Financial Officer and Mr. Sharad Pathak-Company Secretary are the Key Managerial Personnel in terms of section 2(51).

Present term of appointment of Mr. Sushil Kumar Agarwal as the Whole-Time Director & CEO (designated as the 'Key Managerial Personnel') completed on Jan 10, 2016, subsequently members of the company in its 14th Extra Ordinary General Meeting held on 07th March, 2016 reappointed Mr. Sushil Kumar Agarwal as Whole Time director & CEO of the company w.e.f 10th January 2016 for a further period of 3 (Three) year on the remuneration, terms and conditions recommended by the nomination and remuneration committee.

None of the Key Managerial Personnel has resigned during the year under review.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Uttam Tibrewal, being longest in the office shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

Declaration of Independence

All the present Independent Directors i.e. Mr. Mannil Venugopalan and Mr. Krishan Kant Rathi, have given the declaration of meeting the criteria of independence as prescribed under section 149 (6) of the Companies Act, 2013.

Number of Board Meetings During The Financial Year

The details related to Board meeting is appended in Corporate Governance Report forming part of this Annual Report.

Director's Responsibility Statement

In accordance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, and based on the information provided by the Management, the Board of Directors report that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the FY and of the profit and loss of the company for that period.
- We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- We have prepared the annual accounts on a going concern basis.
- We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- We have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Corporate Social Responsibility Initiative

In falling in line with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014; the company has undertaken the projects in the area of Health, Education and Providing Safe Drinking Water, which are in accordance with the Schedule VII of the Companies Act, 2013 and CSR Policy of the company.

The Annual Report on CSR Activities, which forms part of the Directors Report, is annexed as "Annexure 1" to this report.

Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at 31st March, 2016 in form MGT-9 is provided as "Annexure 2" to this report.

Transfer to Reserves

Your company has transferred Rs. 7.75 Cr i.e. 20 % of net profits amounting to statutory reserves as required under the provisions of section 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961.

Business Overview

A detailed business review is appended in the Management Discussion and Analysis Section of Annual Report.

Resource Mobilization

Your Company manages its borrowing structure through prudent Asset-Liability Management and takes the various measures comprised the diversification of funding sources, tenure optimization, structured interest rates and prudent borrowing timing to contained its borrowing cost at optimum level.

During the year under review, company continued to diversify its funding sources by exploring the Debt Capital Market through private placement of Secured Non Convertible Debentures, securitization/direct assignment and banking products likes Priority Sector term loans, Cash Credit Facilities and Working capital Demand loans.

The weighted average borrowing cost as at March 31, 2016 was 10.45% as against 11.45% in the previous year. As at March 31, 2016, your Company's sources of funding were primarily from banks and financial institutions (57.7%), followed by non convertible debentures (18.3%), Direct Assignment (14.30%), Refinancing from NHB (7.80%) and subordinated debt (1.90%).

As a large proportion of your Company's disbursements are to lower income households which qualifies for priority sector lending and following relaxation in the norms on PSL lending to HFC's by removal of the cap of 2% on housing loan on lending to ultimate borrower facilitated the company to access PSL terms loans at very lower interest rates.

Refinance from National Housing Bank (NHB)

NHB continued its support to your company through refinance and during the year under review, your Company got refinance sanction of Rs. 100 Cr (previous year Rs. 37 Cr) under the NHB refinance scheme to Housing Finance Companies. The company availed this fund from NHB under the Refinance Scheme for Special urban Low income Housing and Regular Refinance Scheme of NHB and outstanding at the end of the current year stood at Rs. 120.91 Crores (previous year Rs. 43.28 Cr).

Your company is also selected as one of the participants to run the Pilot under Special Urban Housing Refinance Scheme for Low Income Households launched by NHB with assistance from IDA

(International Development Association) aimed for extension of credit for housing to lower income segments having informal sources of income secured either by mortgagable title over the land / property or by alternative security.

Non-Convertible Debentures ("NCDs")

During the FY 2015-16 your Company has raised Rs.135 Cr through the issue of Secured Redeemable, Non-Convertible Debentures (NCDs) on private placement basis. As at 31st March, 2016, the company's outstanding balance of Debentures including interest accrued and due stood at Rs.310.68 Cr as compared to Rs.157.89 as at 31st March, 2015. The company's Debentures are listed on Wholesale Debt Market segment of Bombay Stock Exchange Limited

ICRA Rating Agency has assigned "A" with Stable outlook and "A+" with Stable outlook by India Rating & Research and IDBI Trusteeship Services Limited is acting as Debenture Trustees to protect the interest of the debenture holders for the redeemable non-convertible debentures issued by the Company.

Your Company being Housing Finance Company (HFC) is exempted from the requirement of creating Debenture Redemption Reserve (DRR) on privately placed debentures. Therefore DRR has not been created by your company.

Disclosure under Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) directions, 2014:

- The total number of non-convertible debentures which have not been claimed by the investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption: Nil
- The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date of such debentures become due for redemption : Nil

Securitization/Assignment of Loan Portfolio

Your company has actively tapped securitization/direct assignment market, which enables it to create liquidity, reduce the cost of funds and minimizing asset liability mismatches.

During the year under review, your Company securitized its loan portfolio of Rs. 220.90 Cr (excluding MRR portion) through Direct Assignment mode. The Securitization transaction was carried out in line with RBI guidelines on Securitization of Standard Assets and securitized assets have been de-recognized in the books of the Company.

Commercial Paper ("CP")

During the FY 2015-16, your Company issued Commercial Papers (CPs) of Rs. 25 Cr for which India Ratings have been assigned the rating of "IND A1+" and placed them with

investors at reasonable rate of interest. The amount of CPs outstanding as at 31st March, 2016 is Rs. Nil

The company has been regular in repayment of its borrowings and payment of interest.

Particulars of Loans, Guarantees or Investments U/S 186

Since the Company is a housing finance Company, the disclosure regarding particulars of loans given, guarantees given and security provided is exempted under the provisions of Section 186 (11) of the Companies Act, 2013.

Contracts or Arrangements with Related Parties

With the consent of the Board of Directors given by a resolution at their meeting of the Board and subject to such conditions as may be prescribed, the company entered into Infrastructure Sharing Agreement with Its Holding Company i.e. Au FINANCIERS (INDIA) LIMITED in the FY 2015-16. Form AOC-2 forms part of this report as Annexure 3.

Company's Policy on Directors Appointment and Remuneration & Evaluation

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination, Remuneration & Evaluation Policy, which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013.

The details of the same are provided in Corporate Governance Report forming part of this Annual Report.

Performance Evaluation of The Board

The detail about the performance evaluation of the Board and policy developed and implemented by the company during the year is mentioned in the Corporate Governance Report. The Report Corporate Governance is annexed to this report as "Annexure 4".

Credit Rating

During the year under review, India's reputed Credit Rating and Research Agency, India Ratings and Research Pvt. Ltd (FITCH) have assigned us Long Term rating of "IND A+" & Short term rating IND A1+ in May 2015.

Also, the India's renowned Rating Agency CRISIL has assigned long term rating "A" and short term rating to "A1+".

On account of strict control on asset quality and keeping operating efficiencies high, scaled up business, Good asset liability management and mobilization of funds at Optimum cost company have been assigned 'A/Stable' rating from ICRA, which is being the first independent rating bestowed on a sectoral player without parental support.

Now current external rating is as below:

Rating Agency	Rating Type	External Credit Rating
ICRA	Long Term Rating	"ICRA A" / Stable
INDIA RATINGS & Research (FITCH)	Long Term Rating Short Term Rating	"IND A+" IND A1+" / Stable
CRISIL	Long Term Rating Short Term Rating	"CRISIL A" "CRISIL A1+"

The ratings continue to reflect Au Housing's healthy earnings profile, adequate capitalization, and steady improvement in its scale of operations. These rating strengths are partially offset by the susceptibility of the company's asset quality to risks related to the limited seasoning in its loan portfolio.

The assigned ratings are a positive reflection of AuHFL's talented management team, the company's leadership position in the Housing Sector and strong brand equity across all its regional markets. The ratings also derive strength from AuHFL's comfortable financial risk profile, growth in scale of operations and efficient operational strengths.

Dividend

Your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and to support the growth of the business of the Company. Accordingly, no dividend has been recommended for the FY ended 31st March, 2016

Material Changes/Events and Commitments, if any Change in Controlling Stake

Au Financiers (India) Limited ("Au Financiers"), the holding company of the AuHFL, pursuant to the share purchase agreement dated 5th February, 2016 ("Share Purchase Agreement") with Lake District Holdings Limited, Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF 1, Partners Group Private Equity Master Fund LLC, Partners Group ESCL Limited (collectively, the "Acquirers") and Au Financiers, has agreed to sell and transfer 90.10% of its stake held in the AuHFL with a view to comply the guidelines specified by RBI for setting up Small Finance Bank.

The deal showcased as one of the Flagship deals of the country

where very large marquee investors has shown keen interest to join the AuHFL as Shareholder to take its growth journey ahead.

Furthermore the Prospective Shareholders has committed to infuse further share capital of Rs. 200 Cr into the company on execution of transaction and Rs. 100 Cr in the following financial year 2017-18, moreover there shall be minimum 8 directors on the board having vast industry experience and all the additional directors proposed to be marquee industry veterans which shall not only substantially improve the financial and managerial strength of the company but also its growth aspiration moving forward.

This deal is subject to the necessary regulatory approvals and proposed to be concluded by June, 2016

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the FY of the Company i.e. 31st March, 2016 and the date of the Director's report i.e. 26th May, 2016.

The Company does not have any subsidiary. There has been no change in the nature of business of the Company.

No significant or material Orders have been passed by the regulators or Courts or Tribunals impacting the going concern status of the Company and / or the Company's operations in future.

Regulatory & Statutory Compliances

The Company has complied with the provisions of Housing Finance Companies (NHB) Directions, 2010, as prescribed by NHB and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time regarding prudential norms for income recognition, provisioning, asset classification, capital adequacy, concentration of credit/investments, accounting standards, credit rating, 'Know your customer (KYC)', Fair Practice Code, Grievance Redressal mechanism, recovery of dues, real estate and capital market exposure norms.

The Circulars and the Notifications issued by NHB are also placed before the Board of Directors at regular intervals to update the Board members on compliance of the same.

The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. NHB has not levied any penalty on AuHFL during the year.

The recognition of income and provision for non-performing asset has been made in the books as per the Guidelines on Prudential Norms applicable as of 31st March, 2016.

The Government of India has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under Section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. Accordingly, AuHFL is registered with CERSAI and has been submitting data in respect of its loans

Particulars of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy and technology absorption stipulated in the Companies (Accounts), 2014 are not applicable to the company.

Further, Company does not have any Foreign Exchange Earnings and there was no outgo during the FY ended 31st March 2016.

Capital Adequacy Ratio

The Capital Adequacy Ratio (CAR) of your Company as at 31st March, 2016 was 30.37% (previous year 26.72 %) which is very well above the minimum required level of 12% as prescribed by the National Housing Bank (NHB).

Deposits

During the period under review, your Company has not accepted/renewed any deposits within the meaning of Section 73 of the Companies Act, 2013, and the rules there under.

Information Technology

Your Company has developed fully equipped "core housing finance solutions Platform" which is a step towards aligning technology to the projected business growth.

All our branches of the company and the corporate office are linked through a central data base platform that enriched data management, strengthened service delivery and to serve the customer(s) in an efficient manner and which is an integral part of the control mechanism.

Human Resource Development

The Company had 704 employees as at 31st March, 2016. At AuHFL, human resource development is considered vital for effective implementation of business plans.

The Company hired people at senior positions having relevant industry experience and qualification to strengthen housing finance business & to build and grow construction financing. The Company recruited people from prestigious institutes

like ICAI, ICSI, besides recruiting from other reputed Business Schools.

In pursuance of the Company's commitment to develop and retain the best available talent, the Company had been sponsoring in house training programmes on regular basis to their employees on lending operations, Underwriting & Due diligence, KYC & AML norms, Risk Management, Information Technology, recoveries, and Grievance Redressal.

During the period under review, company nominated their employees to attend the external training programmes conducted by NHB and other institutions on KYC-FPC, Customer Service, Legal Support for Recoveries, NPA Management, Grievance Registration & Information Database [GRID], Central Registry of Securitization, Asset Reconstruction & Security Interest of India (CERSAI), Loans-Credit Appraisal and Risk Management.

Insurance Protection

Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited, HDFC Standard Life Insurance Company Limited & Bajaj Allianz Life Insurance Co. Ltd. for providing group credit life insurance of the Insured.

Company also tied up with Shriram General Insurance Company Limited and IFFCO Tokyo General Insurance for providing property insurance of the mortgaged property. "Standard Fire & Special Perils Policy" which provide coverage against Fire, Flood, Earth Quack and other perils mentioned in the policy on reinstatement basis.

Statutory Auditors

M/s S. R. BATLIBOI & Associates LLP, Chartered Accountants (Firm Registration No: 101049W/E300004) the Statutory Auditors of the Company were appointed by the members in their Fifth Annual General Meeting, held on 11th July, 2015 for a period of 2 years i.e. until the conclusion of the seventh AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM). A certificate under Section 141 of the Companies Act, 2013, has been received from M/s. S. R. BATLIBOI & Associates LLP, Chartered Accountants (Firm Registration No: 101049W/E300004), fulfils the criteria, prescribed in the said section to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Act and that, they are not disqualified for such appointment within the meaning of Section 141 of the Act.

Board of Directors recommends the ratification of the appointment of M/s. S. R. BATLIBOI & Associates LLP as the

Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the Seventh AGM of the Company to be held in the year 2017.

Auditors Report

The observation of the auditors, in their reports are self explanatory and therefore, in the opinion of the Directors, do not call for further comments.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act 2013, Company had appointed M/s V. M & Associates, Practicing Company Secretaries, Jaipur as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2015-16. Company has provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2015-16 is annexed to this report as "Annexure 5".

The Report is self – explanatory and therefore do not call for any further explanation.

Audit Committee

The Audit Committee scope, Functions are mention in the Annexure of Corporate Governance report of the Company annexed in the Annual Report of the Company. The Company has an Audit Committee of the Board of Director of the company, as below.

The Committee comprises of Mr. Uttam Tibrewal (Non-Executive Director), Mr. Mannil Venugopalan (Independent Director) and Mr. K. K. Rathi (Independent Director). The Company Secretary Mr. Sharad Pathak is the Secretary to the Committee.

Risk Management Framework

The Company has in place a Board constituted Risk Management Committee. Details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this report.

Company has Board approved Risk Management Policies wherein all material risks faced by the Company are identified and assessed. Company has set up policy framework for ensuring better management of its asset & liability profile. AUHFL has given due importance to prudent lending practices and put in place suitable measures for risk mitigation, which include, verification of credit history from credit information bureaus, personal verification of customer's business and residence, in house technical and legal verification, conservative loan to value, and compulsory term cover for insurance.

Asset Liability Management Committee (ALCO)

The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Board. The Company has duly implemented the NHB's Asset Liability Management Guidelines.

Employee Remuneration

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of your company.

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as Annexure 6

Vigil Mechanise Cum Whistle Blower Policy

Your Company has established a "Vigil Mechanise Cum Whistle Blower Policy" for directors and employees to report to the appropriate authorities concerns about unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct policy and provides safeguards against victimization of employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee.

Disclosures under Sexual Harassment of Women at workplace (Prevention, Prohibition & Redressal) Act 2013 Read with Rules

The Company has zero tolerance towards any action on the part of any of its officials, which may fall under the ambit of 'Sexual Harassment' at workplace. AUHFL promotes and recognizes the right of women to protection from sexual harassment and the right to work with dignity as enshrined under the Constitution of India and the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW).

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013 read with Rules there under, the Company has not received any complaint of sexual harassment during the year under review.

Acknowledgements

The Directors would like to place on record their gratitude for the valuable guidance and support received from the National Housing Bank and convey their appreciation to AUFIL, the holding company.

Your Directors would like to acknowledge the role of all its stakeholders viz., shareholder, debenture holders, bankers, lenders, borrowers, Debenture Trustees and all others for their continued support to the Company and the confidence and faith that they have always reposed in the Company.

Your Directors acknowledge and appreciate the guidance and support extended by all the Regulatory authorities including National Housing Bank (NHB), Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Registrar of Companies, Rajasthan, the Bombay Stock Exchange and NSDL.

Your Directors thank the Rating Agencies (CRISIL, India Ratings & Research Ltd., [Fitch group] and ICRA), local/ statutory authorities, and all others for their whole-hearted support during the year and look forward to their continued support in the years ahead.

Your Directors also wish to place on record their appreciation for the commitment displayed by all the executives, officers, staff and the Senior Management team, in performance of the Company during the year.

For and on behalf of the Board of Directors
Au HOUSING FINANCE LIMITED

Sanjay Agarwal
Managing Director

Sushil Kumar Agarwal
Whole Time Director

Date: May 26, 2016
Place: Jaipur
CIN No.U65922RJ2011PLC034297

Annexure -1 to the Director's Report

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Overview:

CSR is not about complying the law but also delivering stakeholder value building trust and credibility in society and leading toward equitable social and economic development.

Our Company's CSR Policy is broadly based on the Principles of undertaking socially useful programmes for welfare & sustainable development of the community at large. As per the provisions of Companies Act, 2013, the Company is contented to pronounce its Corporate Social Responsibility Policy (CSR Policy). CSR Policy of the Company is available on Company's website (<http://www.auhfin.in/pdf/csr-policy-auhfin.pdf>).

Every activity to be undertaken by the Company under the policy shall be approved by the CSR Committee. While the focus of CSR efforts will be in the areas around Company operations.

Composition of the CSR Committee:

Company has constituted the Corporate Social Responsibility (CSR) Committee of Directors comprising Mr. Mannil Venugopalan, Mr. Sanjay Agarwal, and Mr. Sushil Kumar Agarwal.

Average Net Profit of The Company for last three Financial Years:

The average net profits for the Company for the last three FY's are as follows:

Particulars	Amount (In Lacs)
Net Profit before tax as per books of FY 2012-13	274.00
Net Profit before tax as per books of FY 2013-14	938.72
Net Profit before tax as per books of FY 2014-15	2442.28
Total (A)	3655.00
Average of annual net profit of the preceding 3 financial years B (A/3)	1218.33
CSR expenditure for the FY 2015-16 (B*2%) (A)	24.37
Unspent amount of CSR of previous years being Carry Forwarded in FY-15-16 (B)	8.40
Total CSR Expense required to be Incurred in FY 2015-16 (A+B)	32.77

Details of CSR Amount Spent/Unspent during the Financial Year:

- Total amount to be spent for the FY: Rs. 24.37 Lakhs
- Amount unspent, if any: Rs. 15.31 Lakhs* (Out of current year's CSR expenditures)
- Manner in which the amount spent during the financial year is detailed below:

(Figures in Rupees)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Projects or Activities identified	Sector in which project is covered	Projects or programs 1) Local Area or other 2) State/District where projects undertaken	Amount outlay (budget) project or program-wise	Amount spent Amount spent programs Sub-heads:	Cumulative expenditure up to the 31st March, 2016	Amount spent Direct or through implementing agency
1	Financial Assistance to trust for Promoting Education	Education	Barh mohanpura, sanganer - Jaipur (Rajasthan)	100,000.00	50,000.00	50,000.00	Contribution to implementing agency
2	Promotion of health care and abolition of hunger	Health Care	Local Area - Jaipur (Rajasthan)	250,000.00	200,000.00	200,000.00	Contribution to implementing agency
3	Providing Safe Drinking Water	Safe Drinking Water	Local Area - Jaipur & Nearby Regions (Rajasthan)	600,000.00	655,660.00	655,660.00	Direct Contribution
	Total			950,000.00	905,660.00		

*This amount will be spent in FY-2016-17 as a part of CSR expenditure of 2015-16.

Reasons for Short Spending the Amount on CSR:

Company in FY-15-16 was unable to achieve the set mark of 2% of average net profit of last three years to be spent on CSR activities due to following reasons:

- It is being cited at here that although the CSR spent at Rs.9.06 Lacs towards various healthcare and educational scheme as stated above has been less than the limit of 2% of prescribed under Companies Act, 2013, the shortfall of Rs.15.31 Lacs in CSR expenditure was mainly due to the fact that the Company couldn't identified adequate number of eligible CSR projects for funding which can create significant impact on social development.
- Furthermore Company undertook new projects and activities in area of Promoting health care, Education and abolition of hunger, which were relevant for stakeholders but in which the Company had no prior expertise. In ensuring that the projects were implemented as per standard, the Company faced execution challenges that were not anticipated.

Moving forward the company will endeavour its best to fulfil the CSR expenditure target along with the unspent amount CSR as stated above in the current Financial Year, 2016-17 by proactively identifying eligible projects and programmes.

Responsibility Statement from CSR Committee that the Implementation and Monitoring of CSR Policy Is In Compliance with CSR Objectives:

The implementation and monitoring of the CSR Policy is in compliance with CSR objects and Policy of the Company and will be reviewed by CSR Committee and Board at periodical intervals.

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	0.00%	800000	-	800,000	2.08%	0.00%
c) Others (specify)									
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	800,000	-	800,000	2.08%	0.00%
Total Public (B)	-	-	-	-	800,000	-	800,000	2.08%	0.00%
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	-	32,916,667	32,916,667	100.00%	28,049,900	10,333,434	38,383,334	100.00%	14.18%

Note: Shares held by individual promoters as state above are in the beneficial interest of AU FINANCIERS (INDIA) LTD. under section 89 of the Companies Act, 2013

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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	Mr. Sanjay Agarwal	95*	0.00%		95*	0.00%		0.00%
2	Au FINANCIERS (INDIA) LIMITED	32,916,567	100.00%		37,583,234	97.92%		14.18%
3	Mr. Chiranjilal Agarwal	1*	0.00%		1*	0.00%		0.00%
4	Mrs. Shankutala Agarwal	1*	0.00%		1*	0.00%		0.00%

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding 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	
5	Mrs. Jyoti Agarwal	1*	0.00%		1*	0.00%		0.00%
6	Mr. Uttam Tibrewal	1*	0.00%		1*	0.00%		0.00%
7	Mr. Sushil Kumar Agarwal	1*	0.00%		1*	0.00%		0.00%
	Total	32,916,667			37,583,334	97.92%		14.18%

* These Shares are held in the beneficial interest of AU FINANCIERS (INDIA) LTD. under section 89 of the Companies Act, 2013

Note: The shareholding of Promoters has been changed in absolute and relative terms. The variation is due to increase in paid up share capital of the Company on account of allotment of 46.67 Lac and 8 Lac Equity shares to Au FINANCIERS (INDIA) LTD., Holding Company and Mr. Sushil Kumar Agarwal, WTD & CEO of the company respectively.

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

Sl. No.	Name of Shareholder (Promoter)	Shareholding at the beginning of the year		Changes during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date	Increase/Decrease in Shareholding	Reason	No. of shares	% of total shares of the company
1	Au FINANCIERS (INDIA) LIMITED (Holding Company)	32,916,667	100.00%				32,916,667	100.00%
				30-Sep-15	2,000,000 (Increase)	Shares allotted on Preferential Basis	34,916,567	97.92%
				19-Nov-15	2,666,667 (Increase)	Shares allotted on Preferential Basis	37,583,234	

Note: The shareholding of Promoters has been changed in absolute and relative terms. The variation is due to increase in paid up share capital of the Company on account of allotment of 46.67 Lac and 8 Lac Equity shares to Au FINANCIERS (INDIA) LTD., Holding Company and Mr. Sushil Kumar Agarwal, WTD & CEO of the company respectively.

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):Not Applicable

Sl. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Date	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares			No. of shares	% of total shares
-	-	-	0.00%	-	-	-	0.00%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares				No. of shares	% of total shares
1	Mr. Sanjay Agarwal (MD)	95*	0.00%	-	-	-	95*	0.00%
2	Mr. Uttam Tibrewal (Director)	1*	0.00%	-	-	-	1*	0.00%

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Date	Increase/Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares				No. of shares	% of total shares
3	Mr. Sushil Kumar Agarwal (WTD)	1*	0.00%	-	-	-	1*	0.00%
4	Mr. Sushil Kumar Agarwal (WTD)	-	0.00%	30-Mar-16	800,000 (Increase)	Preferential Allotment	800000	2.08%
5	Mr. Ghanshyam Rawat (CFO)	-	0.00%	-	-	-	-	0.00%
6	Mr. Sharad Pathak (CS)	-	0.00%	-	-	-	-	0.00%

* These Shares are held by the Directors in the beneficial interest of AU FINANCIERS (INDIA) LTD. under section 89 of the Companies Act, 2013

V. Indebtedness

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

(Amt. In Cr)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	585.90	53.85	-	639.75
ii) Interest due but not paid	1.12	-	-	1.12
iii) Interest accrued but not due	7.89	-	-	7.89
Total (i+ii+iii)	594.91	53.85	-	648.76
Change in Indebtedness during the financial year				
* Addition	842.65	26.15	-	868.80
* Reduction	(106.54)	(50.00)	-	(156.54)
Net Change	736.11	(23.85)	-	712.26
Indebtedness at the end of the financial year				
i) Principal Amount	1,304.01	30.00	-	1,334.01
ii) Interest due but not paid	1.33	-	-	1.33
iii) Interest accrued but not due	25.68	-	-	25.68
Total (i+ii+iii)	1,331.02	30.00	-	1,361.02

VI. Remuneration of directors and key managerial personnel

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (in Lac)
		Sanjay Agarwal	Sushil Kumar Agarwal	
	Name	Sanjay Agarwal	Sushil Kumar Agarwal	
	Designation	Managing Director	Whole Time Director	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	235.59	235.59
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961			-
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (in Lac)
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total (A)	Nil	235.59	235.59
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, ("Act") The total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per-cent of the net profits of that company for The remuneration paid to Sushil Kumar Agarwal -Whole Time Director was well within the limits prescribed under the Companies Act, 2013 and approval accorded by the Members of the Company.		

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (in Lac)
		Mannil Venugopalan	Krishan Kant Rathi	Uttam Tibrewal	
1	Independent Directors				
	Fee for attending board & committee meetings	4.75	4.25	-	9.00
	Commission	1.25	0.75	-	2.00
	Others, please specify				-
	Total (1)	6.00	5.00	-	11.00
2	Other Non-Executive Directors				-
	Fee for attending board committee meetings				-
	Commission				-
	Others, please specify				-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	6.00	5.00	-	11.00
	Total Managerial Remuneration				246.59
	Overall Ceiling as per the Act	1. In terms of the provisions of the Companies Act, 2013, "Act" the remuneration payable to directors (other than Executive Directors) shall not exceed 1% of the net profit of the Company, as calculated as per the Act.			
		The remuneration paid to the Independent Directors as listed above were well within the limits prescribed under the Companies Act, 2013 and approval accorded by the Members of the Company.			
		2. The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs. In Lacs)
		Ghanshyam Rawat	Sharad Pathak	
	Name	Ghanshyam Rawat	Sharad Pathak	
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	83.83	5.39	89.22
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	83.83	5.39	89.22

VII. Penalties / Punishment/ Compounding of Offences: Not Applicable

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		None			
Punishment		None			
Compounding		None			
B. DIRECTORS					
Penalty		None			
Punishment		None			
Compounding		None			
C. OTHER OFFICERS IN DEFAULT					
Penalty		None			
Punishment		None			
Compounding		None			

Annexure -3 to the Director's Report**FORM NO. AOC.2**

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

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

- Details of contracts or arrangements or transactions not at arm's length basis
 - Name(s) of the related party and nature of relationship:
 - Nature of contracts/arrangements/transactions:
 - Duration of the contracts/arrangements/transactions:
 - Salient terms of the contracts or arrangements or transactions including the value, if any:
 - Justification for entering into such contracts or arrangements or transactions:
 - Date of approval by the Board:
 - Amount paid as advances, if any:
 - Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A
- Details of material contracts or arrangement or transactions at arm's length basis
 - Name(s) of the related party and nature of relationship: Au FINANCIERS (INDIA) LIMITED- 97.92% Holding Company
 - Nature of contracts/ arrangements/ transactions: Infrastructure sharing Agreement
 - Duration of the contracts/arrangements/transactions: Duration of agreement will be for a one year, term can be extended with the mutual consent of parties.
 - Salient terms of the contracts or arrangements or

transactions including the value, if any:

- Some office spaces of the branch network of the Holding Company in the state of Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, and Haryana i.e. the Branch Offices shall be used for the purpose of the carrying on respective business activities by each party.
 - The Subsidiary shall be entitled to use the utilities in the Branch Offices including furniture's, fixtures, air conditioner, computers, telephone, fax, office equipments etc. along with the Holding Company.
 - Both the Holding and Subsidiary company will retain their own individual finance activities during the terms hereof and also to do all compliance activities as required to be done as per RBI and NHB respectively.
 - Towards contribution in expenses of office spaces of Branch Offices and Facilities, the Subsidiary Company shall pay the Holding Company the amount equal to 5% to 10% (varying for each branch depending upon the scale of operations of the Subsidiary Company and proportion of sharing of resources utilised by the Subsidiary Company.)
 - That the Subsidiary shall make payment to the Holding Company of the amounts due under this Agreement on Monthly basis.
 - That both the Parties shall endeavor to identify and incur their own specified capital and revenue expenditure to the extent possible.
 - This Agreement may be terminated by either party at any time, upon provision of thirty (30) days' notice in writing to the other party.
- (e) Date(s) of approval by the Board, if any: 27Th May, 2015
- (f) Amount paid as advances, if any: No

Annexure -4 to the Director's Report

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Code of Governance

Au HOUSING FINANCE LIMITED committed to set the highest standards of Corporate Governance right from its inception. "Corporate governance" has come to denote a set of standards, systems, and practices that seek to ensure, not merely efficiency in corporate management, but also integrity, accountability and transparency in the Company's operations and dealings with its stakeholders and others, and statutory and regulatory compliance.

At Au HOUSING FINANCE LIMITED, Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximizing stakeholders' value, Company believes that there is a need to view Corporate Governance as more than just regulatory requirements as there exists a fundamental link with the organization of business, corporate responsibility and wealth maximization.

The Company's corporate governance philosophy is based on the following principles:

- Appropriate Governance Structure with defined roles and responsibilities
- Board Leadership
- Ethics/Governance Policies
- Audits and internal check
- Working towards Planet, People, Product, Processes and Profit.
- Trusteeship

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. It is well-recognized that an effective Board is a pre-requisite for strong and effective Corporate Governance.

Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the company.

Board of Directors

The Board of Directors of the Company are entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties further Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

Non-Executive Directors, including Independent Directors, play a critical role in imparting balance to the Board processes by bringing an independent judgment on issues of strategy, performance, resources, standards of Company conduct etc.

The Board functions either as a full Board or through various Committees constituted to oversee specific areas.

Policy formulation, setting up of goals, evaluation of performance and control functions vest with the Board.

The Committees have oversight of operational issues assigned to them by the Board.

Appointment and Tenure of Directors

The Directors of the Company are appointed by Members at the General Meetings. In accordance with the Articles of Association of the Company, all Directors except Independent Directors, step down at the Annual General Meeting each year and, if eligible, offer them for re-election. The Managing Director of the Company is appointed for a term of three years. The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are proposed and considered by the shareholders, for appointment, as Independent Directors

on the Board. The Company/Board, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the shareholder's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Composition of Board

Au Housing believes that the board of the company is the core of its corporate governance practice, as it oversees the managements' functioning and acts in long terms interest of all the stakeholders of the company.

During the year, Mr. Uttam Tibrewal has been re-appointed

as the Director of the company in the duly conveyed Annual General Meeting (AGM) of members held on 11th July, 2015 and Mr. Sushil Kumar Agarwal has been re-appointed as Whole Time director & CEO of the company w.e.f 10th January 2016 in 14th Extra Ordinary General Meeting held on 07th March, 2016.

As on March 31, 2016, the strength of the board is five members, two of whom including the CEO are Executive Directors. The remaining three directors are Non-Executive Directors, with two of such directors being Independent Directors and one Director. No Director is related to any other Director.

All the Directors have rich experience of managing operations of financing business and have expertise in crafting strategies for business development. List of directors with directorships held by them in other Public companies as on 31st March 2016 are given below:-

Name of Director	Director Identification Number	Number of Other Directorship held (in public companies)	Qualification/ Experience
Mr. Mannil Venugopalan	00255575	09	B.Com and CAIIB /46 Year
Mr. Krishan Kant Rathi	00040094	04	C.A and C.S /28 Year
Mr. Sanjay Agarwal	00009526	02	FCA, B.Com / 21 Years
Mr. Uttam Tibrewal	01024940	02	B. Com / 21 Years
Mr. Sushil Kumar Agarwal	03154532	Nil	C.A and C.S / 16 Years

All the Directors make the necessary annual disclosure regarding their directorships and Committee positions and intimate the changes to the Company as and when they take place. All independent directors possess the requisite qualifications and are very experienced.

Board Meetings mostly took place in Jaipur. The Board meets at least once a quarter, and more frequently as necessary to consider among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board. The Directors are informed of the main items on the agenda for every Board meeting along with the notice. Detailed agenda notes are sent to them in advance of the meetings.

The Board met Five (5) times during the financial year 2015-2016 on 27rd May 2015, 10Th August, 2015, 8Th October 2015, 27Th October 2015 and 22nd January 2016. The names and categories of the Directors, their attendance at Board meetings and AGM held on Saturday, 11th July, 2015 as on 31st March 2016 are given below.

Name of Directors	Category of Director	No. of Meetings Held	No. of Meetings Present	Attendance at the last AGM held on 11th July, 2015
Mr.Mannil Venugopalan	Director (Independent Non-Executive Director)	5	5	Yes
Mr. Krishan Kant Rathi	Director (Independent Non-Executive Director)	5	5	No

Name of Directors	Category of Director	No. of Meetings Held	No. of Meetings Present	Attendance at the last AGM held on 11th July, 2015
Mr. Sanjay Agarwal	Managing Director (Non Independent Executive Director)	5	5	Yes
Mr. Uttam Tibrewal	Director (Non-Independent Non-Executive Director)	5	5	Yes
Mr. Sushil Kumar Agarwal	Whole Time Director & CEO (Non-Independent)	5	5	Yes

Committees of The Board

The Company has constituted a set of qualified and focused committees of the Board constituting Directors of the Company and expert senior management personnel to support the board in discharging its responsibilities. These Board Committees have specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their terms of reference.

The Board of Directors of Au HOUSING FINANCE LIMITED, have constituted committees for delegating powers and assigning responsibilities to take care of operational and other functions of the company, within the overall framework of the scope of work assigned to such committees. Some of these are either mandated by an applicable law and some are for operational convenience. Au Housing at present has six committees of the Board as appended below:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Asset Liability Management (ALCO) Committee
4. Executive Committee
5. Corporate Social Responsibility (CSR) Committee and
6. Risk Management Committee
7. Customer Service & Grievance Redressal (CS&GR) Committee

Audit Committee

The Company has an Audit Committee of the Board of Directors of the company. The Committee comprises of three members as on 31st March, 2016, viz. Mr. Mannil Venugopalan (Independent Non-Executive Directors), Mr. K.K. Rathi (Independent Non-Executive Directors) and Mr. Uttam Tibrewal (Non-Independent Non Executive Director). The Company Secretary is the Secretary to the Committee. All members of the Committee have wide exposure and possess sound knowledge

in the area of accounts, finance, audit, internal controls, etc.

The functions of the Audit committee are:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.

During the financial year 2015-2016, 5 (Five) Audit Committee meetings were held on the following dates, 27rd May 2015, 10Th August, 2015, 8Th October 2015, 27Th October 2015 and 22nd January 2016.

The gap between two Meetings did not exceed four months.

The Composition of the Audit Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Members	Category	No. of meeting Attended
Mr. Mannil Venugopalan	Member	5
Mr. Krishan Kant Rathi	Member	5
Mr. Uttam Tibrewal	Member	5

Asset Liability Management Committee (ALCO)

Asset Liability Management Committee of the Board comprised five members, Viz. Mr. Sanjay Agarwal- Managing Director, Mr. Sushil Kumar Agarwal- Whole Time Director & CEO, Mr. Uttam Tibrewal- Director, Mr. Ghanshyam Rawat- Chief Financial Officer and Mr. Ashutosh Atre- National Credit Manager of the Company Functioning under the supervision of the Board of Directors. The Committee is responsible for keeping a watch on the asset liability gaps if any. ALCO lays down policies and quantitative limits relating to assets and liabilities, based on an assessment of the various risks involved in managing them.

The Scope of the ALCO committee are:

- Liquidity risk management,
- Management of market risks,
- Funding and capital, planning and to review the effectiveness of the Asset Liability Management, control.

The ALCO committee meetings were convened Four times during the year viz. 2nd May, 2015, 08Th Aug, 2015, 26Th Oct, 2015 and 20Th Jan, 2016.

The Company has an ALCO Committee of the senior management executives of the company, The Composition of the ALCO Committee and details of participation of the Members at the Meetings of the Committee during the year were as below:

Members	Category	No. of meeting Attended
Mr. Sushil Kumar Agarwal	Member	4
Mr. Sanjay Agarwal	Member	4
Mr. Uttam Tibrewal	Member	4
Mr. Ghanshyam Rawat	Member	4
Mr. Ashutosh Atre	Member	4

Nomination & Remuneration Committee

The role of the Nomination & Remuneration Committee is to review market practices and to take care of the nomination of Directors, KMP, etc. and remuneration related matters of the Directors, KMPs and Employees, etc.

The functions of the Nomination & Remuneration committee are:

- To set the scope of remuneration structure practices to be followed by the company.
- To layout and implement the policy on remuneration packages for Executive Directors and Senior Management,

including pension rights and any compensation payment.

- Recommend to the Board their appointment and removal
- Carry out evaluation of every director's performance

Meetings Held During the financial year 2015-2016, 2 (Two) Nomination & Remuneration Committee meetings were held on the 27th May, 2015, 22nd Jan, 2016.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Members	Category	No. of meeting Attended
Mr. Mannil Venugopalan	Member	2
Mr. Krishan Kant Rathi	Member	2
Mr. Uttam Tibrewal	Member	2

Evaluation of Directors and the Board

With the objective of enhancing the effectiveness of the board, the Nomination & Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director.

The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

The independent directors also held a separate meeting to review the performance of the non-executive directors, the Chairman of the Company and the overall performance of the board.

Board/Member evaluation mechanism has been adopted by the company to annually review the performance of the Directors. The Independent director's performance will be evaluated by Executive directors of the company and the performance of Executive directors will be evaluated by Independent directors of the company.

The performances of the members of the Board, the Board level Committees and the Board as a whole were evaluated at the Separate meeting of Independent Directors held on 22nd Jan, 2016 and 26th May, 2016 and the meeting of the Board of the Directors held on 26th May, 2016.

Executive Committee

The Board of director has constituted the Executive Committee

consisted of three Members viz., Mr. Sanjay Agarwal (Managing Director), Mr. Sushil Kumar Agarwal (Whole Time Director & CEO) and Mr. Ghanshyam Rawat (Chief Financial Officer) for delegation of Borrowing powers of Board to Executive Committee to enable quick decision making.

The Company Secretary serves as the Secretary to the Committee.

The Committee approves loans, borrowings, and investments within limits specified by the Board. Besides, the Committee reviews the conduct of business and operations, considers new products and parameters and suggests business reorientation.

The functions of the Executive committee are:

- The Committee approves loans, borrowings, and investments within limits specified by the Board;
- The Committee reviews the conduct of business and operations, considers new products and parameters and suggests business reorientation.

During the financial year 2015-2016, 21 (Twenty one) Executive Committee meetings were held on 23rd Apr, 2015, 06th May, 2015, 08th May, 2015, 26th May, 2015, 13th Jul, 2015, 15th Jul, 2015, 31st Jul, 2015, 25th Aug, 2015, 05th Sep, 2015, 18th Sep, 2015, 29th Oct, 2015, 20th Nov, 2015, 29th Dec, 2015, 06th Jan, 2016, 30th Jan, 2016, 08th Feb, 2016, 18th Feb, 2016, 23rd Feb, 2016, 18th Mar, 2016, 25th Mar, 2016, 30th Mar, 2016.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Members	Designation	No. of meeting Attended
Mr. Sushil Kumar Agarwal	Member	21
Mr. Sanjay Agarwal	Member	21
Mr. Ghanshyam Rawat	Member	21

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) committee was formed as per Section 135 of the Companies Act, 2013 with the following 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 CSR activities to be undertaken.

- To monitor the Corporate Social Responsibility Policy of the company from time to time.

The Corporate Social Responsibility (CSR) committee consisted of Three Members namely Mr. Mannil Venugopalan (Independent Director), Mr. Sanjay Agarwal (Managing Director) and Mr. Sushil Kumar Agarwal (Whole Time Director & CEO).

The committee met 2(Two) time i.e. on 27th May, 2015 and 22nd Jan, 2016 during the financial year ended March 31, 2016.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Members	Designation	No. of meeting Attended
Mr. Mannil Venugopalan	Member	2
Mr. Sanjay Agarwal	Member	2
Mr. Sushil Kumar Agarwal	Member	2

Risk Management Committee

The committee was formed to for supervise, guide, review and identify current and emerging risks; developing risk assessment and measurement systems, establishing policies, practices and other control mechanisms to manage risks, developing risk tolerance limits for Senior Management and board approval, monitoring positions against approved risk tolerance limits, reporting results of risk monitoring to senior management and the board.

The functions of the Risk Management committee are:

- The committee is formed to supervise, guide, review and identify current and emerging risks;
- Developing risk assessment and measurement systems;
- Establishing policies, practices and other control mechanisms to manage risks;
- Developing risk tolerance limits for Senior Management and board approval;
- Monitoring positions against approved risk tolerance limits;
- Reporting results of risk monitoring to senior management and the board.

Meetings Held During the financial year 2015-2016, 4 (Four) Risk Management Committee meeting was held 22nd May, 2015, 26th Aug, 2015, 19th Oct, 2015, 12th Jan, 2016.

The Composition of the Committee and details of participation

of the Members at the Meetings of the

Committees during the year were as under:

Members	Designation	No. of meeting Attended
Mr. Sushil Kumar Agarwal	Member	4
Mr. Ghanshyam Rawat	Member	3
Mr. Ashutosh Atre	Member	3
Mr. Mukul Bhattacharya	Member	4

Customer Service & Grievance Redressal (CS&GR) Committee

The committee was mainly formed by the Board for protecting the interest of customers of the company; it ensures constant evaluation of the feedback on quality of Customer Services & Redressal provided to the customers, considering unresolved complaints / grievance referred to it by Functional Heads.

The functions of the Customer Service & Grievance Redressal (CS&GR) Committee are:

- Evaluate feedback on quality of Customer Services & Redressal provided to the customers. The committee reviews commitments /feedback on Customer Service and implementation of commitments in Fair practice Code;
- The committee ensures that all regulatory instruction regarding Customer Service & Redressal are followed by Company. Towards this, the committee obtains necessary feedback from Cluster Head / Branch Heads / Functional Heads;
- The committee also considers unresolved complaints / grievance referred to it by Functional Heads responsible for redressal and offer their advises.

The committee met 2(Two) time i.e. on 25th Aug, 2015 and 11nd Jan, 2016 during the financial year ended March 31, 2016.

Financial Year	Meeting	Date	Location	Business
2015-2016	Extra Ordinary General Meeting	10th April 2015	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	• To consider and approve for raising funds for general corporate purposes and for onward lending business of the company by way of issuance of rated, listed, redeemable non-convertible debentures, in one or more tranches / issuances.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committees during the year were as under:

Members	Designation	No. of meeting Attended
Mr. Sushil Kumar Agarwal	Member	2
Mr. Ghanshyam Rawat	Member	2
Mr. Sharad Singh	Member	2

Meeting of Independent Directors

The purpose of the Independent Directors meeting is to oversee the company's overall interest ensuring fair benefits for each stakeholder, maintaining balance between the Board of Directors and the Management and protect stakeholders' rights by offering recommendations and views on significant matters beneficial to the company and investors with independence, transparency and freedom from involvement in any interest. This will assist the Board of Director to perform with greater efficiency and effectiveness.

The Committee shall comprise of all the Independent Directors of the Company as on the date of the meeting of the said committee. The only meeting of the Independent Directors was held on held on 22nd Jan, 2016 and 26th May, 2016.

Listing

At present, Equity Shares of the Company are not listed on any Stock Exchange(s). However, the Secured Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the Bombay Stock Exchange Limited (BSE) in terms of the issue conditions as applicable and the Company has paid the requisite listing fees in full.

General Body Meetings

Particulars of venue and date of the General Meetings held during the last financial year, and the details of business transect in the respective meetings are given below:

Financial Year	Meeting	Date	Location	Business
2015-2016	Annual General Meeting	11th July 2015	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none"> To receive, consider and adopt the audited statement of profit and loss for the year ended on March 31, 2015, the balance sheet as at that date and the reports of the directors and the auditors thereon. To appoint auditors of the company to hold office from the conclusion of this AGM until the conclusion of the seventh AGM and to fix their remuneration and to pass the following resolution thereof. To appoint a director in place of Mr. Uttam Tibrewal, (holding din no. 01024940), liable to retire by rotation in terms of section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment. To consider and approve for raising funds for general corporate purposes and for onward lending business of the company by way of issuance of rated, listed, redeemable non-convertible debentures, in one or more tranches /issuances. To consider and approve for keeping and maintaining the statutory registers, records, copies of returns, minutes book and other statutory records of the company at corporate office i.e. 201-202, 2nd floor, South End Square, Mansarovar industrial area, jaipur-302020.(at a place other than registered office). To consider and approve for payment of commission to non-executive directors
2015-2016	Extra Ordinary General Meeting	1st September 2015	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none"> Increase in authorized share capital and consequent alteration of memorandum of association. Further issue of capital through issuance of fully paid up equity shares on private placement basis.
2015-2016	Extra Ordinary General Meeting	30th October 2015	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none"> To borrow money in excess of paid up capital and free reserve of the company u/s 180(1)(c) of the companies act, 2013. Authorization to sell, lease or otherwise dispose of the assets of the company for borrowings under section 180(1)(a) of the companies act, 2013. Further issue of capital through issuance of fully paid up equity shares on private placement basis
2015-2016	Extra Ordinary General Meeting	07th March 2016	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none"> Increase in authorized share capital and consequent alteration of memorandum of association Further issue of capital through issuance of fully paid up equity shares on private placement basis To approve the re-appointment of Mr. Sushil Kumar Agarwal, WTD & CEO of the company as recommended by nomination and remuneration committee

For and on behalf of the Board of Directors
Au HOUSING FINANCE LIMITED

Date: May 26, 2016
Place: Jaipur
CIN No.U65922RJ2011PLC034297

Sanjay Agarwal
Managing Director

Sushil Kumar Agarwal
Whole Time Director

Annexure -4 to the Director's Report

FORM NO. MR-3

Secretarial Audit Report

For The Financial Year Ended 31st March, 2016

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

To,
The Members,
Au Housing Finance Limited
19-A Dhuleshwar Garden, Ajmer Road,
Jaipur- 302001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Au 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 our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not applicable to the Company during the Audit Period)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2011 ; (Not applicable to the Company during the Audit Period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and as amended from time to time;
- (f) 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;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the

Company during the Audit Period)

- (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company during the Audit Period) and
- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) The Housing Finance Companies (NHB) Directions, 2010 and Guidelines issued by NHB from time to time.

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 Listing Agreements entered into by the Company with BSE Ltd.

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

We further report that

The Board of Directors of the Company is duly constituted with proper composition of Executive Directors, Non-Executive Directors and Independent Directors, except appointment of a Woman Director. The other 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.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

- a. Increased the Authorized Share Capital of the Company from Rs. 33,00,00,000 (Thirty three crores) to Rs. 40,00,00,000 (Forty crores);
- b. Issued and allotted 5,466,667 equity shares of Rs. 10/- each at premium aggregating to Rs. 740,000,050/- (Seventy Four Crores Fifty only) on private placement basis in multiple tranches;
- c. Issued and allotted 1,350 Redeemable Non-convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 13,50,000,000/- (Rupees One Hundred Thirty Five Crores only) on private placement basis in multiple tranches; and
- d. Duly passed the resolutions under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, read with its applicable rules, as amended.

For V.M. & Associates,
Company Secretaries

CS Manoj Maheshwari

Partner

Place: Jaipur

FCS 3355

Date: 26th May, 2016

CP No.: 1971

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members
Au Housing Finance Limited
19-A Dhuleshwar Garden, Ajmer Road,
Jaipur- 302 001.

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

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

For V.M. & Associates,
Company Secretaries

CS Manoj Maheshwari

Partner

Place: Jaipur

FCS 3355

Date: 26th May, 2016

CP No.: 1971

Annexure -5 to the Director's Report

REMUNERATION OF MANAGERIAL PERSONNEL

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure
1.	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.	<p>Executive Directors</p> <p>Mr. Sushil Kumar Agarwal : 116.85 X</p> <p>Non- Executive Directors</p> <p>Mr. Mannil Venugopalan : 2.97 X</p> <p>Mr. Krishan Kant Rathi : 2.48 X</p> <p>Note : Mr. Sanjay Agarwal, Managing Director and Mr. Uttam Tibrewal, Director has not taken any Remuneration during the F.Y. 15-16</p>
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year.	<p>Directors</p> <p>Mr. Sushil Kumar Agarwal (Whole Time Director): 266.24%</p> <p>Mr. Mannil Venugopalan (Independent Director): 100.00%</p> <p>Mr. Krishan Kant Rathi (Independent Director): 100.00%</p> <p>KMP's other than Directors</p> <p>Mr. Ghanshyam Rawat (Chief Financial Officer) : 22.52%</p> <p>Mr. Sharad Pathak (Company Secretary) : 32.72%</p>
3.	The percentage increase in the median remuneration of employees in the financial year.	The percentage increase in the median remuneration of employees in the financial year stood at 8.40%.
4.	The number of permanent employees on the rolls of company as on 31st March, 2016.	There were 704 Permanent employees on the rolls of the Company as on March 31, 2016.

Sr. No.	Requirements	Disclosure								
5.	The explanation on the relationship between average increase in remuneration and Company performance	<p>The average increase in the remuneration of all employees in the financial year stood at 25.24%, which was in line with the % increase in profitability of the company.</p> <p>The average increase in remuneration of both i.e. KMP's and other than KMP's were undertaken on the basis of overall performance of the company which inter alia includes following factors:</p> <ul style="list-style-type: none"> The criteria for remuneration of employees other than KMP's is based on internal evaluation of their Performance & consequent assignment of ratings, the bench mark study in the industry and inflation. While the criteria for remuneration of KMP's is based on recommendations made by Nomination & remuneration committee and subsequent approval by Board of Directors. 								
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	For the FY 2015-16, KMPs were paid 10.14 % of the net profit for the year, keeping in view of significant growth of 68.04% in Profits in FY 15-16 over previous year.								
7.	variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<table border="1"> <thead> <tr> <th>Particulars</th> <th>As at 31.03.2016</th> <th>As at 31.03.2015</th> <th>Increase (+)/ Decrease (-)</th> </tr> </thead> <tbody> <tr> <td>Net worth (In Crs)</td> <td>203.10</td> <td>101.44</td> <td>100.22%</td> </tr> </tbody> </table>	Particulars	As at 31.03.2016	As at 31.03.2015	Increase (+)/ Decrease (-)	Net worth (In Crs)	203.10	101.44	100.22%
Particulars	As at 31.03.2016	As at 31.03.2015	Increase (+)/ Decrease (-)							
Net worth (In Crs)	203.10	101.44	100.22%							
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>The average percentage increase in the remuneration of all employees other than Key Managerial Personnel's for the FY 15-16 stood at 18.20% whereas the average increase in the remuneration of key Managerial Personnel's accounted at 137.47%. This increment is in line with the factors outlined above.</p> <p>Further There was no exceptional circumstance which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.</p>								
9.	Comparison of each remuneration of Key Managerial personnel against the performance of the Company:	<p>The Comparison of remuneration of each of the Key Managerial personnel against the performance of the Company:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>% of Net Profit for FY15-16</th> </tr> </thead> <tbody> <tr> <td>Mr. Sushil Kumar Agarwal, WTD</td> <td>7.35%</td> </tr> <tr> <td>Mr. Ghanshyam Rawat, CFO</td> <td>2.61%</td> </tr> <tr> <td>Mr. Sharad Pathak, CS</td> <td>0.17%</td> </tr> </tbody> </table>	Particulars	% of Net Profit for FY15-16	Mr. Sushil Kumar Agarwal, WTD	7.35%	Mr. Ghanshyam Rawat, CFO	2.61%	Mr. Sharad Pathak, CS	0.17%
Particulars	% of Net Profit for FY15-16									
Mr. Sushil Kumar Agarwal, WTD	7.35%									
Mr. Ghanshyam Rawat, CFO	2.61%									
Mr. Sharad Pathak, CS	0.17%									

Sr. No.	Requirements	Disclosure
10.	The key parameters for any variable component of remuneration availed by the directors.	The overall performance of company, financial performance & profitability, asset quality, growth in book size and other relevant parameters are considered for deciding the variable remuneration component and variable component of remuneration is decided annually following procedure laid down under remuneration policy of the Company and as approved by Nomination and Remuneration committee of the Board.
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	There were no employees who are not directors and who received remuneration in excess of highest paid director of the Company during the year.
12.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed.

Notes

- Calculations of remuneration have been made on comparable and annualised basis.
- The remuneration of KMP's were taken from the Audited financial results for the F.Y. 2015-16
- The significant increment in remuneration of Mr. Sushil Kumar Agarwal, WTD & CEO of the company is on account of payment of one time performance Bonus to him, which was recommended and approved by Nomination & Remuneration Committee and Board of Directors respectively and in line with the overall maximum limit fixed by members of company.
- Mr. Mannil Venugopalan and Mr. Krishan Kant Rathi was appointed as an Independent Director w.e.f. August 29, 2014, thus their percentile increase is accounted relatively higher.



Independent Auditor's Report

To
The Members of
Au Housing Finance Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of

India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.29 to the financial 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 S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm's Registration Number: 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Jaipur
May 26, 2016
Membership Number: 094533

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

Re: Au Housing Finance Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (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. Accordingly, the provisions of clause 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holders or government.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.
- Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilisation were gainfully invested in liquid assets payable on demand.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Act in respect of the preferential allotment or private placement of shares during the year.
- According to the information and explanations given by the management, we report that the amounts raised have been used for the purposes for which the funds were raised. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**
ICAI Firm's Registration Number: 101049W/E300004
Chartered Accountants

per **Amit Kabra**
Partner
Jaipur
May 26, 2016
Membership Number: 094533

Annexure referred to in paragraph 2 (f) under the heading “Report on other legal and regulatory requirements” of our report of even date

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

To
The Members of
Au Housing Finance Limited

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

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm’s Registration Number: 101049W/E300004
Chartered Accountants

per Amit Kabra

Partner

Jaipur
May 26, 2016

Membership Number: 094533

Balance Sheet as at March 31, 2016

	Notes	As at March 31, 2016	As at March 31, 2015
(Rs. in Lacs)			
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share capital	2.1	3,838.33	3,291.67
b) Reserves & surplus	2.2	16,471.95	6,852.44
		20,310.28	10,144.11
2. Non-current liabilities			
a) Long term borrowings	2.3	1,19,636.61	52,387.62
b) Deferred tax liabilities (net)	2.4	190.76	104.41
c) Other long term liabilities	2.5	1,039.63	413.25
d) Long term provisions	2.6	974.33	462.83
		1,21,841.33	53,368.11
3. Current liabilities			
a) Short term borrowings	2.7	11,544.92	9,349.20
b) Other current liabilities	2.8	17,636.41	13,417.90
c) Short term provisions	2.9	8.09	4.26
		29,189.42	22,771.36
TOTAL		1,71,341.03	86,283.58
II. ASSETS			
1. Non-current assets			
a) Fixed assets	2.10		
i) Tangible assets		562.06	538.23
ii) Intangible assets		2.15	4.61
b) Long term loans and advances	2.11		
i) Loans	2.11.1	1,40,179.61	78,971.07
ii) Others	2.11.2	36.29	17.92
		1,40,780.11	79,531.83
2. Current assets			
a) Cash & bank balances	2.12	23,759.65	2,157.37
b) Short term loans and advances	2.11		
i) Loans	2.11.1	5,270.53	3,855.66
ii) Others	2.11.2	145.31	22.89
c) Other current assets	2.13	1,385.43	715.83
		30,560.92	6,751.75
TOTAL		1,71,341.03	86,283.58
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Jaipur
Date: May 26, 2016

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

Sanjay Agarwal
(Managing Director)

Ghanshyam Rawat
(Chief Financial Officer)

Sushil Kumar Agarwal
(Whole Time Director)

Sharad Pathak
(Company Secretary)

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

	Notes	Year ended March 31, 2016	Year ended March 31, 2015
(Rs. in Lacs)			
REVENUE			
Revenue from operations	2.14	19,695.85	10,632.59
Other income	2.15	1.96	7.67
Total Revenue (I)		19,697.81	10,640.26
EXPENSES			
Employee benefit expenses	2.16	3,394.55	1,745.48
Finance cost	2.17	9,688.10	5,274.24
Depreciation and amortisation expenses	2.10	128.37	101.45
Other expenses	2.18	1,133.44	389.00
Provisions and write offs	2.19	467.68	234.59
Total expenses (II)		14,812.14	7,744.76
Profit before exceptional and extraordinary items and tax (III)		4,885.67	2,895.50
Tax expenses:	2.20		
Current tax		1,592.92	908.42
Deferred tax		86.35	79.00
Total tax expenses (IV)		1,679.27	987.42
Profit after tax (III)-(IV)		3,206.40	1,908.08
Earnings per equity share	2.21		
Basic (Rs.)		9.19	6.31
Diluted (Rs.)		9.19	6.31
Nominal value per share (Rs.)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Jaipur
Date: May 26, 2016

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

Sanjay Agarwal
(Managing Director)

Ghanshyam Rawat
(Chief Financial Officer)

Sushil Kumar Agarwal
(Whole Time Director)

Sharad Pathak
(Company Secretary)

Cash Flow Statement for the year ended March 31, 2016

	(Rs. in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax as per statement of profit and loss	4,885.67	2,895.50
Adjustments for		
Depreciation and amortisation	128.37	101.45
Provision for standard and NPA assets and contingencies provision	467.68	234.59
Provision for employee benefits	47.63	15.24
Operating profit before working capital changes	5,529.35	3,246.78
Changes in working capital		
Decrease/(increase) in Receivable under financing activity	(62,623.40)	(42,204.32)
Decrease/(increase) in Short term loans and advances	(122.43)	(2.05)
Decrease/(increase) in Other current assets	(669.60)	(377.11)
Decrease/(increase) in Other long term loans and advances	2.91	(4.77)
(Decrease)/increase in Other long term liabilities	1.88	5.86
(Decrease)/increase in Trade payables	-	30.75
(Decrease)/increase in Other current liabilities	(343.97)	3,602.33
(Decrease)/increase in Provisions	-	44.00
	(63,754.61)	(38,905.31)
Direct taxes paid	(1,385.12)	(762.43)
Net cash flow from / (used in) operating activities (A)	(59,610.37)	(36,420.96)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow (outflow) on account of :		
Purchase of fixed assets (including capital work-in-progress)	(149.74)	(102.60)
Net cash flow from / (used in) investing activities (B)	(149.74)	(102.60)

Cash Flow Statement for the year ended March 31, 2016

	(Rs. in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
C Cash flow from financing activities:		
Issue of equity shares	7,400.00	3,000.00
Share / debenture issue expenses	(44.81)	(51.90)
Net proceeds from borrowings	74,007.20	35,499.32
Net Cash flow from / (used in) financing activities (C)	81,362.39	38,447.42
Net increase/(decrease) in cash and cash equivalents (A+B+C)	21,602.27	1,923.86
Cash and cash equivalents as at the beginning of the year	2,157.37	233.52
Cash and cash equivalents at the end of the year	23,759.65	2,157.37
Components of cash and cash equivalents		
Cash on hand	93.07	60.05
Balance with franking machine*	5.06	1.99
Balance with banks		
In current accounts	7,895.84	530.51
In cash credit	8,765.68	514.82
In deposit account	7,000.00	1,050.00
Total cash and cash equivalents (notes 2.12)	23,759.65	2,157.37
Summary of significant accounting policies	1	

* The Company can utilise the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

Note:-

- Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".
- Previous year figures have been regrouped/ reclassified wherever applicable.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Jaipur
Date: May 26, 2016

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

Sanjay Agarwal
(Managing Director)

Ghanshyam Rawat
(Chief Financial Officer)

Sushil Kumar Agarwal
(Whole Time Director)

Sharad Pathak
(Company Secretary)

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

1. SIGNIFICANT ACCOUNTING POLICIES:

A. Corporate information

Au HOUSING FINANCE LIMITED ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered with National Housing Bank (NHB) and is engaged in the long term financing activity in the domestic markets to provide housing finance.

B. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The financial statements of the Company have been prepared to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013 ("the Act"), read together with paragraph 7 of the Companies (Accounts) Rule 2014 and the guidelines issued by the National Housing Bank to the extent applicable. The financial statements have been prepared on an accrual basis under the historical cost convention. The accounting policies applied by the Company are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

1.1 Summary of significant accounting policies

1.1.1 Use of estimates

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

1.1.2 Revenue recognition

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

a. Interest on loans:

- (i) Interest Income is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non performing assets is recognised only when realised and any such income recognised before the assets became non performing and remaining unrealised is reversed. Income on loans assigned through direct assignment is recognised over the tenure of the assignment transaction.

b. Fees , other charges and other interest:

- (i) Overdue interest in respect of loans is recognised on receipt basis.
- (ii) Administrative fees and processing fees is recognised in the year in which the loan is disbursed.
- (iii) Revenue from interest on bank deposits and investments are recognised on accrual basis.
- (iv) Income from cheque bouncing charges is recognised on receipt basis.

c. Income from investments:

Dividend income is accounted for when the right to receive the dividend is established by the date of balance sheet.

1.1.3 Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

Tangible assets

Fixed assets are stated at cost. Cost comprises of the purchase price and any attributable cost of bringing the assets

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

to its working condition for its intended use. Depreciation on fixed assets is calculated on a written down value basis using the useful lives those prescribed under the Schedule II to the Act. The Company has used the following useful lives to provide depreciation on its fixed assets.

Fixed assets	Useful Life (WDV) (In Years)
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All fixed assets individually costing Rs. 5,000/- or less are fully depreciated in the year of installation/purchase.

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

Gain or loss arising from sale of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets disposed, and are recognised in the statement of profit and loss in the period when the asset is sold.

Intangible assets

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed four years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds four years, the Company amortises the intangible asset over the best estimate of its useful life.

Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

1.1.4 Tax

Tax expense comprises of current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

1.1.5 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

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

1.1.6 Provision and contingencies

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

1.1.7 Provision for Standard Assets, Non-Performing Assets (NPAs) and Contingencies

- (i) Housing loans and other loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 ("the NHB Directions"), into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by the NHB Directions. Additional provisions are made against specific non-performing assets over and above as stated in the NHB Directions, if in the opinion of the management higher provision is necessary.
- (ii) The Company maintains general provision to cover potential credit losses, which are inherent in any loan portfolio but not identified, in accordance with 'the NHB Directions'.
- (iii) The Company also makes an additional provision to meet unforeseen contingencies. Excess provision over and above provisioning requirement for standard and non-performing assets is carried under "Provision for Contingencies".

1.1.8 Investment

Investments, which are readily realisable 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 long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by

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

the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

1.1.9 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of profit and loss.

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 absence 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.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

1.1.10 Operating Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, 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.

1.1.11 Cash and cash equivalent

Cash and cash equivalent comprise of cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and stamping/franking balance.

1.1.12 Borrowing cost

Borrowing cost includes interest and ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Share/ Debenture issue expenses incurred are expensed in the year of issue and redemption premium payable on debentures is expensed over the term of debentures. These are adjusted to the securities premium account in accordance with section 52 of the Act to the extent of balance available in such premium account.

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

2. Notes to accounts for the year ended March 31, 2016

2.1 Share capital

Details of authorised, issued, subscribed and paid up share capital

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Authorised shares		
4,00,00,000 (P.Y. 3,30,00,000) Equity Shares of Rs. 10/- each.	4,000.00	3,300.00
	4,000.00	3,300.00
Issued, Subscribed and Paid up shares		
3,83,83,334 (P.Y. 3,29,16,667) Equity Shares of Rs. 10/- each fully paid.	3,838.33	3,291.67
Total	3,838.33	3,291.67

(i) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period.

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	(Rs. in Lacs)	No. of shares	(Rs. in Lacs)
Equity shares at the beginning of period	3,29,16,667	3,291.67	2,99,16,667	2,991.67
Add:				
Equity shares allotted during period	54,66,667	546.66	30,00,000	300.00
Equity share at the end of period	3,83,83,334	3,838.33	3,29,16,667	3,291.67

(ii) Shares held by holding Company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
Au Financiers (India) Ltd.	3,75,83,334	97.92	3,29,16,667	100.00
3,75,83,334 Equity Shares of Rs. 10/- each fully paid				
Total	3,75,83,334	97.92	3,29,16,667	100.00

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iii) Detail of share holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of shares	% of holding	No. of shares	% of holding
Au Financiers (India) Ltd.	3,75,83,334	97.96	3,29,16,667	100.00
3,75,83,334 Equity Shares of Rs. 10/- each fully paid				
Total	3,75,83,334	97.96	3,29,16,667	100.00

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iv) Rights, preferences and restrictions attached to shares

Equity shares:

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

2.2. Reserves & surplus

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
a. Special reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961 (refer note 2.2.1)		
Balance as per last financial statement	743.01	262.80
Add : Amount transferred from surplus balance in the statement of profit and loss	774.84	480.21
Total (a) Closing balance	1,517.85	743.01
b. Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statement	1,984.10	641.50
Add : Net profit after tax transferred from statement of profit and loss	3,206.40	1,908.08
	5,190.50	2,549.58
Less : Appropriation		
Special reserve u/s 36 (1)(viii) of Income Tax Act, 1961	774.84	480.21
Creation of Deferred Tax Liability on Special Reserve maintained by Housing Finance Companies under Section 36(1) (viii) of the Income Tax Act, 1961 (refer note 2.2.2)	-	85.27
Total (b) Net surplus in the statement of profit and loss	4,415.66	1,984.10
c. Share Premium		
Balance as per last financial statement	4,125.33	1,730.57
Add: Received during the year	6,853.33	2,700.00
Less: Utilisation during the year	440.22	305.24
Total (c) Share Premium Reserve	10,538.44	4,125.33
Total reserve and surplus (a+b+c)	16,471.95	6,852.44

2.2.1 Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of Rs. 774.84 Lacs (previous year Rs. 480.21 Lacs) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of the NHB Act, 1987 is provided :

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Reserve & Surplus		
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		
Opening Balance	743.01	262.80
Additional during the year	774.84	480.21
Appropriation during the year	-	-
Closing Balance	1,517.85	743.01

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

2.2. Reserves & surplus (contd.)

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Special Reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961*		
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	743.01	262.80
c) Total	743.01	262.80
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	774.84	480.21
Less : a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	1,517.85	743.01
c) Total	1,517.85	743.01

2.2.2 According to NHB's Circular No. NHB(ND)/DRS/Policy Circular No. 65/2014-15 dated August 22, 2014 issued in supersession of their earlier Circular No. NHB(ND)/DRS/Policy No. 62/2014, If the expenditure due to the creation of DTL on Special Reserve as at March 31, 2014 has not been fully charged to the Statement of Profit and Loss, HFCs may adjust the same directly from the Reserves over a period of 3 years starting with the current financial year, in a phased manner in the ratio of 25:25:50, in case if it prefers so, based on prudence. However, the Company has adjusted the entire amount of Rs. 85.27 Lacs of DTL on Special Reserve as at March 31, 2014 from Reserve and Surplus in P.Y. 2014-15.

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

2.3 Long term borrowings

Particulars	(Rs. in Lacs)		(Rs. in Lacs)	
	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
Secured				
Loan from National Housing Bank (refer note 2.3.1)	11,203.88	886.77	3,940.59	387.84
Loans from banks (refer note 2.3.2)	74,321.12	12,023.32	29,680.21	8,566.42
Loans from financial institution (refer note 2.3.3)	2,611.61	854.76	766.82	248.12
Non- convertible debentures (refer note 2.3.5)	28,500.00	-	15,000.00	-
Unsecured				
Loans from banks (refer note 2.3.4)	3,000.00	-	3,000.00	-
Amount disclosed under the head "other current liabilities" (refer note 2.8)		-13,764.85		-9,202.38
Total	1,19,636.61	-	52,387.62	-

2.3.1 Secured term loans from National Housing Bank carry rate of interest in the range of 8.5% to 10.65% p.a. The loans are having tenure of 10 to 15 years from the date of issue and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from bank to the extent of Rs. 12,090.65 Lacs (P.Y. Rs. 4,328.43 Lacs) have been guaranteed by corporate guarantee of Au Financiers (India) Ltd (holding Company).

2.3.2 Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 9.35% to 12.25% p.a. The loans are having tenure of 3 to 15 years from the date of issue and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from banks to the extent of Rs. 30,493.02 Lacs (P.Y. Rs. 14,839.95 Lacs) have been guaranteed by the personal guarantee of a director of the Company. The term loans to the extent of Rs. 21,623.08 Lacs (P.Y. Rs. 27,555.68 Lacs) are guaranteed by corporate guarantee of Au Financiers (India) Ltd (holding Company). Secured term loan from banks include auto loans of Rs. 31.75 Lacs (P.Y. Rs. 16.70 Lacs) which are secured by hypothecation of Company's vehicles.

2.3.3 Loans from financial institutions carry interest rate in the range of 10.61% p.a to 13.00% p.a. and are for a tenure of 5 years from the date of issue. The loans are repayable in equal monthly and quarterly installments of Rs. 5.56 Lacs each (P.Y. Rs. 5.56 Lacs) and Rs. 200.00 Lacs (P.Y.: Rs. 50.00 Lacs) each respectively. The term loans are guaranteed by corporate guarantee of Au Financiers (India) Ltd (holding Company) to the extent of Rs. 650.00 Lacs (P.Y. Rs. 850.00 Lacs)

2.3.4 The Company has taken Subordinate debts (unsecured) from Banks for a tenure of six years carrying rate of Interest from 11.60% to 12.85%, repayable at the end of tenure in three equal monthly installments.

Notes to the Financial Statements for the year ended March 31, 2016
2.3 Long term borrowings (contd.)

2.3.5 Detail of Secured Redeemable Non-Convertible Debentures as at March 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Total amount	Non-current maturity 15-16		Current maturity 15-16		Non-current maturity 14-15		Current maturity 14-15		Terms of redemption
										No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
1	INE216P07019	18-Jul-14	18-Jul-17	N.A.	N.A.	5	1,000	Zero Coupon	5,000	5,000	-	-	5,000	-	5,000	-	5,000	Redeemable at premium
2	INE216P07027	11-Sep-14	11-Sep-17	N.A.	N.A.	5	1,000	11.57%	5,000	5,000	-	-	5,000	-	5,000	-	5,000	Redeemable at par
3	INE216P07035	20-Feb-15	20-Feb-18	N.A.	N.A.	5	500	11.20%	2,500	2,500	-	-	2,500	-	2,500	-	2,500	Redeemable at par
4	INE216P07043	20-Feb-15	20-Feb-20	N.A.	N.A.	5	500	11.20%	2,500	2,500	-	-	2,500	-	2,500	-	2,500	Redeemable at par
5	INE216P07050	08-May-15	26-Apr-18	N.A.	N.A.	10	400	10.80%	4,000	4,000	-	-	-	-	-	-	-	Redeemable at par
6	INE216P07068	26-May-15	13-Jun-18	N.A.	N.A.	10	350	10.80%	3,500	3,500	-	-	-	-	-	-	-	Redeemable at par
7	INE216P07076	15-Jul-15	20-Jun-18	N.A.	N.A.	10	100	10.70%	1,000	1,000	-	-	-	-	-	-	-	Redeemable at par
8	INE216P07084	15-Jul-15	27-Dec-18	N.A.	N.A.	10	200	10.70%	2,000	2,000	-	-	-	-	-	-	-	Redeemable at par
9	INE216P07092	31-Jul-15	31-Dec-18	N.A.	N.A.	10	300	10.70%	3,000	3,000	-	-	-	-	-	-	-	Redeemable at par
Total amount									28,500	28,500	-	-	15,000	-	-	-	-	

2.3.6 Terms of repayment of long term borrowings outstanding as at March 31, 2016

Original maturity of loan	Interest rate	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due 3 to 4 years		Due 4 to 5 years		Due 5 to 10 years		Due above 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Monthly repayment schedule																	
Above 3 years	8%-10%	10	835.77	24	1,608.19	24	1,608.19	24	1,608.19	24	1,608.19	116	7,730.13	0	-	222	14,998.65
	10%-12%	216	6,365.77	226	6,770.55	204	5,834.46	170	5,725.74	101	3,322.55	141	5,040.59	63	1,750.00	1121	34,809.66
	12%-13%	48	1,114.24	44	1,066.36	14	764.68	7	443.06	0	-	0	-	0	-	113	3,388.34
Quarterly repayment schedule																	
Above 3 years	8%-10%	41	1,309.01	60	2,582.44	60	2,582.44	60	2,582.44	59	2,546.71	244	9,119.91	119	2,076.25	643	22,799.20
	10%-12%	51	3,640.05	60	4,218.21	57	3,843.21	49	3,286.32	37	2,123.02	35	1,794.79	0	-	289	18,905.61
Yearly repayment schedule																	
Above 3 years	8%-10%	0	-	0	-	0	-	1	500.00	1	500.00	5	4,000.00	0	-	7	5,000.00
	10%-12%	1	500.00	1	500.00	1	500.00	1	500.00	0	-	0	-	0	-	4	2,000.00
At the end of tenure																	
Above 3 years	10%-12%	0	-	3	12,500.00	5	13,500.00	1	2,500.00	3	1,500.00	0	-	0	-	12	30,000.00
	12%-13%	0	-	0	-	0	-	3	1,500.00	0	-	0	-	0	-	3	1,500.00
Total									13,764.84	29,245.75	28,632.98	18,645.75	27,685.42	3,826.25	1,33,401.46		

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

2.4 Deferred tax liabilities (net)

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Deferred tax liability		
Difference between tax depreciation and depreciation/amortisation charged for the financial reporting	5.45	8.92
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	525.30	257.14
Gross deferred tax liability	530.75	266.06
Deferred tax asset		
Provision for standard assets	(201.86)	(115.05)
Provisions on non performing assets	(64.74)	(27.58)
Provisions on contingencies	(37.88)	-
Provision for gratuity and leave encashment	(35.51)	(19.02)
Gross deferred tax asset	(339.99)	(161.65)
Net Deferred Tax Liability	190.76	104.41

2.5 Other long term liabilities

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Premium payable on redemption of Debentures	1,031.89	407.39
Other long term liabilities	7.74	5.86
Total	1,039.63	413.25

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

2.6 Long term provisions

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Gratuity	66.15	37.76
Leave encashment	28.37	12.94
Other provisions		
Provision for non performing asset as per NHB Directions	187.08	79.70
Provision for standard assets as per NHB Directions	583.27	332.43
Provision for contingencies	109.46	-
Total	974.33	462.83

2.6.1 Provision in respect of standard, sub standard, doubtful and loss assets are recorded in accordance with the NHB Directions, as follows:-

Particulars	As at March 31, 2016		As at March 31, 2015	
	Loans	Provision	Loans	Provision
Standard assets				
Housing Loan	1,18,989.77	479.81	73,586.92	296.90
Other loans	25,656.14	103.46	8,807.04	35.53
	1,44,645.91	583.27	82,393.96	332.43
Sub-Standard Assets				
Housing Loan	499.85	74.98	344.60	51.69
Other loans	43.13	6.46	14.49	2.17
	542.98	81.44	359.09	53.86
Doubtful assets				
Housing Loan	212.74	63.82	61.47	15.76
Other loans	9.56	2.87	2.87	0.74
	222.30	66.69	64.34	16.50
Loss assets				
Housing Loan	36.87	36.87	8.91	8.91
Other loans	2.08	2.08	0.43	0.43
	38.95	38.95	9.34	9.34
Provision for contingencies		109.46	-	-
Total	1,45,450.14	879.81	82,826.73	412.13

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

2.7 Short term borrowings

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Secured		
From Bank (refer note 2.7.1)	11,544.92	6,964.47
Unsecured		
From Financial Institutions (refer note 2.7.2)	-	2,384.73
	11,544.92	9,349.20

2.7.1 Cash credit from bank is secured against hypothecation of loans given by the Company and are repayable on demand and carry interest rates ranging from 10.65% to 11.85%. Cash credit borrowing are guaranteed by corporate guarantee of Au Financiers (India) Ltd (holding Company) to the extent of Rs. 0.00 Lacs (P.Y. 288.32 Lacs). Also, cash credit borrowings to the extent of Rs. 1,000.00 Lacs (PY: Rs. 1,000.14 Lacs) are secured by personal guarantee of a director of the Company.

2.7.2 Unsecured short term borrowing represent commercial paper issued to Financial Institution. The commercial paper has a maturity of six months and was issued at discounting rate of 10.35%

2.8. Other current liabilities

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Current maturities of long term debts (refer note 2.3)		
From bank- term loan	12,910.09	8,954.26
From financial institution- term loan	854.76	248.12
Interest accrued but not due on borrowings		
On non convertible debentures	1,535.87	381.53
Interest accrued and due on borrowings		
On bank- term loan	110.36	110.75
On financial institution- term loan	22.82	1.24
Other payables		
Due to assignees towards collections in derecognised assets	844.82	70.22
Statutory liabilities	57.47	38.48
Book overdrafts	-	3,071.57
Employee benefits payable	516.00	202.51
Other current liabilities	784.22	339.22
Total	17,636.41	13,417.90

2.9. Short term provisions

Particulars	(Rs. in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Gratuity	2.83	1.58
Leave encashment	5.26	2.68
Total	8.09	4.26

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

2.10 Fixed assets

(Rs. in Lacs)

Tangible assets	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Total
Cost						
At April 1, 2014	445.48	35.63	68.79	-	26.37	576.27
Additions	0.24	46.92	22.80	28.64	7.11	105.71
Disposals	-	-	-	-	-	-
At March 31, 2015	445.72	82.55	91.59	28.64	33.48	681.98
Additions	-	82.72	30.72	25.74	10.39	149.57
Disposals	-	-	-	-	-	-
At March 31, 2016	445.72	165.27	122.31	54.38	43.87	831.55
Depreciation						
At April 1, 2014	24.13	10.24	8.01	-	2.55	44.93
Charge for the year	20.52	35.45	23.02	5.37	14.46	98.82
Disposals	-	-	-	-	-	-
At March 31, 2015	44.65	45.69	31.03	5.37	17.01	143.75
Charge for the year	19.52	55.23	27.28	12.72	10.99	125.74
Disposals	-	-	-	-	-	-
At March 31, 2016	64.17	100.92	58.31	18.09	28.00	269.49
Net Block						
At March 31, 2015	401.07	36.86	60.56	23.27	16.47	538.23
At March 31, 2016	381.55	64.35	64.00	36.29	15.87	562.06

Intangible assets	Software	Total
Gross block		
At April 1, 2014	-	-
Purchase	10.50	10.50
At March 31, 2015	10.50	10.50
Purchase	0.17	0.17
At March 31, 2016	10.67	10.67
Amortisation		
At April 1, 2014	3.26	3.26
Charge for the year	2.63	2.63
At March 31, 2015	5.89	5.89
Charge for the year	2.63	2.63
At March 31, 2016	8.52	8.52
Net block		
At March 31, 2015	4.61	4.61
At March 31, 2016	2.15	2.15

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

2.11 Long term loans and advances

(Rs. in Lacs)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
Secured				
2.11.1 Housing loans				
-Considered good	1,12,592.00	4,029.53	69,948.47	3,481.90
-Considered doubtful	748.95	-	414.98	-
Other loans				
-Considered good	24,518.60	1,002.25	8,444.53	356.60
-Considered doubtful	54.77	-	17.78	-
Loans placed towards minimum retention requirement (MRR) for direct assignment transactions				
-Considered good	2,264.78	238.75	145.31	17.16
-Considered doubtful	0.51	-	-	-
Total	1,40,179.61	5,270.53	78,971.07	3,855.66

2.11.1.1 Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of Rs. 5086.38 Lacs at March 31, 2016 (P.Y. Rs. 988.89 Lacs).

2.11.1.2 Of the above

(Rs. in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Standard	1,44,645.91	82,393.96
Sub-Standard	542.98	359.09
Doubtful asset	222.30	64.34
Loss asset	38.95	9.34
Total	1,45,450.14	82,826.73

2.11.1.3 Loans sanctioned but un-disbursed amount is Rs. 9878.70 Lacs as on March 31, 2016 (P.Y. Rs. 5009.18 Lacs).

2.11.1.4 The Company has assigned a pool of certain loans amounting to Rs. 24,543.84 Lacs (P.Y. Rs. 1,662 Lacs) by way of a direct assignment transaction. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.

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

2.11 Long term loans and advances (contd.)

2.11.2 Other long term loans and advances (unsecured, considered good) (Rs. in Lacs)

Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
Security deposit	32.82	8.61	17.45	4.24
Advance to staff	2.43	12.33	0.47	6.11
Advances to suppliers/service providers	0.53	47.77	-	4.05
Prepaid expenses	0.51	1.24	-	-
Recoverable in cash or in kind or for value to be received	-	47.72	-	2.13
Advance Tax Assessment Year 2016-17 (Net of Provisions)	-	22.19	-	-
Advance Tax Assessment Year 2015-16 (Net of Provisions)	-	5.45	-	6.36
Total	36.29	145.31	17.92	22.89

2.12 Cash and bank balances (Rs. in Lacs)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Cash and cash equivalents		
Cash on hand (refer note 2.12.1)	98.13	62.04
Balance with banks		
In Current accounts	7,895.84	530.51
In Cash credit accounts	8,765.68	514.82
In Deposits with original maturity of less than three months	7,000.00	1,000.00
	23,759.65	2,107.37
Other bank balances		
Deposit with original maturity of more than 12 months	-	-
Deposit with original maturity of more than 3 months less than 12 months	-	50.00
Total	23,759.65	2,157.37

2.12.1 Cash on hand includes of Rs. 5.06 Lacs (P.Y.: Rs. 1.99 Lacs) balance of franking machine.

2.13 Other current assets (Rs. in Lacs)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Recoverable from borrowers	272.68	193.12
Interest accrued but not due on loans to borrowers	897.94	514.23
Interest accrued but not due on loan placed towards MRR	212.71	5.82
Interest accrued but not due on deposit with banks and others	2.10	2.66
Total	1,385.43	715.83

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

2.14 Revenue from operations (Rs. in Lacs)

Particulars	Year ended	Year ended
	March 31, 2016	March 31, 2015
Interest Income on loans	17,245.78	9,562.90
Other operating income		
Fees and other charges from customers	2,191.26	1,065.72
Interest from fixed deposits with banks	8.06	2.77
Profit on redemption of liquid mutual fund units	210.49	-
Dividend income from mutual funds	40.26	1.20
Grand Total	19,695.85	10,632.59

2.15 Other income (Rs. in Lacs)

Particulars	Year ended	Year ended
	March 31, 2016	March 31, 2015
Other non operating income	1.96	7.67
Total	1.96	7.67

2.16 Employee benefit expenses (Rs. in Lacs)

Particulars	Year ended	Year ended
	March 31, 2016	March 31, 2015
Salaries and other benefits	3,255.97	1,665.55
Contribution to provident and other funds	99.01	60.50
Staff welfare expenses	39.57	19.43
Total	3,394.55	1,745.48

2.16.1 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarise the components of net benefits expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognised in the employee cost	Gratuity	
	March 31, 2016	March 31, 2015
Current service cost	34.26	20.53
Interest cost	3.05	1.92
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	(7.37)	(3.82)
Net expense	29.94	18.63

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

2.16 Employee benefit expenses (contd.)

Balance Sheet		
Benefit asset/ liability	(Rs. in Lacs)	
	Gratuity	
	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	68.98	39.34
Fair value of plan assets	-	-
Plan asset / (liability)	68.98	39.34

Changes in the present value of the defined benefit obligation are as follows:		
	(Rs. in Lacs)	
	March 31, 2016	March 31, 2015
Opening defined benefit obligation	39.34	20.71
Current service cost	34.26	20.53
Interest cost	3.05	1.92
Benefits paid during the year	(0.30)	-
Actuarial (gain)/loss on obligation	(7.37)	(3.82)
Closing defined benefit obligation	68.98	39.34

The principle assumptions used in determining gratuity obligations for the Company are shown below:

	March 31, 2016	March 31, 2015
Discount rate	8.00%	7.75%
Salary escalation rate	7.00%	7.00%
Employee Turnover	age 30 = 5%	age 30 = 5%
	age 31-40 = 3%	age 31-40 = 3%
	age 41-50 = 2%	age 41-50 = 2%
	age 51 & above=1%	age 51 & above=1%

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

Amounts for the current and previous four periods are as follows:

	(Rs. in Lacs)				
	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	68.98	39.34	20.71	9.33	-
Plan assets	-	-	-	-	-
Surplus / (deficit)	68.98	39.34	20.71	9.33	-
Experience adjustments on plan liabilities	(7.37)	(3.82)	(0.33)	5.79	-
Experience adjustments on plan assets	-	-	-	-	-

Other Benefits

The Company has provided for compensatory leaves which can be availed and not encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation.

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

2.17 Finance cost

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Interest expense (Note 2.17.1)	9,327.87	5,094.01
Other borrowing costs (Note 2.17.2)	360.23	180.23
Total	9,688.10	5,274.24
2.17.1 Interest expense includes interest on:		
Subordinated debt	373.70	282.04
Term loans/cash credit facilities/CP/ICD	6,656.73	4,426.19
Direct/Indirect taxes	-	1.70
Non-convertible debentures	2,292.84	381.53
Others	4.60	2.55
	9,327.87	5,094.01
2.17.2 Other borrowing costs includes		
Resource mobilisation expenses	328.00	167.92
Bank charges and commission	32.23	12.31
	360.23	180.23

2.18 Other expenses

Particulars	(Rs. in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Advertisement and publicity expenses	57.02	6.99
AMC Charges	8.60	5.41
Communication	51.46	31.10
Commission & brokerage	5.52	4.74
CSR Expenses	9.06	-
Directors Sitting Fees	11.58	5.95
Electricity and water	39.84	28.57
Fee & subscription	0.37	1.82
Legal & professional charges	176.47	40.10
Manpower management cost	313.71	-
Office expenses	27.26	23.08
Postage & courier expenses	21.64	11.14
Printing & stationery	26.02	19.71
Rent (refer note 2.18.1)	102.81	66.76
Rates & Taxes Expenses	1.76	1.99
Repair and maintenance -others	24.42	14.63
Travelling and conveyance	239.74	115.59
Auditor's remuneration		
- Audit fees	12.50	9.50
- Tax audit fees	1.00	1.00
- Other services	2.66	0.92
Total	1,133.44	389.00

2.18.1 The Company's significant leasing arrangements in terms of Accounting Standard 19 on Leases are in respect of operating leases for premises. These leasing arrangements, which are cancellable generally, range between 11 months and 36 months and are usually renewable by mutual consent on mutually agreeable terms.

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

2.19 Provisions and write offs

(Rs. in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
a. Provisions as at March 31, 2016		
Provision for Non performing asset	187.08	79.70
Provision for standard assets as per NHB Norms	583.27	332.43
Provision for contingencies	109.46	-
	879.81	412.13
b. Provisions as at March 31, 2015		
Provision for Non performing asset	79.70	13.93
Provision for standard assets as per NHB Norms	332.43	163.61
Provision for contingencies	-	-
	412.13	177.54
Net provision made during the year (a-b)	467.68	234.59
c. Write off during the year	-	-
Total	467.68	234.59

2.20 Tax

(Rs. in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Provision for tax	1,592.92	908.42
Deferred tax	86.35	79.00
Total	1,679.27	987.42

2.21 Earning per share

(Rs. in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Following reflects the profit and share data used in basic EPS computations:		
Basic and diluted		
Weighted average number of equity shares outstanding during the year ended	349.03	302.40
Net profit for calculation of basic EPS (Rs. in Lacs)	3,206.40	1,908.08
Basic and diluted earning per share (In Rs.)	9.19	6.31
Nominal value of equity shares (In Rs.)	10.00	10.00

2.22 The Company operates in a single reportable segment i.e. lending to borrowers, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

2.23 The Company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business of a housing finance company without accepting public deposits by National Housing Bank on August 04, 2011 and got a revised Certificate of Registration (02.0104.13) after conversion of Company from a private limited company to a public limited company on February 08, 2013.

2.24 Capital and other commitments is Rs. Nil as at March 31, 2016 (P.Y. Rs. Nil). Refer 2.11.1.3 for undisbursed commitment relating to loans.

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

2.25 Information of assignment activity as an originator during the year ended March 31, 2016 and March 31, 2015:

Particulars		Year ended March 31, 2016	Year ended March 31, 2015
Number of loans assignment	Nos.	4,198	253
Book value of loans assignment	Rs. (Lacs)	24,543.84	1,662.36
Sale consideration received	Rs. (Lacs)	24,543.84	1,662.36
Interest Income recognised in statement of profit and loss	Rs. (Lacs)	692.46	33.44
Principal outstanding of loans assignment	Rs. (Lacs)	25,040.40	1,624.70

2.26 Related parties

(A) Names of related parties identified in accordance with AS -18 "Related Party Disclosures".

1. Entities where control exists:

Holding Company	Au Financiers (India) Limited
Fellow subsidiary	Index Money Limited

2. Key management personnel

Mr. Sanjay Agarwal	Managing Director
Mr. Uttam Tibrewal	Director
Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer
Mr. Ghanshyam Rawat	Chief Financial Officer
Mr. Sharad Pathak	Company Secretary

3. Enterprises under significant influence of the key management personnel.

Au Insurance Broking Services Private Limited

4. Relatives of key managerial personnel (with whom there were transactions during the year/previous year)

None

(B) The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

1. Loans taken and repayment there of

(Rs. in Lacs)

	Year ended	Short Term Loans taken	Repayment	Interest due & paid	Amount owed to related parties
Holding Company					
Au Financiers (India) Limited	March 31, 2016	11,945.00	11,945.00	12.61	-
	March 31, 2015	33,814.46	34,459.46	103.72	-

Loans taken from related parties are repayable on demand. These loans carry interest rate @ of 12% p.a.

2. Remuneration to key managerial personnel

(Rs. in Lacs)

	March 31, 2016	March 31, 2015
Mr. Sushil Kumar Agarwal, Whole Time Director and Chief Executive Officer	235.82	64.39
Mr. Ghanshyam Rawat, Chief Financial Officer	83.83	68.42
Mr. Sharad Pathak, Company Secretary	5.39	4.06
Total	325.04	136.87

Notes:

(a) The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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

2.26 Related parties (contd.)

3. Other Transactions (Rs. in Lacs)

Name of related party	Nature of related party	Nature of transactions	March 31, 2016			March 31, 2015		
			Amount received	Amount paid	Outstanding balance	Amount received	Amount paid	Outstanding balance
Au Financiers (India) Limited	Holding Company	Equity shares	7,000.00	-	-	3,000.00	-	-
Au Financiers (India) Limited	Holding Company	Reimbursement of expenses	-	159.63	-	-	-	129.57
Au Financiers (India) Limited	Holding Company	Reimbursement of expenses	21.80	-	-	40.33	-	-
Au Financiers (India) Limited	Holding Company	Reimbursement of Statutory payments	-	180.85	-	-	-	103.58
Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer	Equity shares	400.00	-	-	-	-	-

(Rs. in Lacs)

Name of related party	Nature of related party	Nature of transactions	March 31, 2016	March 31, 2015
			Amount involved	Amount involved
Au Financiers (India) Limited	Holding Company	Corporate guarantee given on behalf of the Company	34,417.20	33,132.68
Mr. Sanjay Agarwal	Managing Director	Personal guarantee given on behalf of the Company	31,523.53	15,893.00

2.27 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31, 2016, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

2.28 There is no penalty imposed on the Company by National Housing Bank during the year.

2.29 The Company has certain litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations and has adequately provided for wherever provision is required.

2.30 The disclosure as per NHB Circular no. NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 is as under:

a. Capital to risk assets ratio (CRAR):-

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
CRAR (%)	30.37%	26.72%
CRAR - Tier I capital (%)	26.70%	20.57%
CRAR - Tier II capital (%)	3.67%	6.15%

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

2.30 (contd.)

b. Exposures to real estate sector (Rs. in Lacs)

Category	Year ended March 31, 2016	Year ended March 31, 2015
(A) Direct exposure-		
i) Residential mortgages :		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans upto Rs. 15 Lacs : Rs. 81,258.35 Lacs (P.Y. Rs. 65,543.27 Lacs)	1,45,450.14	82,826.73
ii) Commercial real estate :		
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 would also include non-fund based (NFB) limits;	Nil	Nil
iii) Investments in mortgage backed securities (MBS) and other securitised exposures:		
(a) Residential	Nil	Nil
(b) Commercial real estate.	Nil	Nil
(B) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

c. Asset liability management

Maturity pattern of certain items of assets and liabilities as on March 31, 2016*

(Rs. in Lacs)

Particulars	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advance	Investments
1 Day to 31 Days / One month	823.07	4.30	1,712.19	-
Over 1 month to 2 month	584.01	4.34	1,728.40	-
Over 2 month to 3 month	1,007.75	204.39	1,713.66	-
Over 3 month to 6 month	3,061.68	213.46	5,059.14	-
Over 6 month to 1 year	18,978.50	428.26	9,757.37	-
Over 1 year to 3 years	30,216.82	27,662.06	34,530.35	-
Over 3 year to 5 years	26,796.50	3,449.55	28,122.28	-
Over 5 year to 7 years	12,350.39	-	22,153.57	-
Over 7 year to 10 years	15,335.05	-	22,280.54	-
Over 10 years	3,826.25	-	18,392.64	-
Total	1,12,980.02	31,966.36	1,45,450.14	-

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

2.30 (contd.)

Maturity pattern of certain items of assets and liabilities as on March 31, 2015 (Rs. in Lacs)

Particulars	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advance	Investments
1 Day to 31 Days / One month	1,056.47	3.77	306.16	-
Over 1 month to 2 month	498.14	3.82	328.12	-
Over 2 month to 3 month	809.86	53.85	331.89	-
Over 3 month to 6 month	2,122.94	2,446.56	1,023.13	-
Over 6 month to 1 year	10,916.50	124.84	2,177.44	-
Over 1 year to 3 years	17,878.02	13,011.63	10,519.94	-
Over 3 year to 5 years	12,597.12	2,755.19	12,960.80	-
Over 5 year to 7 years	5,118.70	-	14,803.81	-
Over 7 year to 10 years	1,026.97	-	20,853.41	-
Over 10 years	-	-	19,442.33	-
Total	52,024.72	18,399.66	82,747.03	-

* Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Company for compiling the return submitted to NHB.

2.31 Previous year's figures have been regrouped where necessary to conform to the year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Amit Kabra
Partner
Membership No. 094533

Place: Jaipur
Date: May 26, 2016

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

Sanjay Agarwal
(Managing Director)

Ghanshyam Rawat
(Chief Financial Officer)

Sushil Kumar Agarwal
(Whole Time Director)

Sharad Pathak
(Company Secretary)



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF Au HOUSING FINANCE LIMITED WILL BE HELD AT 11:00 A.M, ON MONDAY THE 20TH DAY OF JUNE, 2016 AT THE REGISTERED OFFICE OF THE COMPANY AT 19-A, DHULESHWAR GARDEN, AJMER ROAD, JAIPUR – 302001 (RAJASTHAN) TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended on March 31, 2016, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon;
2. To Ratify the appointment of Statutory Auditors of the company;

In view of the above, to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution;

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, appointment of M/S S.R Batliboi & Associates LLP, Chartered Accountants (Firm Registration No: 101049W/E300004), be and is hereby ratified to continue as statutory auditors of the company, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the company, on such remuneration as may be agreed upon between the Board of Directors or any Committee thereof and the Statutory Auditors, in addition to the reimbursement of service tax and actual out of pocket expenses incurred in relation thereto.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary for the purpose of giving effect to this resolution.”

3. To appoint a Director in place of Mr. Uttam Tibrewal, (holding DIN No. 01024940), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable sections of the Companies Act, 2013 Mr. Uttam Tibrewal, who retires by rotation, and being eligible, offers himself for re-appointment, be and is

hereby re-appointed as a director of the Company, liable to retire by rotation.

“RESOLVED FURTHER THAT Sharad Pathak, Company Secretary of the company be and is hereby authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution.”

Special Business

4. To consider and approve for raising funds for onward lending business and other general corporate purposes of the company by way of issuance of rated, listed, redeemable Non-Convertible Debentures, in one or more tranches / issuances

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), and Rules made there under (including any statutory modifications, clarifications, exemptions or re-enactment thereof, from time to time), Housing Finance Companies Issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 as amended from time to time and pursuant to the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Debt Securities) (Amendment) notification, 2012 and 2014 and other applicable SEBI regulations and guidelines, the provisions of Memorandum and Articles of Association of the Company and subject to such applicable laws, rules and regulations and guidelines, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall deemed to include any Committee thereof which the Board may have constituted / reconstituted or hereinafter constitute/ reconstitute to exercise its powers including the powers conferred by this Resolution) to offer, issue and allot, in one or more tranches Secured/ Unsecured/ Redeemable Non-convertible Debentures (NCDs) including but not limited to subordinate debentures, bonds, and/ or other debt securities etc. on private placement basis,

during the period of one year from the date of passing of the Special Resolution by the Members, for an amount not exceeding Rs. 500/- Crore (Rupees Five Hundred Crore only) on such terms and conditions and at such times at par or at such premium, as may be decided by the Board to such person(s), including one or more company(ies), bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/provident funds and individuals, as the case may be or such other person(s) as the Board/Committee of Directors may decide so, however, that the aggregate amount of funds to be raised by issue of NCDs, subordinate debentures, bonds, and/or other debt securities etc shall not exceed the overall borrowing limits of the Company, as may be approved by the Members from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company or any authorized executive committee thereof be and is hereby authorized to finalize with the Lending Agencies/ trustees the documents for creating the aforesaid charges and/or hypothecations and to negotiate, modify, finalize and sign the documents, including without limitation the private placement offer letter, debenture trust deed, deed of hypothecation and any other security documents, in connection with the private placement by the Company of such rated, listed, redeemable non-convertible debentures and to do all such acts, deeds, matters and things as may be necessary or ancillary or incidental thereto and to execute all such documents as may be necessary for giving effect to the above resolution.

5. To borrow money in excess of paid up capital and free reserve of the company u/s 180(1)(c) of the Companies Act, 2013

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of all the earlier resolution(s) passed in this regard and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for time being in force), The Housing Finance Companies (NHB) Directions, 2010 and the relevant provisions of the Articles of Association of the Company and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions

and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any), the consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “the Board” which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons), for borrowing from time to time as they may think fit, any sum or sums of money not exceeding Rs. 3000 Crores (Rupees Three Thousand Crores Only) [including the money already borrowed by the Company] in Indian Rupees or equivalent thereof in any foreign currency(ies) on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the company’s assets and effects or properties including stock in trade (receivables), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total borrowing limit shall be within the limits as prescribed under the Housing Finance Companies (NHB) Directions, 2010.

RESOLVED FURTHER THAT the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding Rs. 3000 Crores (Rupees Three Thousand Crores Only) in Indian Rupees or equivalent thereof in any foreign currency(ies) in aggregate (including the monies already borrowed by the Company) and on such terms and conditions as the Board may deem fit, by way of loans or in any other form whatsoever from, or issue of Bonds and/or Debentures or other Securities or Term Loans, Cash Credit facilities or other facilities in form of debt in the nature of Debentures, Commercial Papers and the like to Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not, provided that the total borrowing limit

shall be within the limits as prescribed under the Housing Finance Companies (NHB) Directions, 2010.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto including delegating its powers under the resolution to give effect to this resolution and for matter connected therewith or incidental thereto.”

6. To consider and approve authorization to sell, lease or otherwise dispose of the assets of the company for borrowings u/s 180(1)(a) of the Companies Act, 2013

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for time being in force), and provisions of Articles of Association, and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any), the consent of the members of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “the Board” which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons), to mortgage and/or charge any of its movable and / or immovable properties wherever situated

both present and future or to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create a mortgage/and or charge, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company’s any one or more of the undertakings or all of the undertakings of the Company in favor of any bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, together with interest, cost, charges and expenses thereon for amount not exceeding Rs. 3000 Crores (Rupees Three Thousand Crores Only) at any point of time.

RESOLVED FURTHER THAT the securities to be created by the Company aforesaid may rank exclusive/prior/pari passu/subsequent with/to the hypothecation/mortgages and/or charges already created or to be created by the company as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto including delegating its powers under the resolution to give effect to this resolution and for matter connected therewith or incidental thereto.”

By The Order of The Board
For Au Housing Finance Limited

Place: Jaipur
Date: 26th May, 2016

Sharad Pathak
Company Secretary

NOTES:

- A) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form duly completed and signed, should be lodged with the Company, at its registered office at least 48 hours before the time of the meeting.
- B) All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and public holidays, from the date hereof up to the date of the annual general meeting.
- C) No person shall be entitled to attend or vote at the meeting as a duly authorized representative of anybody corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be a true copy, shall have been deposited at the Registered Office of the Company not less than forty eight (48) hours before the scheduled time of the commencement of the meeting.

- D) In case you have any query relating to the enclosed Annual Accounts or about the operations of the Company, you are requested to send the same to the Company Secretary at the Registered Office of the Company at least seven (7) days before the date of Annual General Meeting so that the information can be made available at the meeting.
- E) Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
- F) Members holding shares in physical form are requested to write their folio number in the attendances slip and hand it over at the entrance of the meeting hall.
- G) The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 (corresponding section to 173(2) of the Companies Act, 1956), in respect of the special business under item No. 4 to 6 are annexed hereto.

By The Order of The Board
For Au Housing Finance Limited

Place: Jaipur
Date: 26th May, 2016

Sharad Pathak
Company Secretary

Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013

Item No. 4

Your company has been issuing debentures, which may be referred to as one of the option to borrow for raising money from time to time, for working capital and business requirements, on terms and conditions as are appropriate and in the best interest of the company and in due compliance with the applicable provisions of the Companies Act, 2013, Debt Listing Agreement, etc. Accordingly, the Company, subject to the approval of Members proposed to issue Non-convertible Debentures to various person(s) on private placement basis, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any and as may be finalized by the Board and/or Committee of Directors. The amount to be raised by way of issue of Non-convertible Debentures on a private placement basis however shall not exceed Rs. 500 crore (Rupees Five Hundred Crore) in aggregate. The aforesaid borrowings are within overall borrowing limits

authorized by Members. It may be noted that Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 42 of the Companies Act, 2013, allows a company to pass a previous special resolution once in a year for all the offer or invitation for Non-Convertible Debentures to be made during the year through a private placement basis in one or more tranches. Therefore Consent of the Members is accordingly sought in connection with the aforesaid issue of debentures/bonds from time to time and they are requested to authorize the Board (including any Committee of the Board) to issue Non-convertible Debentures on private placement basis upto Rs. 500 crore (Rupees Five Hundred Crore) as stipulated above, in one or more tranches, during the period of one year from the date of passing of the Resolution at Item No.4, within the overall borrowing limits of the Company, as approved by the Members from time to time.

Accordingly, the proposed Resolution in Item No.4 of the Notice is placed for your approval by way of a Special Resolution to comply with the provisions of Section 42 & 71 of the Companies Act, 2013 to enable the Company to avail the aforesaid powers

as and when required. The Board recommends the Special Resolution set forth in Item No. 4 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

Item No. 5 & 6

The Board of Directors of the Company envisages requirements of funds in future. As per the provisions of Section 180(1)(c) of the Companies Act, 2013, the Board can borrow money subject to the condition that the money to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed the aggregate, for the time being, of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose unless the Shareholders have authorized the Board to borrow the monies up to some higher limits.

Further as per Paragraph 3(2) of “The Housing Finance Companies (NHB) Directions, 2010” No housing finance company can have its total Borrowing limit in aggregate, in excess of sixteen times of its Net Owned Fund (NOF).

Hence, it is proposed to empower and authorize the Board of Directors of the Company to borrow money from any Bank(s), Financial Institutions (FIs.), Foreign Institutional Institutions (FII’s) Bodies Corporate or Business Associates or other any person or entity etc., in excess of paid up capital and free reserves of the Company by a sum not exceeding Rs. 3,000 Crores (Rupees Three Thousand Crores Only) for the purposes of business activities of the Company, provided that the total borrowing limit shall always be within the limits as prescribed under the Housing Finance Companies (NHB) Directions, 2010.

The resolution as set out at item no.5 of the notice is placed for your approval of the aforesaid limits of borrowing by the Board

upto an amount not exceeding Rs. 3,000 Crores (Rupees Three Thousand Crores Only) or equivalent thereof in any foreign currency(ies).

With a view to meet said fund requirements for the aforesaid purpose, the Company would be required to borrow funds from time to time by way of loans or in any other form whatsoever and / or issue of bonds, debentures or other securities.

The said borrowings/ issue of securities may be required to be secured by way of mortgage / charge over all or any part of the movable and / or immovable properties of the Company as mentioned in Item no. 6 of the Notice and as per the provisions of Section 180 (1) (a) of the Companies Act, 2013, the mortgage or charge on all or any part of the movable and /or immovable properties of the Company, may deemed as disposal of the whole, or substantially the whole, of the undertaking of the Company and hence the approval of the shareholders of the Company is required by way of an Special Resolution.

As per Section 180(1)(a) and 180(1)(c) and other applicable provisions of the Companies Act, 2013, approval of the members is being sought by way of passing Special resolution. Hence, the Board of Directors recommends passing of the enabling resolution mentioned at item No. 5 and 6 in the notice. Your Directors recommend the above resolution for your approval.

None of the Directors/Key managerial personnel / relatives of the Directors or Key managerial personnel of the Company may be deemed to be concerned or interested in the said resolution except to the extent of their shareholding in the company.

By The Order of The Board
For Au Housing Finance Limited

Place: Jaipur
Date: 26th May, 2016

Sharad Pathak
Company Secretary



Au HOUSING FINANCE LIMITED

Regd. Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001
www.auhfin.in | CIN: U65922RJ2011PLC034297

Proxy form

Name of the member (s):	
Registered address:	
E-mail Id:	
Folio No/ Client Id:	

I/We, being the member(s) of Au HOUSING FINANCE LIMITED, holding no. of shares of the above named company, hereby appoint

1. Name:..... E-mailId:.....

Address:

Signature:....., or failing him

1. Name:..... E-mailId:.....

Address:

Signature:....., or failing him

1. Name:..... E-mailId:.....

Address:

Signature:....., or failing him

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixth Annual General Meeting of the company, to be held on the 20th day of June, 2016 at 11:00 a.m. at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution No.:

1..... 2..... 3..... 4.....

5..... 6.....

Signed this.....day of.....2016

Signature of shareholder.....

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

TEAR HERE



Au HOUSING FINANCE LIMITED

Regd. Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001

www.auhfin.in | CIN: U65922RJ2011PLC034297

Attendance Slip

(To be handed over at the entrance of the Meeting hall)

Sixth Annual General Meeting 20th June, 2016

I hereby record my presence at the Sixth ANNUAL GENERAL MEETING of the Company at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur -302001 on Monday, 20th June 2016 at 11:00 a.m.

Fullnameofthemember(InBLOCKLETTERS):.....

Folio No.

No. of Shares held.....

Full name of proxy (In BLOCK LETTERS):.....

Member's/Proxy's Signature:.....

TEAR HERE



YET ANOTHER MILESTONE



Awarded as the "Best Housing Finance Company in Affordable Housing" by ASSOCHAM INDIA in "National Summit on Affordable Housing" on 20th July, 2016 at New Delhi



Felicitated by

Shri Muppavarapu Venkaiah Naidu

Hon'ble Union Minister of Urban
Development, Housing and Urban
Poverty Alleviation and Information &
Broadcasting, Govt. of India

Shri Arjun Ram Meghwal

Hon'ble Union Minister of State in Finance
and Corporate Affairs, Govt. of India



Au HOUSING FINANCE LIMITED

REGD. & CORP. OFFICE

201-202, 2nd Floor, Southend Sqaure,

Mansarovar Industrial Area,

Jaipur-302020

CIN: U65922RJ2011PLC034297

Website: www.auhfin.in