

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADITYA BIRLA HOUSING FINANCE LIMITED
Report on the Financial Statements**

We have audited the accompanying financial statements of **ADITYA BIRLA HOUSING FINANCE LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Mukesh Jain
(Partner)
(Membership No. 108262)

Place: Mumbai
Date: 26 April, 2017

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**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of
our report of even date)**

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

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2017 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

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 issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Handwritten initials

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, to the best of our information and according to the explanations given to us, 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, 2017, 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".

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Mukesh Jain
(Partner)
(Membership No. 108262)


Place: Mumbai
Date: 26 April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)


1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) The fixed assets were physically verified during the previous year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
2. According to the information and explanations given to us, the Company is engaged primarily in services related to Housing Finance and its activities do not require it to hold any inventories and hence reporting under clause (ii) of the CARO 2016 is not applicable.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
4. According to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year.
6. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
7. According to the information and explanations given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Family Pension Fund, Income Tax, Service-tax, Employee's State Insurance and other statutory dues applicable to it with the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Sales-tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess during the year.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Family Pension Fund, Income-tax, Service Tax, Employee's State Insurance and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

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- c) There were no dues in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, and Value Added Tax or Cess which have not been deposited as on 31st March, 2017 on account of disputes.
8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
 9. According to the information and explanations given to us the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
 10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
 11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
 12. According to the information and explanations given to us the Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
 13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
 14. According to the information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.
 15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
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16. According to the information and explanations given to us the Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Mukesh Jain
Partner
(Membership No. 108262)

MUMBAI, 26 April, 2017



Aditya Birla Housing Finance Limited
Balance Sheet as at 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	Notes	As at 31 March 2017 (Audited)	As at 31 March 2016 (Audited)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share capital	1	33,305.00	23,925.00
(b) Reserves and surplus	2	3,443.43	(3,448.89)
		<u>36,748.43</u>	<u>20,476.11</u>
(2) Non-Current Liabilities			
(a) Long-term borrowings	3a	2,41,600.00	1,24,000.00
(b) Other long-term liabilities	5a	560.53	4.37
(c) Long-term provisions	6a	2,301.77	1,009.70
		<u>2,44,462.30</u>	<u>1,25,014.07</u>
(3) Current Liabilities			
(a) Short-term borrowings	3b	1,17,086.95	26,547.03
(b) Trade payables	4		
-Due to micro, small & medium Enterprises		-	-
-Due to others		1,973.35	1,226.37
(c) Other current liabilities	5b	17,790.90	26,176.12
(d) Short-term provisions	6b	406.01	245.67
		<u>1,37,257.21</u>	<u>54,195.19</u>
Total		<u>4,18,467.94</u>	<u>1,99,685.37</u>
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	7a	818.83	680.26
(ii) Intangible assets	7b	129.29	74.73
(iii) Intangible assets under development		29.66	32.30
(b) Long-term loans and advances	8a	3,93,944.87	1,87,803.08
		<u>3,94,922.65</u>	<u>1,88,590.37</u>
(2) Current Assets			
(a) Cash and cash equivalent	9	51.68	50.99
(b) Short-term loans and advances	8b	21,229.54	10,094.92
(c) Other current assets	10	2,264.07	949.09
		<u>23,545.29</u>	<u>11,095.00</u>
Total		<u>4,18,467.94</u>	<u>1,99,685.37</u>

Significant accounting policies

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

In terms of our Report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No: 117366W/W-100018



Mukesh Jain
Partner
Membership No: 108262

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



Ajay Srinivasan
Director
DIN: 00121181



Satish Mehta
Director
DIN: 00110640

Anjali Makhija
Chief Financial Officer & Manager

Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 26 April 2017

Place: Mumbai
Date: 26 April 2017



Aditya Birla Housing Finance Limited
Statement of Profit and Loss for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	Notes	For the year ended	For the year ended
		31 Mar 2017 (Audited)	31 Mar 2016 (Audited)
I. Revenue from Operations	11	31,469.76	10,144.69
II. Other Income	12	-	0.70
III. Total Revenue		31,469.76	10,145.39
IV. Expenses :			
Finance costs	13	21,121.01	5,964.69
Employee benefit expenses	14	5,121.17	2,806.27
Other expenses	15	5,125.56	3,281.05
Depreciation and amortization expenses	7a&b	299.64	122.88
Provisions against assets	16	1,352.06	992.36
V. Total Expenses		33,019.44	13,167.25
VI. (Loss) before Tax (III-V)		(1,549.68)	(3,021.86)
VII. Tax Expenses :			
(a) Current tax		-	-
(b) Income tax relating to earlier years		-	-
VIII. (Loss) for the Year (VI-VII)		(1,549.68)	(3,021.86)
IX. Basic and Diluted Earnings Per Share (Face value Rs. 10) (Previous year Face value Rs. 10)	17	(0.49)	(2.07)
		(0.49)	(2.07)

Significant accounting policies 19
 The accompanying notes are an integral part of the financial statements.

In terms of our Report of even date

For Deloitte Haskins & Sells LLP
 Chartered Accountants
 ICAI Firm Registration No: 117366W/W-100018



Mukesh Jain
 Partner
 Membership No: 108262

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



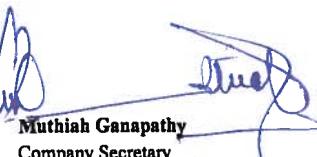
Ajay Srinivasan
 Director
 DIN: 00121181



Satish Mehta
 Director
 DIN: 00110640



Anjali Makhija
 Chief Financial Officer & Manager



Muthiah Ganapathy
 Company Secretary

Place: Mumbai
 Date: 26 April 2017

Place: Mumbai
 Date: 26 April 2017



Aditya Birla Housing Finance Limited
Cash Flow Statement for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
A Cash Flow From Operating Activities		
Profit before tax	(1,549.68)	(3,021.86)
<i>Adjustments for:</i>		
Depreciation and amortisation	299.64	122.88
Provision for leave encashment	101.86	98.91
Provision for gratuity	71.28	43.69
Contingent provision on standard assets	1,159.16	942.36
Provision on sub-standard asset	192.90	50.00
	<u>1,824.84</u>	<u>1,257.84</u>
Operating profit before working capital changes	275.16	(1,764.02)
<i>Changes in working capital:</i>		
(Increase)/decrease in loans and advances	(2,16,841.81)	(1,83,484.97)
Increase/(decrease) in other liabilities and trade payable	(7,166.40)	26,738.23
(Increase)/decrease in other assets	(1,314.92)	(877.49)
	<u>(2,25,323.13)</u>	<u>(1,57,624.23)</u>
Cash used in Operations	(2,25,047.97)	(1,59,388.25)
Direct taxes paid	(530.40)	(69.89)
	<u>(530.40)</u>	<u>(69.89)</u>
Net Cash used in Operating Activities (A)	(2,25,578.37)	(1,59,458.14)
B Cash Flow From Investing Activities		
Purchase of tangible assets and intangible assets including assets under development	(382.86)	(729.12)
	<u>(382.86)</u>	<u>(729.12)</u>
Net Cash used in Investing Activities (B)	(382.86)	(729.12)
C Cash Flow From Financing Activities		
Proceeds from borrowings	6,48,139.92	2,84,678.25
Repayment of borrowings	(4,40,000.00)	(1,43,360.00)
Issue of equity share capital including securities premium	17,822.00	18,920.00
	<u>2,25,961.92</u>	<u>1,60,238.25</u>
Net Cash from Financing Activities (C)	2,25,961.92	1,60,238.25
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	0.69	50.99
Cash and cash equivalents as at the beginning of the year	50.99	0.00
Cash and cash equivalents as at the end of the year	51.68	50.99
Net Increase / (Decrease) in Cash and Cash Equivalents	0.69	50.99
Components of Cash and Cash Equivalents		
Balances with banks in current accounts	51.68	50.99
	<u>51.68</u>	<u>50.99</u>

In terms of our Report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No: 117366W/W-100018



Mukesh Jain
Partner
Membership No: 108262

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



Ajay Srinivasan
Director
DIN: 00121181



Satish Mehta
Director
DIN: 00110640



Anjali Makhija
Chief Financial Officer & Manager



Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 26 April 2017

Place: Mumbai
Date: 26 April 2017



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	As at	As at
	31 March 2017	31 March 2016
1. Share capital		
Authorised		
10000,00,000 (31 March 2016: 10000,00,000) equity shares of Rs 10 each	1,00,000.00	1,00,000.00
	1,00,000.00	1,00,000.00
Issued, subscribed and fully paid up shares		
Equity share capital		
3330,50,000 (31 March 2016: 2392,50,000) equity shares of Rs 10 each, fully paid up	33,305.00	23,925.00
	33,305.00	23,925.00

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

Equity share	31 March 2017		31 March 2016	
	Number	Rs in lakhs	Number	Rs in lakhs
Number of shares outstanding at the beginning of the year	2392,50,000	23,925.00	500,50,000	5,005.00
Number of shares issued during the year	938,00,000	9,380.00	1892,00,000	18,920.00
Number of shares outstanding at the end of the year	3330,50,000	33,305.00	2392,50,000	23,925.00

B) Shares held by holding company

Name of share holder	31 March 2017		31 March 2016	
	Number	Rs in lakhs	Number	Rs in lakhs
Aditya Birla Financial Services Limited, holding company	3330,50,000	33,305.00	2392,50,000	23,925.00

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

Name of share holder	31 March 2017		31 March 2016	
	Number	% of total paid - up equity capital	Number	% of total paid - up equity capital
Aditya Birla Financial Services Limited, holding company	3330,50,000	100%	2392,50,000	100%

Notes:

1 Term/right attached to equity shares:

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

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



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
2. Reserves and surplus		
(I) Share premium account		
Opening balance	-	-
Addition during the year	8,442.00	-
	<u>8,442.00</u>	<u>-</u>
(II) (Deficit) / Surplus as per statement of profit and loss		
Opening balance	(3,448.89)	(427.03)
<u>Addition:</u>		
(Loss) for the year	(1,549.68)	(3,021.86)
Closing (deficit) in the statement of profit and loss	<u>(4,998.57)</u>	<u>(3,448.89)</u>
Total reserves	<u>3,443.43</u>	<u>(3,448.89)</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
3a. Long-term borrowings		
Secured		
Redeemable non convertible debentures	62,600.00	2,500.00
Term loan from banks	1,72,500.00	1,21,500.00
	<u>2,35,100.00</u>	<u>1,24,000.00</u>
Unsecured		
Sub ordinate Debts - Debentures	6,500.00	-
	<u>6,500.00</u>	<u>-</u>
	<u>2,41,600.00</u>	<u>1,24,000.00</u>
3b. Short-term borrowings		
Secured		
Term loan from banks	16,000.00	-
Loan repayable on demand from banks	41,500.12	16,678.89
	<u>57,500.12</u>	<u>16,678.89</u>
Unsecured		
Commercial papers*	59,586.83	9,868.14
	<u>59,586.83</u>	<u>9,868.14</u>
	<u>1,17,086.95</u>	<u>26,547.03</u>

* Commercial papers shown net of unamortised discounting charges Rs. 413.17 lakhs (31 March 2016 Rs.131.86 lakhs).

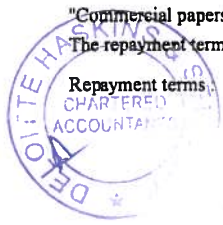


Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

	As at 31 March 2017		As at 31 March 2016	
	Current	Non Current	Current	Non Current
Secured borrowings				
"The term loans from banks are secured by way of first pari passu charge on the receivables of the Company."				
The repayment terms and rate of interest of term loans are as under-				
Repayment terms : maturing between 1 year to 3 year, rate of interest 8.10 % to 8.90 % p.a.	-	30,666.67	-	-
Repayment terms : maturing after 3 year, rate of interest 8.10 % to 9.35 % p.a.	-	1,41,833.33	-	1,21,500.00
"Debentures secured by way of mortgage of the immovable property and first pari- passu charge on current assets of the Company."				
The repayment terms and rate of interest of debentures are as under-				
Repayment terms : maturing between 1 year to 3 year, rate of interest 7.80% to 8.30 % p.a.	-	34,600.00	-	-
ABHFL NCD K1 FY 2016-2017, 8.05% p.a.; maturity date : 14 February 2020	-	1,000.00	-	-
ABHFL NCD K1 FY 2016-2017, 8.05% p.a.; maturity date : 14 February 2020	-	6,000.00	-	-
ABHFL NCD K1 FY 2016-2017, 8.05% p.a.; maturity date : 14 February 2020	-	100.00	-	-
ABHFL NCD 13 FY 2016-2017, 7.80% p.a.; maturity date : 20 December 2019	-	5,000.00	-	-
ABHFL NCD 11 - FY 2016-17, 7.80 % p.a.; maturity date : 13 December 2019	-	5,000.00	-	-
ABHFL NCD F2 - FY 2016-17, 8.30% p.a.(XIRR basis); maturity date : 12 September 2019	-	7,500.00	-	-
ABHFL NCD F1 - FY 2016-17, 8.15 % p.a.; maturity date : 21 September 2018	-	10,000.00	-	-
Repayment terms : maturing after 3 year, rate of interest 7.80% to 8.95 % p.a.	-	28,000.00	-	2,500.00
ABHFL NCD A1 - FY 2015-16, 8.95 % p.a.; maturity date :20 March 2026	-	2,000.00	-	2,000.00
ABHFL NCD L3 - FY 2016-17, 8.00 % p.a.; maturity date :18 March 2022	-	5,000.00	-	-
ABHFL NCD L2 - FY 2016-17, 8.00 % p.a.; maturity date :10 March 2022	-	5,000.00	-	-
ABHFL NCD A1 - FY 2016-17, 8.75 % p.a.; maturity date : 20 April 2021	-	1,500.00	-	-
ABHFL NCD A2 - FY 2015-16, 8.95% p.a.; maturity date : 22 March 2021	-	500.00	-	500.00
ABHFL NCD 12 - FY 2016-17, 7.80% p.a.(XIRR basis); 13 August 2020	-	790.00	-	-
ABHFL NCD 12 - FY 2016-17, 7.80% p.a.(XIRR basis); 13 August 2020	-	960.00	-	-
ABHFL NCD 12 - FY 2016-17, 7.80% p.a.(XIRR basis); 13 August 2020	-	3,250.00	-	-
ABHFL NCD L1 FY 2016-2017, 7.85% p.a.; 9 June 2020	-	3,000.00	-	-
ABHFL NCD L4 FY 2016-2017,7.90 % p.a.(XIRR basis); 16 April 2020	-	6,000.00	-	-
"Short-term term loan from banks are working capital facilities secured by way of first pari-passu charge on receivables of the Company"				
Repayment Terms : repayable on demand , rate of interest 7.63% to 8.25 % p.a.	16,000.00	-	-	-
"Loan repayable on demand from banks are cash credit facilities secured by way of first pari-passu charge on receivables of the Company"				
Repayment Terms : repayable on demand , rate of interest 8.10% to 9.65 % p.a.	41,500.12	-	16,678.89	-
	57,500.12	2,35,100.00	16,678.89	1,24,000.00
Unsecured borrowings				
"Sub ordinate debts - debentures"				
The repayment terms and rate of interest of debentures are as under-				
Repayment terms : maturing after 3 year, rate of interest 8.99% to 9.10 % p.a.	-	6,500.00	-	-
ABHFL Sub Debt Series 'SD4' FY 2016-17, 8.99 % p.a; maturity date - 24 July 2026	-	2,500.00	-	-
ABHFL Sub Debt Series 'SD3' FY 2016-17,9.10 % p.a; maturity date - 13 July 2026	-	1,300.00	-	-
ABHFL Sub Debt Series 'SD3' FY 2016-17,9.10 % p.a; maturity date - 13 July 2026	-	200.00	-	-
ABHFL Sub Debt Series 'SD2' FY 2016-17,9.10 % p.a; maturity date - 7 July 2026	-	1,000.00	-	-
ABHFL Sub Debt Series 'SD1' FY 2016-17, 9.10 % p.a; maturity date - 3 July 2026	-	1,500.00	-	-
"Commercial papers"				
The repayment terms of commercial papers are as under-				
Repayment terms : maturing within 1 year	59,586.83	-	9,868.14	-
	59,586.83	6,500.00	9,868.14	-



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
4. Trade payables		
Trade payables (refer note 24)	1,260.96	887.59
Trade payables for salaries, bonus and other employee benefits	712.39	338.78
	<u>1,973.35</u>	<u>1,226.37</u>
5a. Other long term liabilities		
Provision for employee benefits	120.00	-
Interest accrued but not due	437.77	-
Liability for rent straight lining	2.76	4.37
	<u>560.53</u>	<u>4.37</u>
5b. Other current liabilities		
Book overdraft	15,243.75	25,358.43
Statutory dues	131.02	135.62
Interest accrued but not due	1,963.25	539.08
Trade payable for capital expenditure	70.44	58.94
Other payable	382.44	84.05
	<u>17,790.90</u>	<u>26,176.12</u>
6a. Long term provisions		
Provision for doubtful debts and advances	242.91	50.00
Contingent provisions against standard assets	2,058.86	959.70
	<u>2,301.77</u>	<u>1,009.70</u>
6b. Short term provisions		
Contingent provisions against standard assets	117.81	57.81
Provision for leave encashment	224.90	134.62
Provision for gratuity	63.30	53.24
	<u>406.01</u>	<u>245.67</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Note 7a

Tangible assets (property, plant and equipments)

Particulars	Building	Plant & machinery	Furniture & fixtures	Office equipment	Leasehold improvements	Vehicle	Total
Gross block							
As at 1 April 2015	-	52.64	1.21	5.25	21.44	-	80.54
Additions	262.46	159.88	24.48	28.21	213.79	-	688.82
Deletions/adjustment	-	-	-	-	-	-	-
As at 31 March 2016	262.46	212.52	25.69	33.46	235.23	-	769.36
Additions	0	138.08	11.82	47.56	127.18	38.57	363.21
Deletions/adjustment	-	-	-	-	-	-	-
As at 31 March 2017	262.46	350.60	37.51	81.02	362.41	38.57	1,132.57
Accumulated depreciation							
As at 1 April 2015	-	2.16	0.03	0.55	0.60	-	3.34
Charge for the year	2.54	27.78	13.23	9.86	32.35	-	85.76
Deletions/adjustment	-	-	-	-	-	-	-
As at 31 March 2016	2.54	29.94	13.26	10.41	32.95	-	89.10
Charge for the year	4.38	69.43	8.46	20.60	118.77	3.00	224.64
Deletions/adjustment	-	-	-	-	-	-	-
As at 31 March 2017	6.92	99.37	21.72	31.01	151.72	3.00	313.74
Net book amount as at 31 March 2016	259.92	182.58	12.43	23.05	202.28	-	680.26
Net book amount as at 31 March 2017	255.54	251.23	15.79	50.01	210.69	35.57	818.83

Foot note:

Company does not have any internally generated intangible assets.

Note 7b Intangible Assets

Particulars	Software	Total
Gross block		
As at 1 April 2015	11.35	11.35
Additions	102.38	102.38
Deletions/adjustment	-	-
As at 31 March 2016	113.73	113.73
Additions	129.56	129.56
Deletions/adjustment	-	-
As at 31 March 2017	243.29	243.29
Accumulated amortization		
As at 1 April 2015	1.89	1.89
Charge for the year	37.11	37.11
Deletions/adjustment	-	-
As at 31 March 2016	39.00	39.00
Charge for the year	75.00	75.00
Deletions/adjustment	-	-
As at 31 March 2017	114.00	114.00
Net book amount as at 31 March 2016	74.73	74.73
Net book amount as at 31 March 2017	129.29	129.29



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
8a. Long-term loans and advances		
Secured		
Loans and advances relating to financing activity		
- Considered good	3,91,590.76	1,86,836.94
- Considered doubtful	1,394.05	329.90
	<u>3,92,984.81</u>	<u>1,87,166.84</u>
Unsecured (Considered good unless otherwise stated)		
Loans and advances relating to financing activity	-	195.09
Security deposits	318.35	233.22
Advance payment of taxes (net of provisions for taxation Rs Nil, 31 March 2016 : Rs Nil)	609.45	79.06
Prepaid expenses	2.79	3.62
Capital advances	29.47	125.25
	<u>960.06</u>	<u>636.24</u>
	<u><u>3,93,944.87</u></u>	<u><u>1,87,803.08</u></u>
8b. Short-term loans and advances		
Secured		
Loans and advances relating to financing activity		
- Considered good	20,704.55	9,935.69
	<u>20,704.55</u>	<u>9,935.69</u>
Unsecured (Considered good unless otherwise stated)		
Loans and advance to related parties	56.01	0.11
Others advances	2.40	10.00
Security deposits	3.68	3.53
Prepaid expenses	170.26	95.47
Service tax receivable	292.64	50.12
	<u>524.99</u>	<u>159.23</u>
	<u><u>21,229.54</u></u>	<u><u>10,094.92</u></u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016
9. Cash and cash equivalent		
Balances with banks in current accounts	51.68	50.99
	<u>51.68</u>	<u>50.99</u>
10. Other current assets		
Other receivables	1.11	2.30
Interest accrued but not due / interest receivable	2,262.96	946.79
	<u>2,264.07</u>	<u>949.09</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
11. Revenue from operations		
Income from financing activity	29,769.73	8,940.85
Processing and other fee income	1,700.03	1,203.84
	31,469.76	10,144.69
12. Other income		
Securities trading income	-	0.70
	-	0.70
13. Finance cost		
Interest expenses	17,376.52	4,186.62
Discounting charges on commercial paper	3,639.10	1,723.05
Other borrowing costs	105.39	55.02
	21,121.01	5,964.69
14. Employee benefit expenses		
Salaries, bonus and allowances	4,730.77	2,599.48
Contribution to provident and other funds	223.16	130.08
Staff welfare expenses	167.24	76.71
	5,121.17	2,806.27



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
15. Other expenses		
Rent	505.08	237.36
Travelling and conveyance	190.51	168.58
Water and electricity	68.04	28.16
Repairs and maintenance - others	262.84	250.56
Insurance	68.32	86.06
Communication expenses	81.77	37.68
Legal and professional charges	758.91	465.55
Rates and taxes	93.57	232.20
Printing and stationery	87.66	74.31
Contract service charges	142.49	56.71
Information technology expenses	16.61	34.64
Business / sales promotion expenses	54.22	91.94
Advertisement expenses	1,231.18	126.36
Postage expenses	32.60	9.02
Bank charges	4.87	2.71
Brokerage and commission	1,398.47	1,245.50
Miscellaneous expenses	128.42	133.71
	5,125.56	3,281.05
16. Provisions against assets		
Provision for doubtful debts and advances	192.91	50.00
Contingent provisions against standard assets	1,159.15	942.36
	1,352.06	992.36



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

Particulars	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
17. Earnings per share		
Net (loss) after tax available for equity shareholders	(1,549.68)	(3,021.86)
Weighted average number of equity shares outstanding (numbers)	3 138,52,192	145,824,180
Basic and diluted earnings per share (Rs.)	<u>(0.49)</u>	<u>(2.07)</u>



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

18 Corporate information

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

19 Basis of preparation

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

19.1 Summary of significant accounting policies

19.1.1 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

19.1.2 Property, plant and equipments

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

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the asset is derecognised.

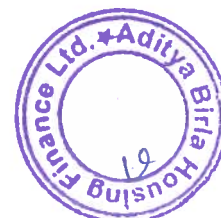
Capital work in progress

Projects under which property, plant and equipments are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

19.1.3 Depreciation on property, plant and equipments

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

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



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

19.1.3 Depreciation on property, plant and equipments (*Continued*)

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

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

19.1.4 Intangible assets

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

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

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

Intangible assets under development

Expenditure on research and development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

19.1.5 Impairment of property, plant and equipments and intangible assets

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

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

19.1.6 Loans

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

19.1.7 Investments

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

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

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



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

19.1.8 Revenue recognition

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

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

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

19.1.9 Taxation

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

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

At each reporting date, the Company reassesses 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 realized.

19.1.10 Retirement and other employee benefits

i) Defined contribution plan

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

ii) Defined benefit plan

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

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

iii) Long term incentive benefit

Other Long Term Incentive Benefits includes future encashment or availment, at the option of the employee subject to the rules framed by the Company which are expected to be availed or encashed beyond 12 months from the end of the year and long term incentive payable to employees on fulfilment of criteria prescribed by the Company. Long Term Incentive Benefits are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

19.1.11 Borrowing costs

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

19.1.12 Cash and cash equivalent

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period three months or less, which are subject to an insignificant risk of changes in value.

19.1.13 Earnings per share

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

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

19.1.14 Provision and contingencies

Provisions are recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date.

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

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

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

19.1.15 Leases

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

19.1.16 Special reserve

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

19.1.17 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

19.1.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

20 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) on account of property, plant and equipments Rs. 14.01 Lakh (31 March 2016: Rs. 38.95 Lakh) and on account of intangible assets Rs. 8.86 Lakh (31 March 2016: Rs. 5.11 Lakh).

21 **Contingent liabilities:**
Contingent liability as on 31 March 2017 is Rs. Nil (31 March 2016: Rs. Nil).

22 **Related party disclosures**

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

(A) Where control exists

Aditya Birla Financial Services Limited (ABFSL) (Holding Company)
Aditya Birla Nuvo Limited (Ultimate Holding Company)

(B) Fellow subsidiaries

Aditya Birla Finance Limited (ABFL)
Aditya Birla Customer Services Limited (ABC SL)
Birla Sun Life Insurance Company Limited (BSLICL)
Birla Sunlife Asset Management Company Limited (BSLAMCL)
Aditya Birla Money Limited (ABML)
Aditya Birla Health Insurance Limited (ABHI)
Aditya Birla Financial Shared Services Limited (ABFSSL)

(C) Key management personnel

Mrs. Anjali Makhija

II) Transactions with related parties

a) Purchase and sale of services

	For the year ended 31 March 2017	For the year ended 31 March 2016
Referred in (A) above		
<u>Other operating expenses</u>		
Aditya Birla Nuvo Limited	-	0.14
Aditya Birla Financial Services Limited*	28.70	-
Referred in (B) above		
<u>Other operating expenses</u>		
Aditya Birla Finance Limited	217.98	284.36
Aditya Birla Money Limited	5.63	2.50
Birla Sunlife Insurance Company Limited	-	0.11
Birla Sunlife Asset Management Company Limited	-	3.65
Aditya Birla Customer Services Limited	0.26	-
Aditya Birla Health Insurance Limited	1.57	-
Aditya Birla Financial Shared Services Limited	120.00	-
<u>Insurance premium expenses</u>		
Birla Sunlife Insurance Company Limited	13.42	6.57
Aditya Birla Health Insurance Limited	143.32	-
<u>Interest expenses</u>		
Aditya Birla Finance Limited	-	4.06
Birla Sunlife Insurance Company Limited	44.75	1.23
<u>Recovery of other operating expenses</u>		
Aditya Birla Finance Limited	287.43	188.51
Birla Sun Life Insurance Company Limited	-	2.03
Referred in (C) above		
<u>Managerial remuneration</u>		
Mrs. Anjali Makhija	35.88	65.17

*includes Rs 17.50 Lakh (31 March 2016 : Rs Nil) paid to key management personnel, Mrs. Anjali Makhija.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

22 Related party disclosures (Continued...)

b) Outstanding balances arising from purchase and sale of services

	As at 31 March 2017	As at 31 March 2016
Referred in (A) above		
<u>Payable</u>		
Aditya Birla Financial Services Limited	2.97	-
Referred in (B) above		
<u>Receivable</u>		
Birla Sun Life Insurance Company Limited	-	0.11
Aditya Birla Finance Limited	56.01	
<u>Payable</u>		
Aditya Birla Finance Limited	-	28.33
Aditya Birla Customer Services Limited	-	5.52
Aditya Birla Money Limited	0.66	0.80
Birla Sunlife Asset Management Company Limited	-	3.33
Aditya Birla Health Insurance Limited	0.62	-
Aditya Birla Financial Shared Services Limited	20.14	-
<u>Other balances (Outstanding prepaid balances)</u>		
Birla Sun Life Insurance Company Limited	6.31	4.30
Aditya Birla Health Insurance Limited	143.32	-

c) Loans from related parties

	31 March 2017	31 March 2016
Referred in (B) above		
Aditya Birla Finance Limited		
Loan balance at the beginning of the year	-	-
Loan obtained (including inter corporate borrowings)	-	8,360.00
Loans repaid (including inter corporate borrowings)	-	8,360.00
Loan balance at the end of the year	-	-
Birla Sun Life Insurance Company Limited		
Loan balance at the beginning of the year	500.00	-
Loan obtained (issue of debentures)	-	500.00
Loans repaid	-	-
Loan balance at the end of the year	500.00	500.00
Interest accrued but not due on above	1.23	1.23

d) Other transactions

	For the year ended 31 March 2017	For the year ended 31 March 2016
Referred in (A) above		
Aditya Birla Financial Services Limited		
Share capital issued *	17,822.00	18,920.00

*Includes securities premium of Rs. 8,442.00 lacs (31 March 2016 : Rs Nil)

Notes:

a) The related party relationships have been as identified by the management on the basis of the requirements of the Accounting Standard AS-18 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India and the same have been relied upon by the auditors.

b) The relationships as mentioned above except where control exists pertain to those related parties with whom transactions have taken place during the year.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

23 Gratuity and other post employment benefits

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

Amount recognized in the balance sheet in respect of gratuity

	As at 31 March 2017	As at 31 March 2016
Present value of funded/unfunded defined benefit obligation at the end of the year	157.16	89.70
Fair value of plan assets	93.86	36.46
Net liability / (assets)	63.30	53.24

Amount recognized in salary, wages and employee benefits in the statement of profit and loss in respect of gratuity:

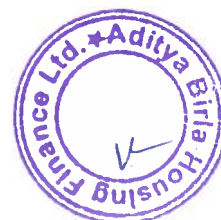
	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	52.22	14.70
Interest on defined benefit obligation	11.03	3.86
Expected return on plan assets	(4.17)	-
Net actuarial (gains) / loss recognized during the year	12.20	25.13
Net gratuity cost	71.28	43.69
Actual return on plan assets	4.15	2.60

Reconciliation of present value of the obligation and the fair value of the plan assets :-

	31 March 2017	31 March 2016
<u>Change in obligation</u>		
Opening defined benefit obligation	89.70	33.86
Current service cost	52.22	14.70
Interest cost	11.03	3.86
Actuarial losses / (gain)	12.19	27.73
Liabilities assumed on acquisition/ (settled on divesture)	(7.98)	9.55
Benefit paid	-	-
Closing defined benefit obligation	157.16	89.70
<u>Change in plan assets</u>		
Opening fair value of the plan assets	36.46	-
Expected return on plan assets	4.18	-
Actuarial gains / (losses)	(0.02)	2.60
Contributions by the employer	53.24	33.86
Assets acquired on acquisition/ (distributed on divesture)	-	-
Benefit paid	-	-
Closing fair value of the plan assets	93.86	36.46

Investment details of plan assets

	31 March 2017	31 March 2016
Government of India securities	11.18	7.65
Corporate bonds	0.39	0.15
Special deposit schemes	2.03	0.77
Insurer managed funds	56.06	20.19
Others	24.20	7.70
Total	93.86	36.46



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

23 Gratuity and other post employment benefits (Continued...)

Experience adjustment

	2017	2016	2015	2014	2013
Defined benefit obligation	157.16	89.70	33.86	NA	NA
Plan assets	93.86	36.46	-	NA	NA
Surplus / (deficit)	(63.30)	(53.24)	(33.86)	NA	NA
Experience adjustment on plan liabilities	(2.02)	24.94	8.57	NA	NA
Experience adjustment on plan assets	(0.02)	2.60	-	NA	NA

Principal actuarial assumptions at the balance sheet date

	2017	2016	2015	2014	2013
Discount rate (p.a.)	7.25%	7.80%	8.00%	NA	NA
Expected rate of return on assets (p.a.)	7.25%	7.80%	-	NA	NA
Salary escalation rate (p.a.)	7.00%	7.00%	7.00%	NA	NA
Attrition rate (p.a)	Age: 21-30 : 5% Age: 31-40 : 3% Age: 41-59 : 2%	Age: 21-30 : 5% Age: 31-40 : 3% Age: 41-59 : 2%	Age: 21-30 : 5% Age: 31-40 : 3% Age: 41-59 : 2%	-	-

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

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

Estimated amount of contribution expected to be paid to the Gratuity Fund during the annual period after the balance sheet date is Rs. 50.00 lakh (31 March 2016 : Rs. 35.00 lakh).

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

Defined contribution plans

Amount recognised as an expense and included in Note 14 - "Contribution to provident and other funds":-

	For the year ended 31 March 2017	For the year ended 31 March 2016
Contribution to Govt. employees provident fund	147.04	86.02
Contribution to other Funds	4.85	0.37

24 Micro, Small and Medium Enterprises

Based on the information received by the Company from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any suppliers covered under this Act as at the balance sheet date and hence, disclosures relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given. Auditors have relied on this.

25 Deferred Tax:

The Company has recognised deferred tax asset and deferred tax liability as under:

	As 31 March 2017	As 31 March 2016
Deferred tax liability		
Timing difference on account of depreciation and amortisation expenses	27.14	27.57
Deferred tax asset		
Timing difference on account of employee benefits and carry forward losses restricted upto the amount of deferred tax liability	27.14	27.57
Net deferred tax liability	-	-
Deferred tax expense for the year ended	-	-



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

- 26 Disclosure of details as required under amended guidelines on Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide circular dated February 9, 2017, to the extent applicable to the Company.

I) Capital to Risk Ratio (CRAR) :

	As at 31 March 2017	As at 31 March 2016
CRAR (%)	12.52%	12.38%
CRAR - Tier I capital (%)	10.12%	11.80%
CRAR - Tier II Capital (%)	2.40%	0.58%
Amount of subordinated debt raised as Tier- II Capital	6,500.00	-
Amount raised by issue of perpetual debt instruments	-	-

II) Exposure to real estate sector

Direct exposure to

	As at 31 March 2017	As at 31 March 2016
i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
housing loans up to Rs. 15 lakhs	4,976.72	1,748.85
housing loans more than Rs. 15 lakhs	1,78,268.96	89,444.61
Other Loans	1,24,356.59	65,212.56
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.)		
	1,06,087.07	40,891.59
Exposure would also include non-fund based (NFB) limits;		
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Residential	Nil	Nil
Commercial real estate	Nil	Nil
<u>Indirect exposure to</u>		
Fund base and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		
	Nil	Nil



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

- 26 Disclosure of details as required under amended guidelines on Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide circular dated February 9, 2017, to the extent applicable to the Company (Continued...)

III) Asset liability management

Maturity pattern of certain items of assets and liabilities

	31 March 2017		Assets
	Liabilities		
	Borrowings from banks	Market borrowings*	
1 day to 30/31 days (one month)	16,000.00	19,897.85	1,107.23
Over one months to 2 months	-	39,688.98	1,250.37
Over 2 months to 3 months	-	-	1,706.02
Over 3 months to 6 months	-	-	5,092.75
Over 6 months to 1 year	41,500.12	-	11,592.61
Over 1 year to 3 years	30,666.67	34,600.00	60,816.99
Over 3 years to 5 years	1,03,500.00	26,000.00	52,802.08
Over 5 years to 7 years	38,333.33	-	49,002.12
Over 7 years to 10 years	-	8,500.00	81,305.37
Over 10 years	-	-	1,49,013.81
Total	2,30,000.12	1,28,686.83	4,13,689.35

* Net of unamortized discounting charges on commercial paper amounting to Rs. 413.17 lakhs.

** Advances includes loan and advances in the nature of loans and excludes advances recoverable in cash or kind or for value to be received and advance payment of taxes and other Deposits.

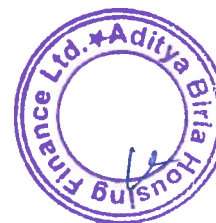
IV) Disclosure regarding provisions made for standard assets as per Prudential Norms contained in the Housing Finance

Housing Loans

	Standard assets	Sub standard assets	Doubtful
As at 31 March 2017			
Loans balance	2,32,118.72	677.27	291.29
Provisions	1,117.48	102.20	72.82
As at 31 March 2016			
Loans balance	1,02,959.86	329.90	-
Provisions	453.90	50.00	-

Non housing loans

	Standard assets	Sub standard assets	Doubtful
As at 31 March 2017			
Loans balance	1,80,176.59	386.88	38.60
Provisions	1,059.19	58.24	9.65
As at 31 March 2016			
Loans balance	94,007.85	-	-
Provisions	563.61	-	-



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

- 26 Disclosure of details as required under amended guidelines on Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide circular dated February 9, 2017, to the extent applicable to the Company (Continued...)

V) Reserve fund u/s 29C of NHB Act, 1987

	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	-	-
Addition/appropriation/ withdrawal during the year	-	-
Balance at the end of the year	-	-

As the Company have losses during the year ended 31 March 2017 and 31 March 2016, it is not required to create reserves u/s 29C of the NHB, 1987.

VI) Break up of 'Provisions and Contingencies' shown under the head expenditure in statement of profit and loss

	For the year ended 31 March 2017	For the year ended 31 March 2016
1. Provisions for depreciation on Investments	-	-
2. Provision made towards Income tax	-	-
3. Provision towards NPA	192.91	50.00
4. Provision for Standard assets (with details like teaser loan, CRE, CRE-RH, etc.)	1,159.15	942.36
5. Other provision and contingencies (provision for employee benefits - Gratuity, Leave encashment and incentive plans)	293.14	142.60

VII) Concentration of loans & advances

	As 31 March 2017	As 31 March 2016
Total loans & advances to twenty largest borrowers	52,045.26	24,439.29
Percentage of loans & advances to twenty largest borrowers to total advances of the company	12.58%	12.39%

VIII) Concentration of all Exposure (including off-balance sheet exposure)

	As 31 March 2017	As 31 March 2016
Total exposure to twenty largest borrowers / customers	57,581.65	28,628.97
Percentage of exposure to twenty largest borrowers / customers to total exposure of the company on borrowers / customers	12.31%	13.18%

IX) Concentration of NPAs

	As 31 March 2017	As 31 March 2016
Total Exposure to top ten NPA accounts	1,394.05	329.90

Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector
Housing Loans :-	
Individuals	0.42%
Builders/project loans	-
Corporates	-
Others (specify)	-
Non - Housing Loans :-	
Individuals	0.24%
Builders/project loans	-
Corporates	-
Others (specify)	-



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

26 Disclosure of details as required under amended guidelines on Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide circular dated February 9, 2017, to the extent applicable to the Company (Continued...)

Movement of NPAs

	As at 31 March 2017	As at 31 March 2016
(I) Net NPAs to net advances (%)	0.28%	0.14%
(II) Movement of NPAs (Gross)		
a) Opening balance	329.90	-
b) Additions during the year	1,064.15	329.90
c) Reductions during the year	-	-
d) Closing balance	1,394.05	329.90
(III) Movement of Net NPAs		
a) Opening balance	279.90	-
b) Additions during the year	871.24	279.90
c) Reductions during the year	-	-
d) Closing balance	1,151.14	279.90
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	50.00	-
b) Provisions made during the year	192.90	50.00
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	242.90	50.00

X) Details of customers complaints

	As at 31 March 2017	As at 31 March 2016
No of complaints pending at the beginning of the year	-	-
No of complaints received during the year	79	31
No of complaints redressed during the year	79	31
No of complaints pending at the end of the year	-	-

Xi) Credit Rating as on March 31, 2017

Instrument	Amount	Rating action
Bank Lines Programme	4,15,000	[ICRA]AA+(stable)/[ICRA]A1+ assigned
Non-Convertible Debenture Programme	1,00,000	[ICRA]AA+(stable)/ [India Ratings]AA+(stable)
Subordinated Debt Programme	20,000	[ICRA]AA+(stable)/ [India Ratings]AA+(stable)
Commercial Paper Programme	1,00,000	[ICRA]A1+ Outstanding

27 Details of Specified Bank Notes (SBN) held and transacted during the period 8 November 2016 to 30 December 2016

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(+) Non-permitted receipts	-	-	-
(+) Cash directly deposited by customers	95.56	0.00	95.56
(-) Permitted payments	-	-	-
(-) Non-permitted payments	-	-	-
(-) Amount deposited in Banks	(95.56)	(0.00)	(95.56)
Closing cash in hand as on 30 December 2016	-	-	-

Note:

The SBN's are directly deposited by customers into the Company's central bank account towards the part payment or closure of their outstanding loan amount. Company has obtained the relevant details of deposit from bank and from deposit slips provided by customers and accordingly provided the details in above table.



Aditya Birla Housing Finance Limited

Notes to the financial statements for the year ended 31 March 2017

(Currency: Rupees in Lakhs)

28 Auditors remuneration (included in legal and profession expenses)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Audit fees (including limited review fees)	14.64	8.00
Tax audit fees	1.50	1.50
Certification work	3.50	2.50
Out of pocket expenses	0.87	0.61
Total	20.51	12.61

29 Segment reporting

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

30 Operating leases

The Company has entered into lease agreements for premises at various locations for periods between 12 months to 60 months. The lease payments recognised in the statement of profit and loss are Rs. 505.08 Lakhs (31 March 2016: Rs. 237.36 Lakhs).

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

	As at 31 March 2017	As at 31 March 2016
Not later than one year	120.70	38.61
Later than one year and not later than five years	134.18	130.19
Later than five years	-	-
Total	254.88	168.80

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

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



Ajay Srinivasan
Director
DIN: 00121181

Satish Mehta
Director
DIN: 00110640

Anjali Makhija
Chief Financial Officer & Manager

Muthiah Ganapathy
Company Secretary

Place: Mumbai

Date: 26 April 2017