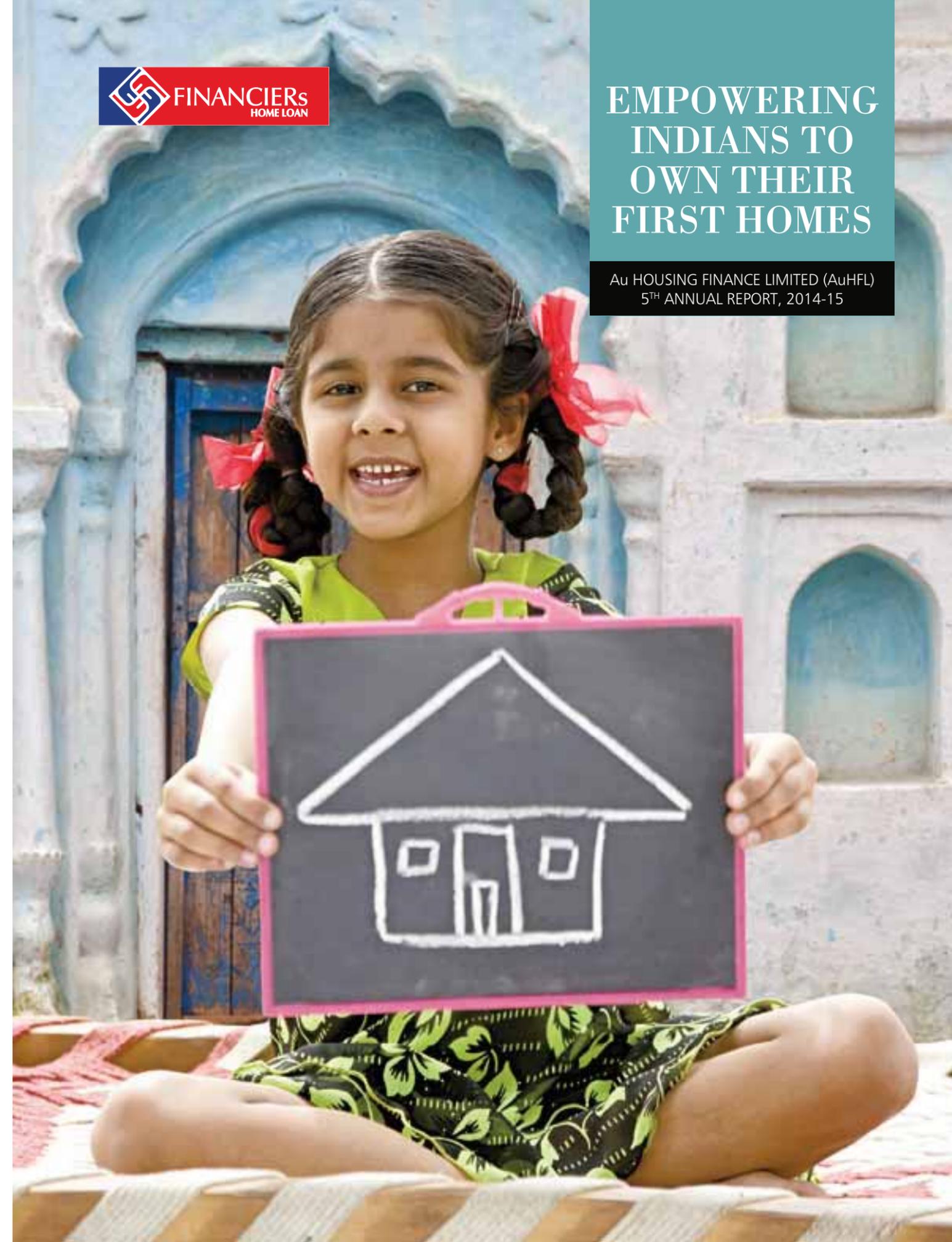




EMPOWERING INDIANS TO OWN THEIR FIRST HOMES

Au HOUSING FINANCE LIMITED (AuHFL)
5TH ANNUAL REPORT, 2014-15



Au HOUSING FINANCE LIMITED

CIN: U65922RJ2011PLC034297

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Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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It takes years to build a housing finance brand.

So when you have a company that has spent just four years in this challenging business, it would be reasonable to assume that there would be shrinking of the Balance Sheet, employee attrition and a tentative outlook.

For all those people expecting such outcomes, we have something opposite in store.

165%

Profit growth over 2013-14

100+

Profit growth (%) for the third year running

6.44%

Net interest margin

28.44%

Return on equity

536.91

Total disbursements (₹ crore) for the year 2014-15

14,000

Total customers served

72%

Proportion of non-urban home financing

60%

Home financing to self-employed individuals as a proportion of the business



In 2014-15, the general complaint was ‘High realty prices. Expensive finance costs. Poor offtake.’

At AuHFL, the conclusion was ‘Excellent opportunity!’



The year 2014-15 was a breeding ground for sceptics, doubters and naysayers.

At AuHFL, it would have been easy for us to echo the prevailing sentiment. Instead, something curious happened. One manager said, ‘I don’t agree.’ Another joined in. A counter-opinion emerged. Suddenly, it was the entire organisation determined to prove that there really was nothing slow about the slowdown.

You might be curious about what got us there.

One, India’s mortgage penetration is only 8% of its GDP. Now compare that with more than 50% in developed economies and a double-digit penetration in the ASEAN countries.

Two, the most unsettling fact pertaining to India’s big urban housing shortage (2012-17) is not that it is estimated at 18.8 million units, but the fact that the LIG segment accounts for 95% of the shortage. India’s rural housing shortage is estimated at 43.90 million units; the lower income individuals accounted for a bulk of this share.

Three, for decades, people were averse to the word ‘loan’. Now things are changing; the housing finance sector has grown at a compounded annual growth rate of 19% over the last three years – slowdown or no slowdown.

AuHFL chose to respond with responsiveness, resourcefulness and responsibility, supporting the Government’s vision to catalyse housing for all by 2022.

As they say, the story has just begun.

When we entered the housing finance business, the assessment was ‘me-too product, average result.’

At AuHFL, the conclusion was Suits us perfect!



In a business where fund costs are standardised for most borrowers and lending rates identical, the takeaway was that we were engaged in a commodity business.

At AuHFL, it would have been simple for us to nod and say ‘We agree.’ But there is always someone in every team who says ‘I disagree’. And so it was at AuHFL.

You would be amazed how a minority voice transformed into majority conviction.

- Most housing finance companies grew their presence in urban locations; AuHFL serviced rural and suburban customers instead.
- Most housing finance companies focused on bankable creditworthy customers; AuHFL focused on all those unserved and unreached customers.
- Most housing finance companies examined customers through a rigid organisational prism; AuHFL responded with an in-depth understanding of the customer’s income cycle, liberating a conventional system from inflexibility.
- Most housing finance companies focused on increasing loan sizes; AuHFL provided small ticket-sized loans to the largest space in its sector.

The result is that the Company was able to grow its profitability by more than 100% for the third consecutive year.





In the early days, the old-timers said, ‘Grow the sales curve with maximum speed!’

At AuHFL, we said ‘Let us grow our learning curve instead!’



In a business that warrants an insight into crops, cultures and mindsets, there is a premium on knowledge.

At AuHFL, we invested passionately in building our knowledge repository over growing our asset base.

- We leveraged the rich rural insight of Au FINANCIERS (INDIA) LIMITED, our parent company.
- We recruited seasoned professionals, enhancing customer familiarity.
- We delegated responsibilities across the organisation – from the field to the boardroom – instilling accountability.

The result is that the Company widened and deepened its presence, increased its customer base and grew organisational productivity on the back of superior sectoral knowledge.



In the good old days,
the general approach
was ‘What more can
you achieve?’

At AuHFL, we asked,
‘How much less time
can you take?’



In the business of home financing, the speed with which loans are disbursed directly influences customer (and business) growth.

At AuHFL, we recognised that there is probably no more powerful driver of business growth than the ability to shrink disbursement time by a day or two.

- AuHFL invested in a top-of-the-line information technology platform to reduce turnaround time, integrate processes, minimise procedural duplication and enhance productivity – from lead generation to accounts closure.
- The Company empowered individuals at the branch and regional levels to take decisions at the customer’s doorsteps coupled with a seamless system of checks and balances, reducing turnaround time.

The result is that the Company achieved a turnaround time (loan origination to sanction) of only seven days and going ahead, expects this to moderate even further.





Once upon a time, companies focused on doing one thing better than everyone else.

At AuHFL, we concluded that success would be derived from doing everything better than everyone else.



In the business of housing finance, sustainable growth is derived from the ability to manage the entire ecosystem – from sourcing funds, mobilising assets, providing customers with timely credit, to collecting recoveries.

At AuHFL, we navigated our way across this demanding ecosystem through a number of initiatives.

- We recruited senior managers possessing an industry experience of 12 to 25 years.
- We recruited extensively from rural and suburban regions, enriching our socio-economic understanding.
- We appointed qualified executives with analytical skills (50% of the credit team comprised Chartered Accountants) to appraise customer credibility.
- We doubled the size of the credit team through the recruitment of seasoned professionals in 2014-15.

The result is that the Company reduced delinquency over the previous years even as the average ticket size of loans increased.



Conventionally, success meant generating a profit for the company's promoter.

Today, success is defined as the ability to enhance value for all stakeholders.



AuHFL is not engaged in business only to address a customer's need. It is in business to enhance value for all stakeholders (employees, customers, investors, regulatory authority and community) in a sustainable way.

Even though AuHFL has been in existence for less than half a decade, the Company has set a commendable track record.

- AuHFL has invested in a robust systems-driven framework ensuring complete compliance with the laws of the land and in line with evolving regulatory requirements.
- A third of the Company's Board of Directors comprised Independent Directors; the Company will soon appoint a woman Director; even though the Company is not listed it conforms with stringent disclosure standards.
- The Company's employee-focused policies ensure equitable, progressive and value-accretive growth
- The Company's commitment to governance is underpinned by strong processes and ethical values.

The result is that the Company reported an ROE of 28.44% (6.55 bps higher than 2013-14), possibly the best in the industry.





Traditionally, different branches did their own thing in a dispersed company.

At AuHFL, they do the same irrespective of where they are.



In a business marked by thousands of customers with diverse income patterns across hundreds of locations, there is a premium on procedural consistency.

AuHFL has enhanced its procedural robustness through a number of initiatives.

- The Company implemented a three-tiered customer evaluation matrix to ascertain repayment capabilities.
- The Company chose to value properties twice – through internal and external professionals coupled with an empanelled legal team. The result is that the Company has joined hands with more than 90 legal agencies, 60 technical agencies and local professionals.
- The Company's well defined credit appraisal memo for each customer ensures a 360 degree trade referral check, ideal for a business in which majority of the Company's customers are first-time borrowers.

The result is that the Company's stringent processes and systems resulted in a robust loan book, reflected in 0.52% gross NPA and 0.43% net NPA in 2014-15.



It was generally assumed that success in an under-penetrated business was derived from passing on fund costs to customers.

At AuHFL, success is derived from the timely mobilisation of low-cost debt coupled with the highest rate of deployment.



In the business of home finance, its imperative to keep investment costs low. All else being equal, lower-cost investments provide greater net returns than higher-cost investments, an advantage that becomes more pronounced over time.

Over the years, AuHFL has guaranteed this through a number of initiatives:

- The Company accesses capital from a variety of sources (bank loans, non-convertible debentures, subordinated debt, commercial papers, assignments on assets and NHB refinance), balancing tenures and costs with the objective to procure the most cost-competitive funds.
- The Company seeks new funding sources with the objective to diversify its liability portfolio. Last year, the Company secured three NCD papers amounting to ₹150 crore

from reputed investors and infused four commercial paper deals worth ₹100 crore into its funding mix.

- The Company got the third round of low-cost NHB refinance funding in just the third year of operations, reflecting strong regulatory credentials. Further it received a second and third round of refinance limit from NHB in 2014-15.
- The Company sold its portfolio of loan assets (75% qualifying as priority sector lending) to bank at competitive rates through the assignment route, making it possible to monetise assets with speed and generate an additional corpus for onward deployment.

The result is that the Company reported a credit rating of A-/Positive from CRISIL (which enhanced its access to incremental debt at competitive rates); it A+/Stable from INDIA Ratings (FITCH) and maintained a capital adequacy ratio of 26.72% against the required 12%, reflecting financial soundness. The Company's borrowing cost also declined by 108 bps over 2013-14.



A brief introduction

Who we are

Au HOUSING FINANCE LIMITED (AuHFL) was originally incorporated as a private limited company under the Companies Act, 1956 (Companies Act) on February 23, 2011 as a wholly owned subsidiary of Au FINANCIERS (INDIA) LIMITED (AuFIN).

Subsequently, AuHFL converted into a public limited company, as per the provisions of the Companies Act, and was issued a fresh certificate of incorporation on January 11, 2013.

AuHFL was granted its certificate of registration by the National Housing Board in 2011.

AuHFL is engaged in the business of providing housing loans, primarily in the unserved, unreached and underserved markets which include the states of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana and Delhi.

Our 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 need of our customers. We strive to establish ourselves as trustworthy, transparent and well-governed housing finance company.

What we do

At AuHFL, we are engaged in providing housing finance, addressing lower-income households (unserved and unreached segment) in rural and semi-urban India.

Our parentage

AuFIN, (the parent company) is a Non-Banking Finance Company (NBFC), registered with Reserve Bank of India, incorporated in the year 1996 under the provisions of the Companies Act, 1956 by Mr. Sanjay Agarwal, Chartered Accountant and first-generation entrepreneur.

AuFIN is a Non-deposit accepting Systemically Important Asset Finance Company (NBFC-ND-AFC-SI) based out of Rajasthan and a leading NBFC engaged in business of providing loans to Small Road Transport Operator (SRTO) and Micro, Small and Medium Enterprise (MSME) in rural and semi-urban areas, SME and Structured Finance (SSF) loans and builder finance.

AuFIN, the flagship company of the Au Group, has been engaged in the rural finance sector since 1996; its rich experience has translated into a deep understanding of underserved and unserved customers and the delivery of customised products. The Au Group enjoys near two-decade presence in Rajasthan's interiors.

Who we cater to

We provide housing finance to the unserved, unreached and underserved masses of India.

AuHFL primarily targets the low and middle-income segment customers residing in suburban and rural areas.

The Company's customer profile comprises salaried and self-employed individuals (drivers, grocers, beauty parlour owners, carpenters, restaurants owners, and textile traders, among others). We expanded our customer base by extending housing loans to individuals engaged in rural agriculture and animal husbandry.

Where we are present

AuHFL enjoys a presence in the states of Rajasthan, Gujarat, Maharashtra, Delhi, Madhya Pradesh and Haryana.

Our product offerings:



House Purchase Loan



House Construction Loan



House Repair, Renovation and Extension Loan



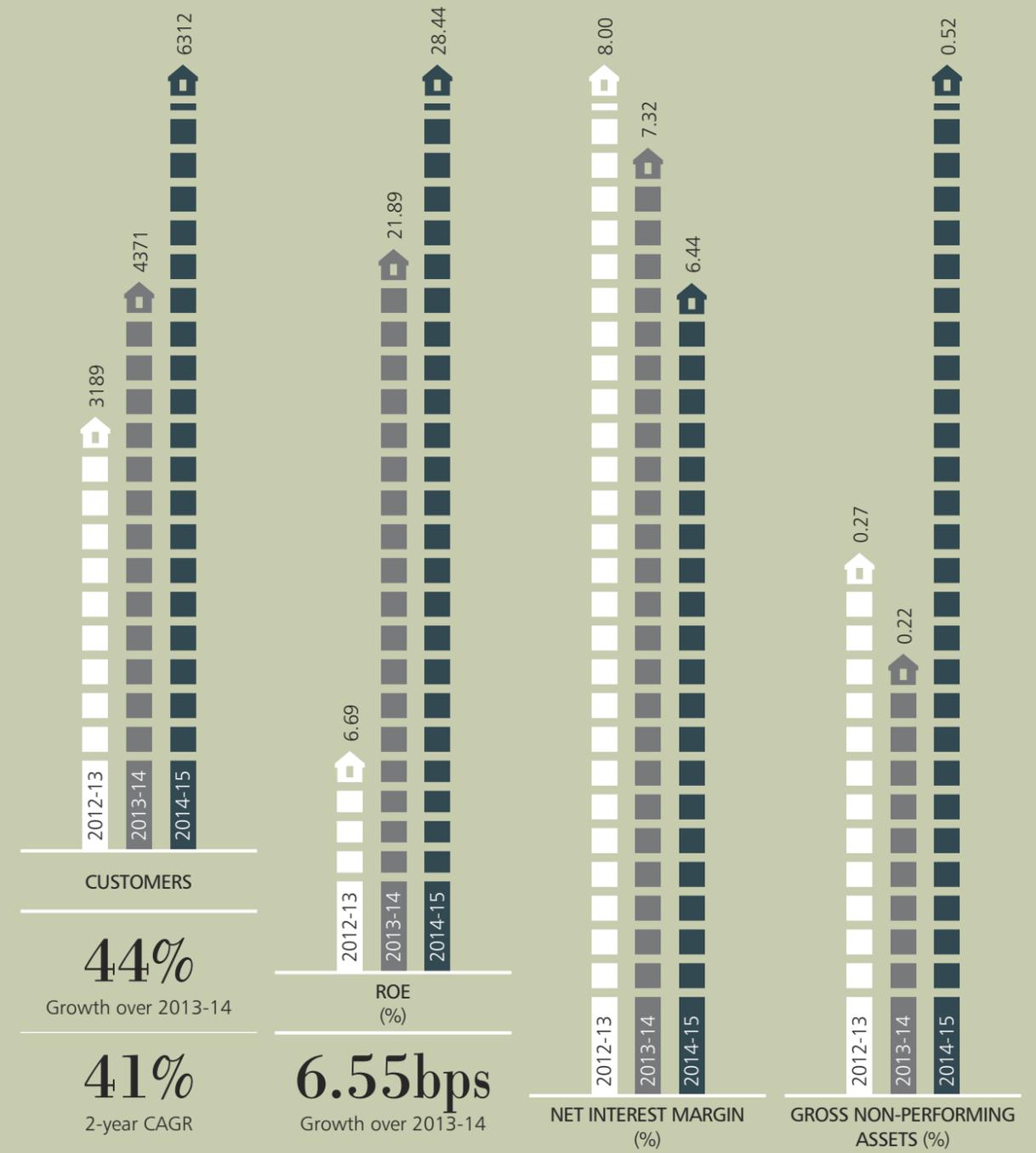
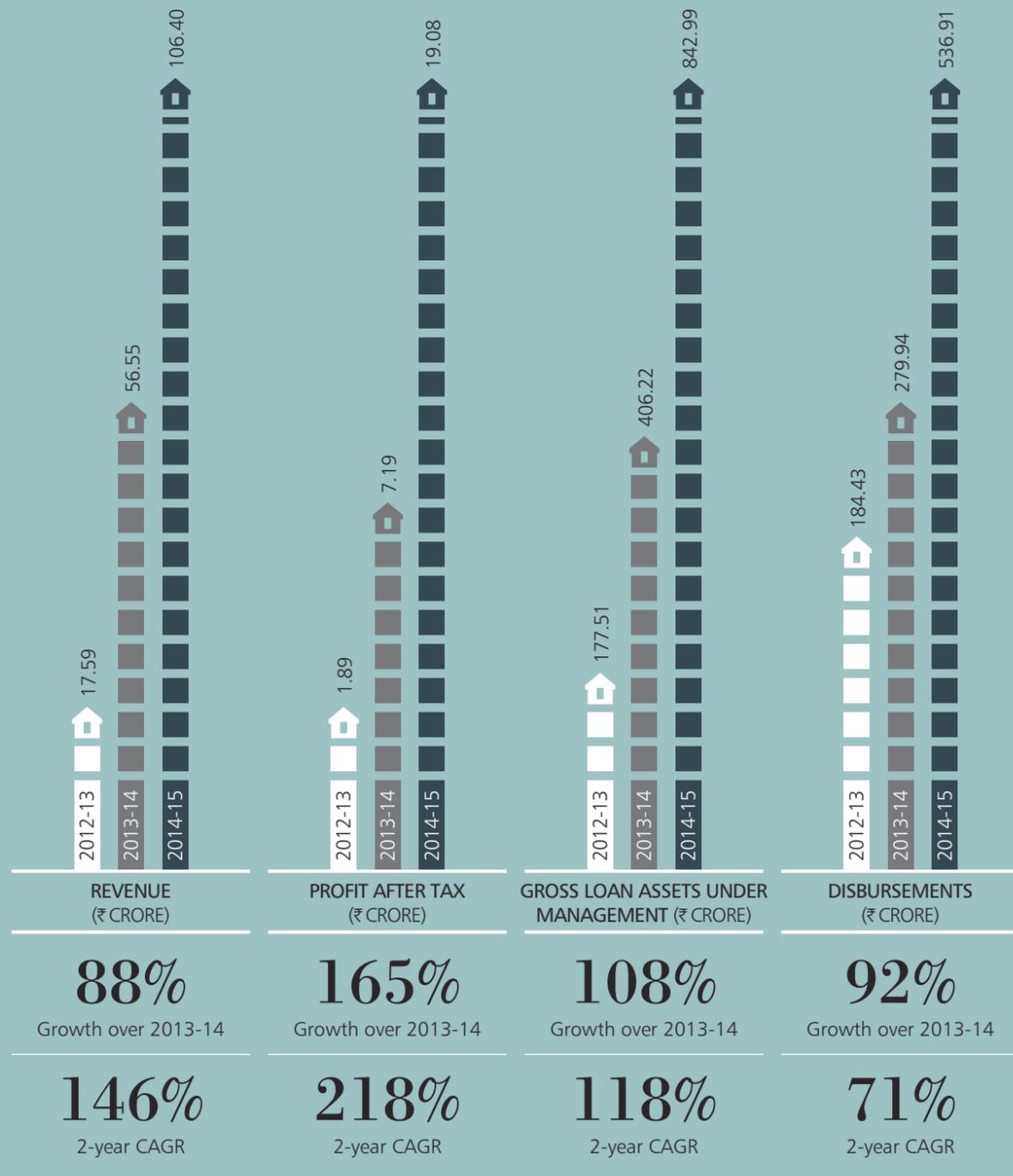
Plot Cum Construction Loan



Top-Up Loan

The last three years have been among the most
challenging
 ever for the Indian economy.

You wouldn't think so on seeing the
rapid growth
 reported by our Company.



Supporting financial inclusion



14,000

Customers served

An estimated 41% of India's population lies outside the fold of its organised banking system. This makes financial inclusion imperative for equitable economic growth.

A six crore housing unit shortage in India makes financing a critical driver of the industry's growth. AuHFL endeavours to finance the underserved and unserved individuals residing in the remote pockets of the country.

Serving local communities



623

Team size

India accounts for possibly the world's largest rural population cluster. A staggering 12% of the world's population resides in India's rural pockets. Some 70% of India's population lives in 638,000 villages with minimal exposure to employment and financing options.

At AuHFL, we strengthen the country's rural fabric through loans access, helping people become financially independent.

Focus on rural and semi-urban customers



■ % of customers from rural and suburban India
■ % of customers from urban India

Equal focus on self-employed borrowers



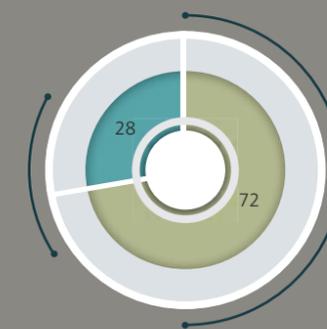
■ % of customers who are salaried
■ % of customers who are self-employed

Funding to borrowers across income levels



■ % of customers who have an income below ₹6 lac
■ % of customers who have an income above ₹6 lac

Disbursement in rural and suburban locations



■ % of disbursements in rural and suburban locations
■ % of disbursements in urban locations

Ability to fund low-ticket sized customers



■ % of loan above ₹10 lac
■ % of loan below ₹10 lac

“Our success is the result of our strong foundation and ability to respond to challenges”

A review of the company's 2014-15 performance by Mr. Sushil Kumar Agarwal, Whole Time Director and CEO

India's rural population accounts for the second largest non-urban cluster in the world. This cluster is marked by low per capita incomes and extensive housing under-consumption compared with to peer consumption averages, the world over.

It would be easy to see this as a deterrent. At AuHFL, however, we perceive this as an opportunity. This opportunity is the result of a recognition that a significant number of these customers are indeed credible but do not possess the documentation necessary to access a housing finance loan and buy a home.

Moreover, India's Tier II and Tier III cities are witnessing contrasting trends where on the one hand, the demand for housing has been increasing and on the other housing costs are spiking leading to an incremental demand for LIH units. This has been largely the result of increasing population, urbanisation and nuclearisation.

It is this difference in perspective – opportunity as opposed to challenge – that has translated into AuHFL reporting 100% topline growth for the third consecutive year, doubling assets under management and reporting a ROE of 28.3 % (6.5 bps higher than the previous year).

BUILDING THE FOUNDATION

The credit for AuHFL's sustained outperformance is ascribed to our robust fundamentals.

We identified areas most overlooked; for instance, we selected to work out of Tier-III, semi urban and rural areas rather than metros or other urban centres.

We proactively invested in state-of-the-art technology rather than switch simplistically from the manual to the automated once our business achieved scale.

We leveraged the knowledge and credentials of our parent company, building on this advantage to create 50 independent branches (projected to reach 100 in two years).

We engaged experienced professionals to climb the learning curve; so even as we entered the business leveraging the established position of parent company, we gradually worked our way to standalone independence.

We adapted our response to regions coupled with stringent customer appraisal methodologies that extended beyond simplistic assessment, creating a robust credit risk management competence.

OUR RESPONSE

Even as the year under review was marked by rising competition, arising out of the

government's decision to enhance incentives for customers and finance providers, AuHFL addressed the reality with proactive initiatives.

One, AuHFL strengthened its funds pipeline, kick starting a virtuous cycle marked by a steady growth in revenues, increased base of operations, good asset quality and upgradation of credit rating and resulted in moderation of costs of fund and interest margins.

This helped the Company by providing a stable foundation and the confidence to scale the business. The result is that AuHFL enjoys access to diverse fund raising options, helping moderate borrowing costs in 2014-15.

Two, while most players would have preferred to report a higher net interest margin during the year under review, AuHFL focused on remaining competitive. The Company chose to shift from high-ROE products to a risk-adjusted pricing matrix. The result is that we offer housing loans with flexible ROIs to self-employed/salaried customer segments, thereby widening customer acceptability.

Three, the general assumption is that cost management becomes easier only in the long-term when the business acquires scale. AuHFL moderated overheads in a short tenure instead, saving on its operating expenditure and reducing average borrowing cost, which enhanced competitiveness.

Four, AuHFL addressed the housing needs of low-income groups, self-employed and salaried individuals

(constituting 62% and 38% customers respectively). The Company addressed, first-time customers generally excluded from financial coverage owing to inadequate documentation.

Five, even as AuHFL was built on the rich experience of its parent company, it graduated towards standalone independence. In doing so, the Company scaled its monthly disbursement from ₹25 crore to ₹45 crore within the space of a year.

OUTLOOK

There are several reasons why I am hopeful about the continued growth of the housing sector, the include:

- 34,000 EWS and LIG housing units launched under the aegis Rajasthan Affordable Housing Policy and emphasised by Government of India on PPP model for building of low cost houses.
- 80% of the housing shortage and demand stems from LIH segment and 80% of our loan portfolio belongs to this segment
- The Government of India Rural Housing Mission will catapult construction of 4 crore houses in rural India. This is expected to be another opportunity and we would be following the steps of our parent company going to penetrate in rural India.

By doubling the size of our lending book, we outperformed the

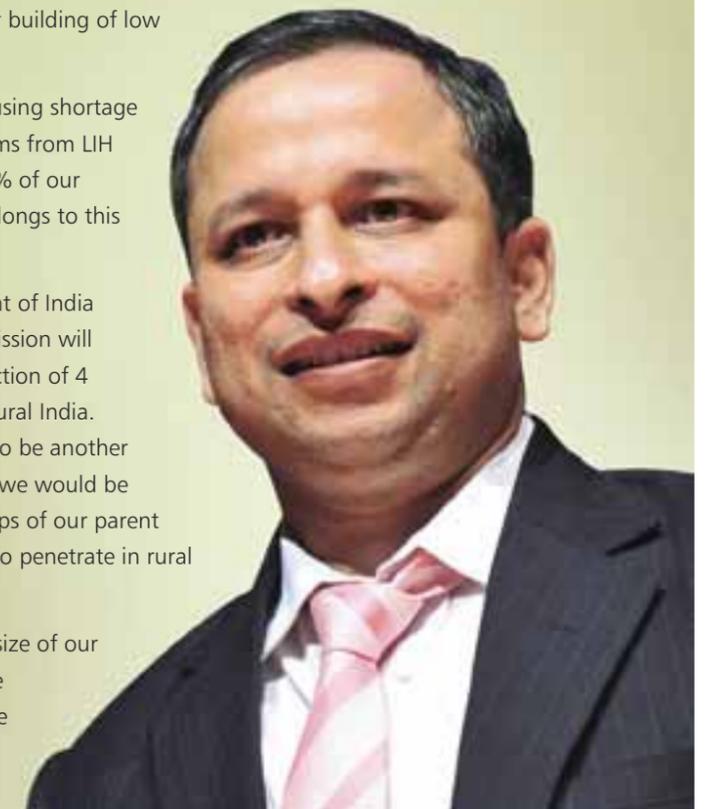
growth of the affordable niche by 4x, a growth rate we expect to sustain.

The operating environment is expected to become increasingly favourable; a ₹9 lac crore industry size is expected to grow to ₹25 lac crore by 2022.

AuHFL will capitalise on these opportunities that we expect to translate into profitable growth for us and enhance value for our shareholders.

Best wishes,

Sushil Kumar Agarwal
Wholetime Director & CEO
Au HOUSING FINANCE LIMITED



AuHFL remains firmly placed on a growth trajectory...

<h1>1</h1> <p>AuHFL will continue growing its disbursement portfolio</p>	<h1>2</h1> <p>AuHFL will be in a better position to deepen its presence</p>	<h1>3</h1> <p>AuHFL will be poised to reduce its turnaround time</p>
<ul style="list-style-type: none"> • Government's aim of ensuring 'Housing for All by 2022', building 40 million housing units in rural areas • India's rural housing shortage is estimated at 43.90 million units • LIG segment accounts for a majority of this share • Expected to generate sustainable growth for all those financing low-cost rural housing 	<ul style="list-style-type: none"> • Leverage the presence of its parent company • Leverage the brand for enhanced recall, leading to customer accretion • Deepen presence in existing geographies (Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana and Delhi) • Strengthen presence in new Locations in existing geographies (Chhitorgarh, Rajsamand, Neemrana, Ahmednagar, Kolhapur, Anand and Surendranagar) 	<ul style="list-style-type: none"> • Increasing investments in cutting edge IT platform • Growing focus on improving systems and processes • Aggressive delegation of authority and responsibility • Lower turnaround time to enhance service and goodwill
<h1>4</h1> <p>AuHFL will leverage a stronger Balance Sheet</p>	<h1>5</h1> <p>AuHFL will continue to minimise its cost of borrowings</p>	<h1>6</h1> <p>AuHFL will aim to widen the market</p>
<ul style="list-style-type: none"> • Growth in loan portfolio and assets under management • Stronger amortisation of fixed costs • Enhanced ability to mobilise lower cost capital • Wider net interest margin as a driver of profitability 	<ul style="list-style-type: none"> • Reliable consortium of banks to ensure easy access to low-cost funds • Access to low-cost NHB funding • Deployment of assets at attractive rates which also classified as priority sector lending • Improved credit rating leading to better terms of negotiation with bankers 	<ul style="list-style-type: none"> • Ensure strong compliance across all statutory requirements • Maintain capital adequacy ratio of 26.72% (regulatory requirement of 12%) • Maintain adequate liquidity • Report a decline in borrowing costs

What makes our business

safe, secure and sustainable?

<h3>Safe</h3>	<p>Parentage: A part of the ₹6,413 crore-Au Group, the Company has leveraged the entrenched experience of its parent company, AuFIN.</p> <p>Spread: Within just three years, the Company acquired a reasonable share of housing finance market in the geographies where it operates. AuHFL expanded its presence (42 branches) across Rajasthan, Gujarat, Maharashtra, Madhya</p>	<p>Pradesh, Delhi and Haryana. AuHFL added seven new branches in 2014-15, largely in semi urban and rural areas.</p> <p>Portfolio: The Company strengthened its asset quality by combining its legal and commercial expertise with credit appraisal competencies.</p> <p>Financials: The Company enjoys a diversified funds mix, thereby de-risking the business.</p>
	<h3>Secure</h3>	<p>Customised: The Company understands customer needs better than its peers leading to efficacious product customisation.</p> <p>Convenient: The Company selected to grow its industry presence through user-friendly practices and operational austerity.</p>
<h3>Sustainable</h3>		<p>Niche: The Company's presence in the small loans segment, the largest and the most underserved in India, is marked by a virtual absence of large financial institutions.</p> <p>Focused: The Company focuses on the unserved and underserved rural and suburban customers. The Company addresses first-time customers who find it difficult to access organised funds.</p>

How we manage our business risks

Risk is the manifestation of business uncertainty, affecting performance and prospects.

AuHFL has a systems-based approach to risk management. A combination of central policies and divisionally-implemented processes ensures that these risks are effectively addressed.

1 Credit risk

CREDIT RISK IS THE RISK OF LOSS RESULTING FROM THE FAILURE OF A BORROWER TO HONOUR HIS OR HER FINANCIAL OR CONTRACTUAL OBLIGATIONS TO THE COMPANY.

Risk mitigation

The Company implemented perceptive credit norms and policies and clearly defined roles for all originators and approvers resulting in complete transparency across the loan cycle. All credit exposure limits are vetted by a dedicated credit approval authority.

The Company's robust credit approval matrix comprises a series of checks and balances before disbursement. The Company follows stringent customer profiling and analysis.

The Company implemented a credit appraisal memo where a 360° trade referencing of self-employed individuals is conducted with normal referencing along with a FOIR (Fixed Obligation-to-Instalment Ratio) check, which determines the applicant's repayment capability and hence, loan eligibility.

The Company's risk-based pricing method ascertains a borrower's creditworthiness. The Company formulated its loan-to-value ratio with the objective to manage collateral risk.

2 Strategy risk

THE COMPANY MAY BE SUSCEPTIBLE TO THE DOWNSIDES ARISING OUT OF A FAULTY STRATEGY.

Risk mitigation

AuHFL's senior management meets periodically to review its policies.

The Company inducted two Independent Directors on its Board to review strategies with the objective to

ensure that its long-term objectives were met.

The Non-Executive Independent Directors possessed the necessary qualifications and experience to enhance organisational effectiveness.

3 Liquidity risk

THE COMPANY MAY NOT BE ABLE TO ADDRESS SHORT-TERM FINANCIAL OBLIGATIONS.

Risk mitigation

The Company set up an Asset Liability Management Committee, an executive-level committee comprising senior management personnel to follow assessment guidelines and monitor shifts in asset-liability ratio.

The Company created a diversified borrowing basket comprising a consortium of 20 banks, financial institutions and the NHB, among others, to reduce its

dependence on a single entity.

AuHFL sourced low-cost funds through debt capital markets and Tier-II capital.

The Company's credit rating of A1 from CRISIL and A+/Stable from INDIA Ratings (FITCH) made it a preferred partner for banks and financial institutions. It emphasised the matching of receivables and liabilities, enhancing organisational safety.

4 Operational risk

THE COMPANY MAY BE AFFECTED BY OPERATIONAL RISK (FAILURES IN MANAGEMENT, TECHNOLOGY, INFORMATION AND INFRASTRUCTURE).

Risk mitigation

The Company complies with comprehensive protocols (efficient allocation of duties, use of advanced software and detailed standard operating procedures).

The Company conducts routine technology audits and

prudently invests in best-in-class technology.

The Company segregated its credit and operations verticals to enhance the efficacy of its maker-checker system. It developed policies and processes to reduce its dependence on an individual, protecting it from collateral damage arising out of human error.

5 Legal risk

THE COMPANY'S FAILURE TO COMPLY WITH STATUTORY AND REGULATORY NORMS COULD LEAD TO CENSURE, REPUTATION LOSS OR PENALTY.

Risk mitigation

The Company created a dedicated legal team to devise systems and controls to minimise this risk.

The Company implemented guidelines to ensure defect-free documentation. Any new product or schemes introduced by the Company goes through extensive legal scrutiny.

The Company's legal team comprises professionals who are well aware of all regulatory changes. In turn, they extended legal advice associated with the Company's business and educated personnel on regulatory amendments/modifications pronounced by courts and regulatory authorities.

Profile of Board of Directors



Mr. Mannil Venugopalan
Independent Director
(DIN No. 00255575)

Mr. Mannil Venugopalan is a commerce graduate, a gold medallist from Kerala University and the CAIIB. He has a career spanning four-and-a-half decades in the banking sector, both in India and abroad.

He is the former CEO and Managing Director of Federal Bank. He has also provided his leadership as the Chairman & Managing Director of Bank of India and as Executive Director of Union Bank of India. As an Independent Director, his role is largely advisory in nature.

Mr. Venugopalan is a well-recognised commercial banker with domestic and international experience across the realms of corporate finance, foreign exchange, resource management and strategic planning for large public and private sector banks. He has an immaculate track record of driving positive change in commercial banks, which has resulted in those banks being adjudged as the leading ones in the country in terms of efficiency and adaptability.



Mr. Krishan Kant Rathi
Independent Director
(DIN No. 00040094)

Mr. Krishan Kant Rathi holds a bachelor's degree in commerce and is a qualified chartered accountant and company secretary with more than 25 years of professional experience in finance and accounting functions.

He has previously held top positions with the companies where he was responsible for strategic planning, mergers and

acquisitions, treasury management and corporate governance. Previously, he has worked as the CFO of Future Group and had been involved with the RPG Group and Rajan Raheja Group, occupying senior positions. Mr. Rathi currently serves as the Chief Executive Officer of Future Ventures India Limited.



Mr. Sanjay Agarwal
Managing Director
(DIN No. 00009526)

Mr. Sanjay Agarwal is a rank-holding chartered accountant and a first-generation entrepreneur. He possesses vast experience spanning more than 20 years in the field of financial, legal and credit risk analysis and management, strategic planning and is responsible for the overall management of the Company.

He is also the Managing Director of AuFIN.

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



Mr. Sushil Kumar Agarwal
Wholtime Director & CEO
(DIN No. 03154532)

Mr. Sushil Kumar Agarwal has more than 15 years of professional experience in the SME, housing finance and financial services sectors.

He has previously worked as a National Head – Credit Risk for the Business Banking Group (SME) of ICICI Bank limited.

He is experienced in areas like retail finance, business development, financial management, administration and manpower management.



Mr. Uttam Tibrewal
Director
(DIN No. 01024940)

Mr. Uttam Tibrewal has an extensive experience of more than 20 years in the areas of retail marketing and business development, strategic market analyses, delivery and service quality, customer and strategic relationships.

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

Mr. Ghanshyam Rawat possesses 22 years of rich experience in treasury operations, corporate finance, accounts, forex and interest risk management, mergers and acquisitions, finalisation of accounts and IFRS and SAP systems.

Before joining AuHFL, he has served at renowned organisations like Deutsche Postbank Home Finance Limited, Accenture India Private Limited and Indo Rama Synthetic (India) Limited in key positions.

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

STATUTORY AUDITORS

M/S. S R B C & Co 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. OFFICE

19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur- 302 001

CORP. OFFICE

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

Statutory section

Director's Report

To,
The Shareholders
Au HOUSING FINANCE LIMITED

Your Company's Directors are pleased to present the Fifth 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, 2015. The summarised financial results for fiscal 2014-15 are as under:

FINANCIAL RESULT

Particulars	(In ₹ Crore)	
	For the Year ended March 31, 2015	For the Year ended March 31, 2014
Total Income	106.40	56.55
Less: Total Expenditure before Depreciation & Amortization	76.43	46.75
Less: Depreciation & Amortization	1.01	0.42
Total Expenses	77.45	47.16
Profit Before Tax	28.96	9.39
Less: Provision for Taxations	9.87	2.20
Profit After Tax	19.08	7.19
Transfer to Statutory Reserve	4.80	1.96

Company posted Total Income (Total Interest Income and other income) of ₹106.40 Cr and Net Profit of ₹19.08 Cr for the FY 2014-15 as against ₹56.55 Cr and ₹7.19 Cr respectively for FY-2013-14.

REVIEW OF OPERATIONS

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

Sanctions

During the year under review, the Company sanctioned housing loans for ₹576.94 Cr as compared to ₹295.12 Cr in the previous Year with a growth of 96% over the previous year. The cumulative loan sanctions since inception of the Company stood at ₹1,071 crore at the end of the FY 2014-15.

Disbursements

During the year under review, company disbursed housing loans for ₹536.91 Cr as compared to ₹279.94 Cr in the previous Year and recorded a of growth 92% in disbursements. The

cumulative loan disbursement from inception to the end of the FY 2014-15 was 1002 crore.

Assets Under Management (AUM)

During the year under review, the Assets Under Management stood at ₹842.89 Cr (including assignment of ₹16.35 Cr) as at 31st March, 2015 as against ₹406.22 Cr as at 31st March, 2014, with the growth of 108%

Profits

Total Income grew by 88 % to ₹106.40 Cr for the year ended 31st March, 2015 as compared to ₹56.55 Cr for the previous year. Profit before Tax (PBT) was 208 % higher at ₹28.96 Cr as compared to ₹9.39 Cr for the previous year.

The net profit after tax for the year increased by 165%, from ₹7.19 Cr in the previous FY to ₹19.08 Cr in the current FY.

Operating Cost increased by 40% to ₹22.36 Cr, from ₹15.99 Cr, in the preceding FY 2013-2014. Manpower expenses for the year were ₹17.45 Cr as against ₹12.74 Cr in the preceding FY 2013-2014, an increase of 37 %.

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 ₹4.33 Cr (0.52% of the portfolio) as at 31st March, 2015. 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, 2015 were 0.52% and 0.43% respectively (against 0.22% and 0.19% respectively in the previous year).

During the year under review, the Company has, as per the guidelines issued by the National Housing Bank made a provision of ₹2.35 Cr towards NPA and Standard Assets.

The cumulative provisioning on the asset book as at 31st March, 2015 was ₹4.12 Cr, of which standard asset provisioning amounted to ₹3.32 Cr.

The average size of home loans disbursed to individuals during the year was ₹8.80 Lakhs and Average tenure is 140 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.

SHARE CAPITAL

During the year under review, as per approval of the Shareholders, the Authorised Share Capital of the Company was increased from ₹30 Cr to ₹33 Cr.

The Paid-up Share Capital of the Company as at 31st March, 2015 was ₹32.91 Cr (31st March, 2014: ₹29.92 Cr) consisting of 32916667 Equity Shares of ₹10/- each.

During the year under review, the Company has issued and allotted 30,00,000 Equity Shares of ₹10/- each at a premium of ₹90/- each aggregating ₹30 Cr, on Private Placement basis to its existing shareholder, as Further Issue of shares.

BRANCH EXPANSION

Your Company has been successful in establishing its presence leveraging the branch network of its parent Company. During the year under review, operations were strengthened in the states of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana and Delhi. The Company has expanded its branch network from 35 branches as of 31st March, 2014 to 42 branches as of 31st March, 2015 and plans to scale up its operation to newer geographies in FY 2015-16.

The Company has its registered office in Rajasthan and is having 42 branches as at 31st March, 2015 and branch network as mentioned below:

State	No. of Branches
Rajasthan	21
Maharashtra	08
Gujarat	07
Madhya Pradesh	04
Delhi	01
Haryana	01
Total number of branches	42

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, 2015.

During the year under review, Mr. Mannil Venugopalan and Mr. Krishan Kant Rathi were appointed as Independent Directors of the Company in the duly convened Extra Ordinary General Meeting (EOGM) of Members held on 29th August, 2014 for a period of 5 (Five year) w.e.f. 29th August, 2014. Further company has to appoint the woman director on the board.

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) and Mr. Ghanshyam Rawat has been appointed as Chief Financial Officer of the company during the year under review who shall act as whole - Time Key Managerial Personnel in terms of section 203 of the Companies Act, 2013

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

Pursuant to Section 149(6) of the Companies Act, 2013, Both the Independent directors, Mr. Mannil Venugopalan and Mr. Krishan Kant Rathi, have given the declaration of meeting the criteria of independence under this Section and appointed on the criteria as prescribed in the Companies Act, 2013.

NUMBER OF BOARD MEETINGS DURING THE FINANCIAL YEAR

The details related to Board meeting is appended in Corporate Governance Report section of 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:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (b) 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.
- (c) 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.
- (d) We have prepared the annual accounts on a going concern basis.
- (e) 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
- (f) 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 compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the company has Constituted Corporate

Social Responsibility (CSR) Committee of Directors comprising Mr. Mannil Venugopalan, Mr. Sanjay Agarwal, and Mr. Sushil Kumar Agarwal.

The role of the CSR Committee is to review the CSR policy, indicate activities to be undertaken by the Company towards CSR activities and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR initiatives.

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, 2015 in form MGT-9 is provided as "Annexure 2" to this report.

TRANSFER TO RESERVES

Your company has transferred ₹4.80 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.

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 further diversified its funding sources by exploring the Debt Capital Market through private placement of Secured Non Convertible Debentures and non traditional banking products likes Working Capital Demand Loan (WC DL) & FCNR Term Loan etc.

Loans from Banks

Loans from Banks and Financial Institutions continue to be one of major source of funding for the Company. During the year, your Company has borrowed ₹201 Cr from Banks & FIs and the aggregate of term loans including Cash Credit at the end of the FY 2014-15 stood at ₹457.11 Cr as against ₹299.74Cr during the previous year.

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 ₹37 Cr (previous year ₹25 Cr) under the NHB refinance scheme to Housing Finance Companies. The company availed this fund from NHB under the Refinance Scheme for Women & Golden Jubilee Rural Housing Refinance Scheme of the Government of India and outstanding at the end of the current year stood at ₹43.28 crores (previous year ₹24.49 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")

As alternate source of funding, for the first time, your Company has mobilized ₹150 Cr by issuing Secured Redeemable Non-Cumulative Non-Convertible Debentures (NCDs) on private placement basis. The outstanding balance of Debentures including interest accrued and due as on 31st March, 2015 amounts to ₹153.82 Cr. Debentures issued by the Company have been assigned rating of "CRISIL A-/" with Positive outlook by CRISIL which indicates Adequate degree of safety regarding the timely servicing of financial obligations. These NCDs are listed with Bombay Stock Exchange Limited and the company has appointed IDBI Trusteeship Services Limited to act 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

- (i) 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
- (ii) 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

During the year under review, your Company first time securitized its loan portfolio of ₹14.96 Crs (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 2014-15, your Company issued Commercial Papers (CPs) of ₹100 Cr for which CRISIL have been assigned the rating of "CRISIL A1" and placed them with investors' at reasonable rate of interest. The amount of CPs outstanding as at 31st March, 2015 is ₹23.85 Cr.

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

COMPLIANCE UNDER THE COMPANIES ACT, 2013

The Companies Act, 2013 with Rules, notified with effect from April 01, 2014 with substantial changes in requirement of law and compliance has replaced the Companies Act, 1956. Your Company has taken steps to comply with the requirements of the above Act, as are applicable.

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 exempt 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 (Au FINANCIERS (INDIA) LIMITED) in the FY 2014-15. 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".

UPGRADED IN CREDIT RATING

During the year under review, India's renowned Rating Agency CRISIL has upgraded the long term credit rating outlook to "Positive" from "Stable", while reaffirming the rating at "CRISIL A-" for long term credit facilities and also kept our short term rating at "CRISIL A1". Also, the India's most reputed Credit Rating and Research Agency, India Ratings and Research Pvt. Ltd (FITCH) have assigned us Long Term rating of "IND A+" in May 2015. Now current external rating is as below:

Rating Agency	Rating Type	Last Assigned Rating	Upgraded Rating
CRISIL	Long Term Rating	CRISIL A-/Stable	CRISIL A-/Positive (Adequate degree of safety regarding timely servicing of financial obligations) A 'Positive' outlook indicates that there is a material likelihood (at least one-in-three) of the rating being upgraded over the medium term.
	Short Term Rating	CRISIL A1	CRISIL A1 (Reaffirmed) instruments with this rating indicates High degree of safety regarding timely servicing of financial obligations.
India Ratings & Research (FITCH)	Long Term Rating	-	IND A+/Stable (Adequate degree of safety regarding timely servicing of financial obligations) A 'Stable' outlook indicates that the rating is likely to remain unchanged over the medium term.

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 ratings centrally factor that Au Housing will continue to benefit from the strong support of its parent, and will maintain an adequate financial risk profile, over the medium term.

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, 2015

MATERIAL CHANGES AND COMMITMENTS, IF ANY

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, 2015 and the date of the Directors' report i.e. 27th May, 2015.

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 the compliance of the same.

During the year under review, NHB has conducted an inspection of the company under section 34 of the NHB act, 1987. 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, 2015.

The Government of India has set up the Central Registry of Securitisation 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 utilisation 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 2015.

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CAR) of your Company as at 31st March, 2015 was 26.72 (previous year 31.21 %) 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 623 permanent employees on its rolls as at 31st March, 2015. 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 and HDFC Standard Life Insurance Company Limited for providing group credit life insurance of the Insured.

Company also tied up with Shriram General Insurance Company Limited 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.B.C & Co LLP, Chartered Accountants, the Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting, M/s. S.R.B C & Co. LLP have given the Company notice, in writing, expressing their unwillingness to ratify their appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

Hence in terms of Sections 139 and 141 of The Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the Board hereby proposes to appoint M/s. S. R. BATLIBOI & Associates LLP, Chartered Accountants (Firm Registration No: 101049W), as the Statutory Auditors of the company from the conclusion of ensuing Annual General Meeting (AGM) till 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) at a remuneration as may be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.

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), 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.

The Audit Committee and Board of Directors recommend their appointment as the Statutory Auditors of the Company. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

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 VM & Associates, Practicing Company Secretaries, Jaipur as its Secretarial Auditors to conduct the secretarial audit of the Company for the FY 2014-15. Company has provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The Report of Secretarial Auditor for the FY 2014-15 is annexed to this report as "Annexure 5".

There is no Audit Qualifications in the Secretarial Auditors Report as annexed elsewhere in this Annual Report.

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. The Committee reconstituted on 31st October, 2014 by appointing Mr. K. K. Rathi & Mr. Mannil Venugopalan in place of Mr. Sanjay Agarwal and Mr. Sushil Kumar Agarwal. All members of the Committee have wide exposure and possess sound knowledge in the area of accounts, finance, audit, internal controls, etc.

RISK MANAGEMENT FRAMEWORK

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 behavior, 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

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]), 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 27, 2015

Place: Jaipur

CIN No.U65922RJ2011PLC034297

Annexure 1 to Directors' Report-Annual Report on 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 Lakhs)
Net Profit before tax as per books of FY 2013-14	938.72
Net Profit before tax as per books of FY 2012-13	274.00
Net Profit before tax as per books of FY 2011-12	47.29
Total (A)	1260.01
Average of annual net profit of the preceding three FYs B (A/3)	420
CSR Expenditure (Round off) For the F.Y 2014-15 (B*2%)	8.50

DETAILS OF CSR AMOUNT SPENT/UNSPENT DURING THE FINANCIAL YEAR:

- Total amount to be spent for the FY: ₹8.50 Lakhs
- Amount unspent, if any: ₹8.50 Lakhs*

*This amount will be spent in FY-2015-16 as a part of 2014 CSR expenditure.

REASONS FOR NOT SPENDING ANY AMOUNT ON CSR:

Company in FY-2014-15 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:

- The company constituted CSR committee on 31st October, 2014 as per Section 135 of the Companies Act, 2013. The Committee Members approved the CSR Policy and the expenditure to be incurred under CSR activities (as per above stated section) in its first meeting held on 28th January, 2015.
- Company is in a stage of finalizing some of the projects in this FY 2015-16 for expending the balance CSR amount.
- The company needs reasonable time so as to achieve justified allocation of CSR funds with maximum efficient and supporting the neediest hands.
- Considering that there is need to comply with company Law, the relevant Programs, plan for CSR is required to be made which has long term impact in local areas where Company operates and other areas.

Therefore the company is planning to carry forward the same amount to next FY. The company will spend the unspent amount of CSR expenditure in FY 2015-16.

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.

For Au HOUSING FINANCE LIMITED

Managing Director

Chairman of CSR Committee

Annexure 2 to Directors Report - FORM NO-MGT-9

Form No. MGT-9

Extract of Annual Return

As at the FY ended on 31.03.2015

{Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014}

I. REGISTRATION AND OTHER DETAILS

i. CIN No.:	U65922RJ2011PLC034297
ii. Registration date :	23.02.2011
iii. Name of the Company:	Au HOUSING FINANCE LIMITED
iv. Category/Sub category of the Company:	PUBLIC COMPANY
v. Address of the registered office and contact details :	19-A,Dhuleshwar Garden, Ajmer Road, Jaipur-302001, Rajasthan Phone: 0141 – 4110060 Fax: 0141-2368815
vi. Whether listed company :	YES (Debentures are listed)
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any :	Link Intime India Pvt. Ltd C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400078 Phone: +91 22 25963838 Mobile: +919869120348

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated-

Sr. No.	Name and description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Housing Finance	65922	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable section
1.	Au Financiers (India) Limited Regd. Off:- 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001, Rajasthan	U36911RJ1996PLC011381	HOLDING	100%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

(i) Category wise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters/Promoters Group									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	29916667	29916667	100	-	32916667	32916667	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	29916667	29916667	100	-	32916667	32916667	100	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter/ Promoters Group (A)= (A)(1)+(A)(2)	-	29916667	29916667	100	-	32916667	32916667	100	-
B. Public Shareholding									
(1) Institutions									
a) Mutual funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture capital funds	-	-	-	-	-	-	-	-	-
f) Insurance companies	-	-	-	-	-	-	-	-	-
g) FI's	-	-	-	-	-	-	-	-	-
h) Foreign venture capital funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
2. Non institutions									
a) Bodies corp.	-	-	-	-	-	-	-	-	-
i. Indian	-	-	-	-	-	-	-	-	-
ii. Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
i) Individual shareholders holding nominal share capital up to ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Subtotal (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	0	29916667	29916667	100	0	32916667	32916667	100	0

(ii) Shareholding of Promoters

Sl. No.	Share holder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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	AU FINANCIERS (INDIA) LIMITED	29916667	100	-	32916667	100	-	-

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year			No Change*	
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc):			No Change	
	At the End of the year			No Change*	

* The shareholding of Promoters has not changed in absolute terms. The variation in terms of percentage is due to increase in paid up share capital of the Company on account of allotment of shares pursuant to Further issue of shares during the year ended 31st March, 2015.

(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 ten shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase / Decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel: NOT APPLICABLE

Sl. No.	For each of the top ten shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year:	-	-	-	-
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase / Decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

V. INDEBTEDNESS

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

(Amount in Cr)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the FY				
I. principle amount	295.69	23.75	-	319.44
II. interest due but not paid	-	-	-	-
III. interest accrued but not due	-	-	-	-
Total (i+ii+iii)	297.46	23.75	-	321.21
Change in Indebtedness during the FY				
• Addition	402.89	115.00	-	517.89
• Reduction	116.36	75.00	-	191.36
Net Change	583.98	63.75	-	647.73
Indebtedness at the end of the FY				
I. Principal Amount	585.90	53.85	-	639.75
II. Interest due but not paid	-	-	-	-
III. Interest accrued but not due	7.89	-	-	7.89
Total (i+ii+iii)	594.91	53.85	-	648.76

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration to Managing Director / Whole-time Director

S.No	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Sanjay Agarwal -MD	Sushil Kumar Agarwal -WTD	
1	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Fixed pay, pension, LTA, Bonus and medical)	-	64,38,804	64,38,804
	(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			
	Granted during the year	-	-	-
	Exercised during the year	-	-	-
3	Sweat Equity			
4	Commission	-	-	-
	• as % of profit			
	• others specify			
5	Others (Company contribution towards PF, Medical Reimbursement)	-		-
	Total (A)	-	64,38,804	64,38,804
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, ("Act") the remuneration payable to the Whole Time Director shall not exceed 5% of the net profit of the Company as calculated as per the Act. The remuneration paid to Sushil Kumar Agarwal –Whole Time Director was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company.		

B) REMUNERATION TO OTHER DIRECTORS:

S.No	Particulars of remuneration	Name of Directors			Total Amount
		Krishan Kant Rathi	Mannil Venugopalan	Uttam Tibrewal	
1	Independent Directors				
	For attending board committee meetings	2,40,000	2,40,000	-	4,80,000
	Commission	10,000	60,000	-	70,000
	Others, Please specify			-	
	Total (1)	2,50,000	3,00,000	-	5,50,000
2	Other Non-Executive Directors				
	For attending board committee meetings			-	
	Commission			-	
	Others, Please specify			-	
	Total (2)	-	-	-	
	Total (B)=(1)+(2)	2,50,000	3,00,000	-	5,50,000
	Overall ceiling as per the Act	<p>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 and Non-Executive Director as listed above were well within the limits prescribed under the Companies Act, 2013.</p> <p>2. The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.</p>			

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

S.No	Particulars of Remuneration	Key Managerial Personnel		
		Ghanshyam Rawat (CFO)	Sharad Pathak (CS)	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the income tax act,1961	68,42,444	4,06,489	72,48,933
	(b) Value of perquisites u/s 17(2) Income tax act,1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income tax Act,1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as a % of profit	-	-	-
	-others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	68,42,444	4,06,489	72,48,933

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies act	Brief description	Details of penalty/ punishment/ compounding fees imposed	Authority { RD/ NCLT/COURT }	Appeal made, if any
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 Director's Report- FORM NO. AOC.2

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)

1. Details of contracts or arrangements or transactions not at arm's length basis
 - (a) Name(s) of the related party and nature of relationship:
 - (b) Nature of contracts/arrangements/transactions:
 - (c) Duration of the contracts/arrangements/transactions:
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (e) Justification for entering into such contracts or arrangements or transactions:
 - (f) Date of approval by the Board:
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: N.A
2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: Au FINANCIERS (INDIA) LIMITED- 100% Holding Company
 - (b) Nature of contracts/arrangements/transactions: Infrastructure sharing Agreement
 - (c) 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.
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 1. 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.
 2. The Wholly owned 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.
 3. 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.
 4. 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 utilized by the Subsidiary Company.)
 5. That the Subsidiary shall make payment to the Holding Company of the amounts due under this Agreement on Monthly basis.
 6. That both the Parties shall endeavor to identify and incur their own specified capital and revenue expenditure to the extent possible.
 7. 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: 31st Oct, 2014
 - (f) Amount paid as advances, if any: No

Annexure 4 to Director's Report- CORPORATE GOVERNANCE 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.

The 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. Sanjay Agarwal- Managing Director, has been re-appointed as the Managing Director of the company in the duly conveyed Annual General Meeting (AGM) of members held on Tuesday, 22nd July, 2014. Also, Mr. Mannil Venugopalan and Mr. Krishan Kant Rathi were appointed as Independent Directors of the company in the Extra Ordinary General Meeting held on 29th Aug, 2014.

No Director is related to any other Director.

As on March 31, 2015, the strength of the board is five members. 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 2015 are given below;

Name of Director	Director Identification Number	Number of Other Directorship held (in public companies)	Qualification/Experience
Mr. Mannil Venugopalan	00255575	10	B.Com and CAIIB /45 Years
Mr. Krishan Kant Rathi	00040094	06	C.A and C.S/ 27 Years
Mr. Sanjay Agarwal	00009526	02	FCA, B.Com / 20 Years
Mr. Uttam Tibrewal	01024940	02	B. Com / 20 Years
Mr. Sushil Kumar Agarwal	03154532	Nil	C.A and C.S / 15 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 2014-2015 on 23rd May 2014, 13th June, 2014, 7th August 2014 , 31st October 2014 and 28th January 2015. The names and categories of the Directors, their attendance at Board meetings and AGM held on Tuesday, 22nd July, 2014 as on 31st March 2015 are given below.

Name of Directors	Category of Director	No. of Meetings Held	No. of Meetings Present	Attendance at the last AGM held on 22nd July, 2014
Mr. Mannil Venugopalan	Director (Independent Non- Executive Director)	5	2*	No*
Mr. Krishan Kant Rathi	Director (Independent Non- Executive Director)	5	2*	No*
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

*Appointed in Extra Ordinary General Meeting held on 29th Aug, 2014.

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

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, 2015, 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;

During the financial year 2014-2015, 4 (Four) Audit Committee meetings were held on the following dates, 23rd May, 2014, 07th Aug, 2014, 31st Oct, 2014 and 28th Jan, 2015.

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	1
Mr. Krishan Kant Rathi	Member	1
Mr. Sanjay Agarwal*	Member	3
Mr. Uttam Tibrewal	Member	4
Mr. Sushil Kumar Agarwal*	Member	3

*reconstituted on 31st October, 2014- appointed Mr. K.K.Rathi & Mr. Mannil Venugopalan in place of Mr. Sanjay Agarwal & Mr. Sushil Kumar Agarwal for in committee for forming the majority of independent directors in the committee.

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, 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. 22nd May, 2014, 06th Aug, 2014, 30th Oct, 2014 and 24th Jan, 2015.

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	3*

*reconstituted on 6th Aug, 2014 - Mr. Ashutosh Atre in place of Mr. Pankaj Sharma.

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 2014-2015, 5 (Five) Nomination & Remuneration Committee meetings were held on the 14th May, 2014, 30th Jul, 2014, 06th Aug, 2014, 30th Oct, 2014 and 28th Jan, 2015.

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	1
Mr. Krishan Kant Rathi*	Member	1
Mr. Uttam Tibrewal	Member	5

*reconstituted on 31st October, 2014- appointed—Mr. Mannil Venugopalan and Mr. Krishan Kant Rathi and Mr. Sanjay Agarwal has resigned from the Committee for comply of minimum Non- Executive Director criteria as laid in Companies Act, 2013.

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 meeting of the Committee of Independent Directors and the Board of the Directors held on 27th May, 2015.

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 2014-2015, 15 (Fifteen) Executive Committee meetings were held on 26th May, 2014, 13th June, 2014, 18th July, 2014, 21st July, 2014, 05th August, 2014, 11th Sep, 2014, 21st Oct, 2014, 21st Nov, 2014, 29th Dec, 2014, 20th Feb, 2015, 05th March, 2015, 16th March, 2015, 21st March, 2015, 27th March, 2015 and 31st March, 2015.

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. Sushil Kumar Agarwal	Member	15
Mr. Sanjay Agarwal	Member	15
Mr. Ghanshyam Rawat	Member	15

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) committee was formed as per Section 135 of the Companies Act, 2013 in the meeting of Board of Directors on 31st October, 2014 according to which a Company has to spend at least 2% of its average annual net profit towards CSR expenditure on 31st October, 2014.

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 functions of the CSR committee are:

- The committee was formed as per Section 135 of the Companies Act, 2013 according to which a Company has to spend at least 2% of its average annual net profit towards CSR expenditure.
- The committee advises the Board the activities where the company can spend amount for CSR.

The committee met 1(one) time i.e. on 28th January, 2015 during the financial year ended March 31, 2015.

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	1
Mr. Sanjay Agarwal	Member	1
Mr. Sushil Kumar Agarwal	Member	1

Risk Management Committee

The committee was formed on 23rd May, 2014 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 2014-2015, 4 (Four) Risk Management Committee meeting was held 2nd June, 2014, 6th Aug, 2014, 1st Nov, 2014, 24th Jan, 2015.

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

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 January 28, 2015.

Listing

At present, Equity Shares of the Company are not listed on any Stock Exchange(s). However, the Non-Convertible Debentures (Secured/Unsecured) 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 transact in the respective meetings are given below:

Financial Year	Meeting	Date	Location	Business
2014-2015	Extra Ordinary General Meeting	7th July 2014	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none">To raise funds for general corporate purposes and for onward lending business of the company.
2014-2015	Annual General Meeting	22nd July 2014	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none">To adopt Annual Accounts of F.Y 13-14.To appoint a director in place of Mr. Sanjay Agarwal, Managing Director, who retires by rotation and being eligible offers himself for re-appointment.To re-appoint Auditors and fix their remuneration.To borrow money in excess of paid up capital and free reserves of the company u/s 180(1) (c) and to sell, lease or otherwise dispose of the assets of the company for such borrowing u/s 180 (1)(a) of the Companies Act, 2013.To approve revision of remuneration of Mr. Sushil Kumar Agarwal, WTD & CEO.
2014-2015	Extra Ordinary General Meeting	29th August 2014	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none">To appoint Mr. Mannil Venugopalan as Independent Director of the company.To appoint Mr. Krishan Kant Rathi as Independent Director of the company.
2014-2015	Extra Ordinary General Meeting	5th February 2015	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001	<ul style="list-style-type: none">To increase authorized capital and consequent alteration of MoA.To approve for issuance of fully paid up Equity shares on private placement basis.

ADDRESS FOR CORRESPONDENCE

Company Secretary
Au HOUSING FINANCE LIMITED
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur - 302001
Tel: +91-141- 6618839
Fax: +91-141-6618861
Email: sharad.pathak@auhfin.in

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

Sanjay Agarwal Sushil Kumar Agarwal
Managing Director Whole Time Director

Date: May 27, 2014
Place: Jaipur

CIN No.U65922RJ2011PLC034297

Annexure 5 to Director's Report- SECRETARIAL AUDIT REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FY ENDED 31.03.2015
*[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,
CIN: U65922RJ2011PLC034297
19-A Dhuleshwar Garden, Ajmer Road,
JAIPUR- 302 001

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 FY ended on 31st March, 2015 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 FY ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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);
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Not applicable);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable);
 - (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) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable).

We have also examined compliance with the applicable clauses of The Listing Agreement entered into by the Company with Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, 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. Further, the first Debt Instrument (NCDs) of the Company was listed in the Month of August, 2014 at BSE Ltd., whereas equity Shares are not yet listed on any of the Stock Exchange. The other changes in the composition of the Board of Directors like appointment of independent director 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 issued equity shares to its Holding Company, pursuant to preferential issue carried out by the company and has also issued Redeemable Non Convertible Debentures pursuant to applicable provisions of Act.

The company has duly passed the resolutions under section 180 of the Companies Act, 2013, read with its applicable Rules, as amended.

However, no event relating to redemption/ buy back of securities, merger/amalgamation/reconstruction, foreign technical collaborations were carried out by the company.

Place: Jaipur
Date: 27th May, 2015

For V.M. & Associates
Company Secretaries
CS Manoj Maheshwari
FCS No.:3355
CP No.: 1971

Annexure 6 to Director's Report

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.	Mr. Sushil Kumar Agarwal : 35 X Mr. Sanjay Agarwal ,Managing Director and Mr. Uttam Tibrewal, Director has not taken any Remuneration during the F.Y. 2014-15
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year.	Mr. Sushil Kumar Agarwal (Whole Time Director) : (25.62%) Mr. Ghanshyam Rawat (Chief Financial Officer) : 41.99% Mr. Sharad Pathak (Company Secretary) : 75.82%
3.	The percentage increase in the median remuneration of employees in the financial year.	Company is in growth phase where several Employees from M1 to M3 grade were hired resulting which there was minor decrease in median remuneration of the employees in FY 14-15 by 3.33%,. And which will stabilize over the period.
4.	The number of permanent employees on the rolls of company as on 31st March, 2015.	There were 623 Permanent employees on the rolls of the Company as on March 31, 2015
5.	The explanation on the relationship between average increase in remuneration and Company performance	The average remuneration of the employees were decreased over the FY 2013-14 due to recruitments undertaken at executive levels but however individual remuneration increased for the employees who are eligible for increment after considering the following factors:- <ul style="list-style-type: none"> ■ Performance of the Company, the bench mark study in the industry, regulatory Provisions and inflation ■ Variable compensation is part of the total pay package and is based on an individual performance and rating.
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	For the FY 2014-15, KMPs were paid 7.17% of the net profit for the year, keeping in view 165 % growth in Profits in FY14-15 over previous year.
7.	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.	The average remuneration of employees other than the managerial personal decreased by 10.37% over the FY 2013-14 The average remuneration of Managerial Personnel decreased by 0.14% over the FY 2013-14.

8.	Comparison of each remuneration of Key Managerial personnel against the performance of the Company:	The Comparison of remuneration of each of the Key Managerial personnel against the performance of the Company:								
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>% of Net Profit for FY14-15</th> </tr> </thead> <tbody> <tr> <td>Mr. Sushil Kumar Agarwal, WTD</td> <td>3.37%</td> </tr> <tr> <td>Mr. Ghanshyam Rawat, CFO</td> <td>3.59%</td> </tr> <tr> <td>Mr. Sharad Pathak, CS</td> <td>0.21%</td> </tr> </tbody> </table>	Particulars	% of Net Profit for FY14-15	Mr. Sushil Kumar Agarwal, WTD	3.37%	Mr. Ghanshyam Rawat, CFO	3.59%	Mr. Sharad Pathak, CS	0.21%
Particulars	% of Net Profit for FY14-15									
Mr. Sushil Kumar Agarwal, WTD	3.37%									
Mr. Ghanshyam Rawat, CFO	3.59%									
Mr. Sharad Pathak, CS	0.21%									
9.	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.								
10.	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 are 1 Top Management Executive who are not directors but receive remuneration in excess of the highest paid director during the year: 1. Mr. Ghanshyam Rawat (Chief Financial Officer) 1.06 X								
11.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed.								

General Notes

- Calculations above have been made on comparable and annualized basis as applicable.
- The remuneration of KMP's were taken from the Audited financial results for F.Y. 2014-15
- Since the company is growing concern therefore the decrease in median and average remuneration were quoted due to recruitment of employees at executive level, however individual remuneration were increased for the employees who are eligible for increment in the F.Y. 2014-15.

Management discussion and analysis

INDIAN ECONOMY OVERVIEW

After a couple of dull years, the Indian economy picked up pace in 2014-15 owing to a significant improvement in market and business sentiments. The Union Budget for FY15-16 focused on mainstreaming the weaker sections, enhancing social security and ensuring housing for all, among others. A number of other proposals were suggested that are expected to drive infrastructural investments and a roadmap was laid out for the construction of six crore houses.

The RBI, in its endeavour to accelerate growth, reduced the repo rate twice during the year and also managed to bring down the CPI inflation to 6% from the double digit level which persisted during the previous two years. This was largely on account of the slump in international crude prices. The Union Budget has also announced initiatives to boost investment. Consequently, the outlook for GDP growth has improved visibly.

With the economy set to grow at a rate of 7.4% and cross the \$2.1-trillion mark in 2014-15 against a 6.9% growth in 2013-14, there is a renewed sense of optimism across all industries. India continues to be the hottest investment destination for foreign institutional investors. Riding on the expectations that country's economy will take over the Chinese economy which is expected to grow at the rate of 7% this year. [This figure has been calculated around the base year of 2011-12. (Source: Forbes) This reversal in fortunes materialised on the back of a robust manufacturing sector performance and a surge in public expenditure.

As per industry estimates, the overall economic situation in the country is looking better and the basic parameters of the Indian economy are moving in the right direction (Source: The Hindu).

EVOLUTION OF THE INDIAN HOUSING FINANCE SECTOR

To accelerate the growth of the housing finance sector of India, the National Housing Bank, a fully-owned subsidiary of the RBI, was set up as the industry's regulatory body in 1988. The primary objective of the National Housing Bank was to promote a network of dedicated housing finance institutions to serve diverse regions and different income groups. Over

the years, the National Housing Bank has supported housing finance companies and continues to support their sustainable development with a concerted attention on the bottom-of-the-pyramid. Any policy amendments or new announcements have been duly implemented, thereby avoiding disparity in the regulatory framework of home loan products.

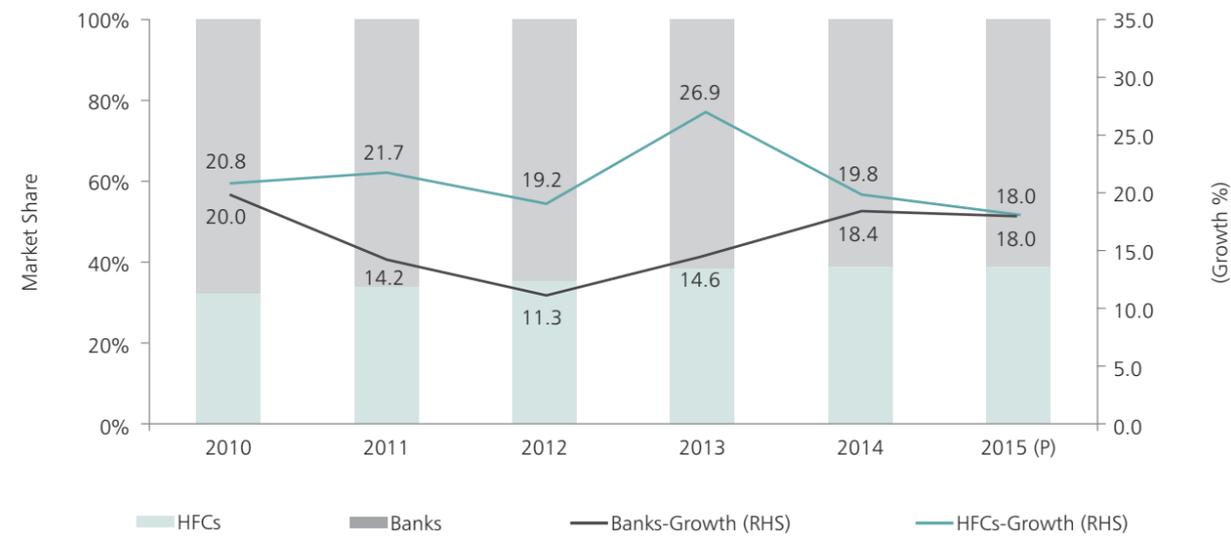
Housing finance companies emphasise on offering better service and ensuring faster loan processing and disbursement at competitive interest rates. This has resulted in numerous tie-ups and home loan syndication agreements between housing finance companies and public as well as private sector banks. Despite the competitive environment, the housing finance industry has witnessed healthy growth during the last fiscal, owing to a deeper penetration in Tier-II and Tier-III locations. Housing finance companies are often preferred by borrowers given that loan processing is relatively faster and simpler, compared with public sector banks.

PERFORMANCE OF THE INDIAN HOUSING FINANCE SECTOR

Housing finance sector review: The Indian housing finance market, pegged at ₹9.7 trillion, has grown steadily at a 19% CAGR over the last three years while exhibiting positive asset quality indicators despite the manifestation of numerous challenges in the operating environment. While the market still continues to be dominated by the larger players accounting for 61% of the total housing credit in India (as of September 30, 2014), there has been an emergence of quite a few new entrants in niche segments like affordable housing. Despite the increased focus on home loans, housing finance companies have been able to maintain their share of the mortgage market (37% as on September 30, 2014) and are expected to emulate the performance in the retail housing market too.

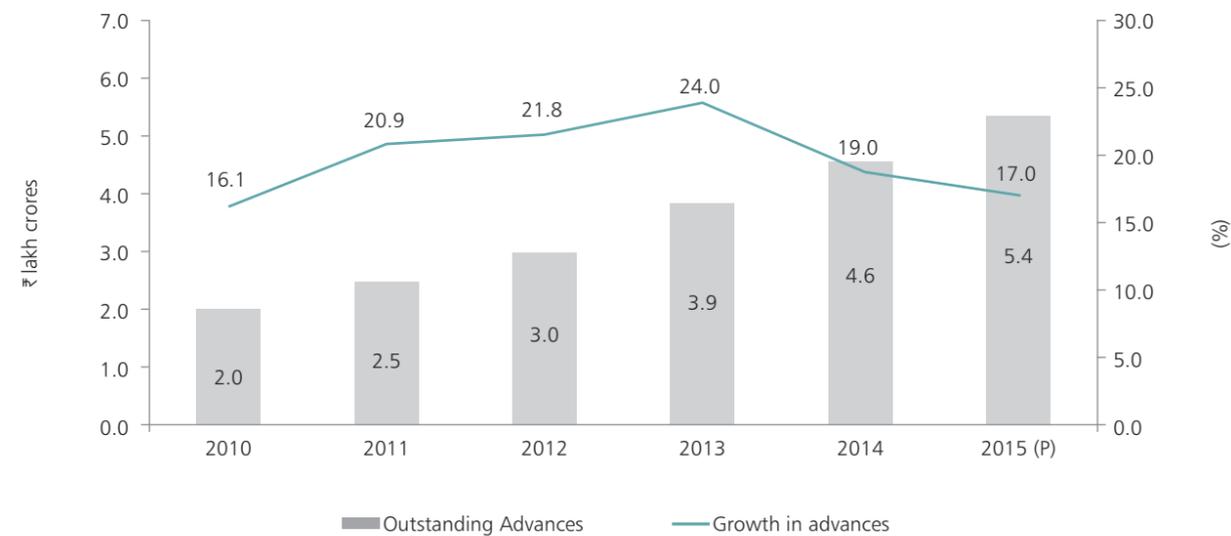
The housing loan portfolio of financial institutions has increased from ₹4.60 lac crore in 2010 to ₹8.90 lac crore in 2014, thereby registering an 18% CAGR over the period. Housing finance companies' contribution to this pie has increased from ₹1.6 lac crore to ₹3.5 lac crore, reporting a CAGR of 22% between 2010 and 2014.

Outstanding retail housing portfolio – Banks + HFCs



(Source: Crisil ratings)

Growth of HFC



(Source: Crisil ratings)

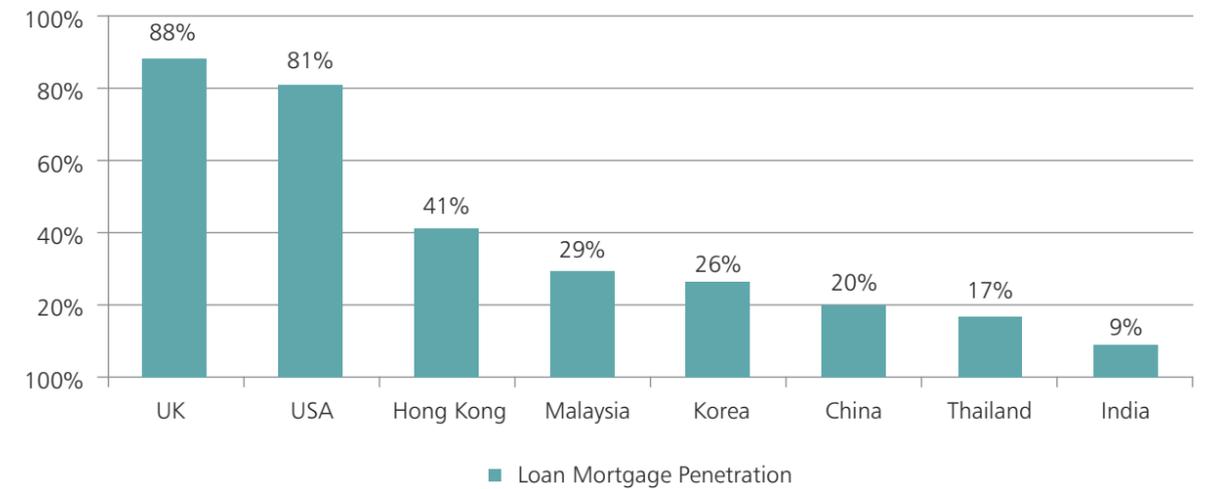
Asset quality: The country's housing finance companies maintained a better asset quality compared with banks in 2014-15, as reflected in a gross NPA of 0.75% as on December 31, 2014, compared with the 2% NPA of banks (gross NPAs of PSU banks is around 5% and private sector banks around 2%). Correspondingly, profitability remained largely stable for housing finance companies on account of an improvement in operating efficiencies and a lowering of credit costs.

Low mortgage-to-GDP ratio: India's housing mortgage market is extensively under-penetrated. The country's mortgage-to-GDP ratio is alarmingly low at 9%, compared with other countries

such as the US (58%), the UK (71%) and China (15%). This is after undergoing an improvement of around 300-400 bps over the last five years.

In the long-term, burgeoning income levels, improving affordability, rising urbanisation across Tier-II and Tier-III centres and increasing nuclearisation are expected to drive growth. Moreover, ease of financing, tax incentives and widening reach of financiers will have a positive impact on the industry. Increase in volumes and rise in property prices will play a significant role in determining growth in disbursements.

Loan mortgage penetration



Housing for all by 2022

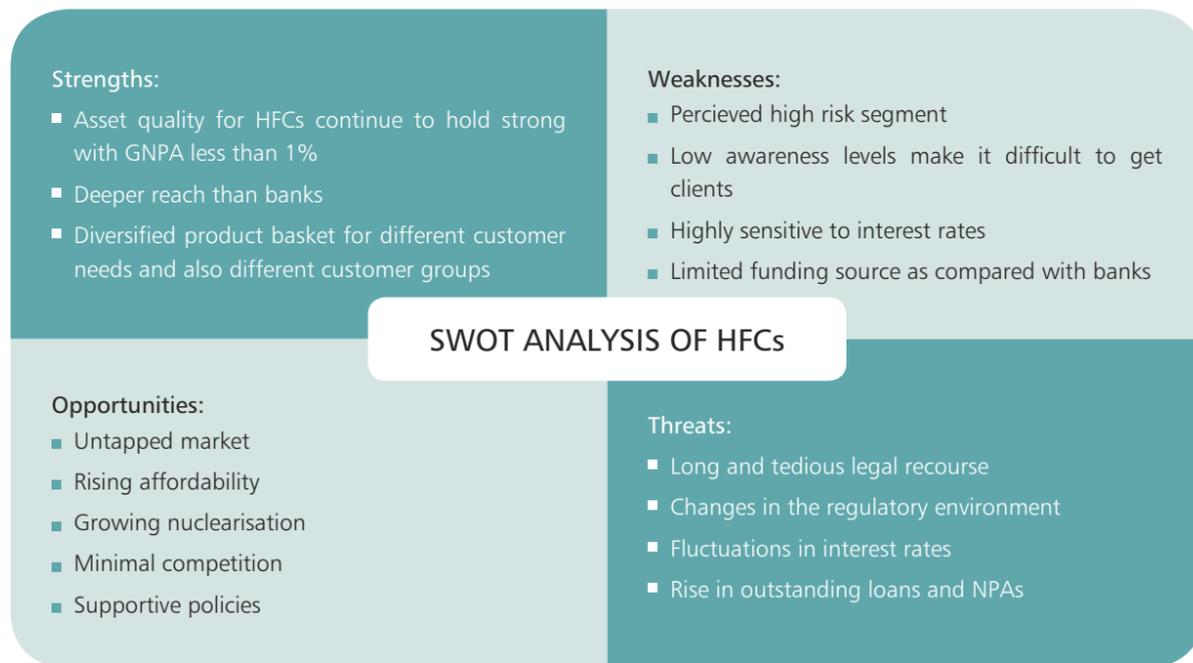
By 2022, the Central Government intends to develop about 11 crore housing units and for this, it needs:

- Investments worth more than USD 2 trillion or about USD 250-260 billion annually until 2022
- Investments will need to grow at a CAGR of 12-13% (unadjusted for inflation) till 2022
- 70% of the housing needs till 2022 should be concentrated in nine states. These states comprise Uttar Pradesh, Bihar, Maharashtra, West Bengal,

Madhya Pradesh, Andhra Pradesh (including Telangana), Rajasthan, Tamil Nadu, and Karnataka

- Urban housing to account for about 85-90% of the total investments; the focus should be on affordable urban housing, which is 70% of the total urban housing requirement
- About 1.7-2 lac hectares of land is required to address the urban housing demand by 2022

SWOT ANALYSIS OF HFCS



KEY DEMAND DRIVERS FOR THE HOUSING INDUSTRY IN INDIA

The robust growth of the Indian economy and the resultant rise in the per capita income are cranking up the pace of urbanisation. Increasing wallet sizes have skyrocketed housing demand over the past few years. Consequently, the housing stock in India is estimated to grow from 142.8 million units in 2008 to 179.3 million units by end of 2015.

POPULATION GROWTH BACKED BY FAVOURABLE DEMOGRAPHICS:

India is the second most populous country in the world with an estimated population of 1.28 billion in 2015 (government estimates) growing from 1.03 billion in 2001. This population growth has significantly grown the demand for housing.

INCREASING YOUTH AND WORKING AGE POPULATION:

With 356 million 10-24 year-olds, India has the world's largest youth population despite having a smaller population than China. More than 50% of India's current population is below the age of 25 and over 65% below the age of 35. India is poised to become the world's youngest country by 2020, with an average age of 29 years, and account for around 28% of

the world's workforce. The working age population of India is expected to grow from 761 million in 2011 to 869 million in 2020. India is expected to experience a period of what is referred to as a 'demographic bonus' where the growth rate of the working age population is expected to exceed that of the total population. This in all likelihood will spur demand and help reduce soaring inventories, both in residential as well as commercial segments

GROWING PER CAPITA INCOMES:

India's sustained economic growth has led to several demographic changes in its population such as more employment opportunities, a rise in overall income levels, changing savings and spending habits, among others. A large proportion of India's working population is young with higher aspirations leading to rising standards of living, matched with sufficient purchasing power. With rising income levels, there is a greater demand for owned houses as well as larger houses, thereby providing a fillip to the housing industry.

India's per capita income rose by nearly 37.6% in the last four years from ₹64,316 in 2011-12 to ₹88,533 in 2014-15. However on a y-o-y basis, it has shown a rise of 10.1% from ₹80,388 (USD 1,302) during 2013-14. This will lead to more people buying into properties (Source: NDTV Profit).

ACUTE SHORTAGE OF HOUSING STOCK:

Despite strong growth in the housing supply in recent years, India still faces a shortage of houses, especially in urban areas. This shortage is further accentuated in the mid-income and low-income categories. India has a housing shortage of about six crore units. At present, annual investments going into the

housing sector stand at about \$110-120 billion. Currently, around 32% of the country's population lives in towns, going up from 17% in 1951. By 2050, about 50% of the country's population will live in towns. By 2022 though, India needs to develop about 11 crore housing units for which investments of more than \$2 trillion or about \$250-260 billion will be required annually (Source: KPMG).

Particulars	Urban (crore units)	Rural (crore units)	Total (crore units)
Current housing shortage	1.9	4.0	5.9
Required housing units by 2022	2.6-2.9	2.3-2.5	4.9-5.4
Total need	4.4-4.8	6.3-6.5	10.7-11.3

Increasing urbanisation: Over the last few years, India's urban population increased from 217 million to 377 million and this is expected to reach 600 million, or 40% of the population by 2031, thus taking India on the brink of an urban revolution. As per the Census of India 2011, the %age of population living in urban areas in India has increased from 27.78% in 2001 to 31.16% in 2011 and is expected to further rise to 40% by 2031. As per Census estimates, India is expected to add a total of 371 million people to its population between 2001 and 2026. Of this, nearly 182 million people are expected to be added in urban areas i.e. over 49% of the total population growth.

The spurt in urbanisation has been driving the demand for housing in Tier-I cities but a shift has also been witnessed towards Tier-II and Tier-III centres. With increasing urbanisation, housing demand is expected to increase due to an increase in the nuclearisation of families, leading to the formation of a larger number of households.

Increasing nuclearisation: Nuclearisation refers to the formation of nuclear families from extended or joint families. It is often driven by employment-related migration, largely to urban areas, and impacts housing demand in a manner similar to urbanisation. It reduces the area per household but the overall household formation rises, thereby increasing demand for housing units. From an average family size of six persons in 1971, the size of the average family in India has dropped to 5.5 persons in 2001 and further declined to 4.8 persons per household in 2011, indicating the move towards smaller family sizes, resulting in an increase in demand for housing. The number of nuclear families increased in absolute terms from 135 million in 2001 to 172 million in 2011, albeit at a slower pace than the overall population. However as per Indian Census data, between 2001 and 2011, the %age of nuclear families as a %age of all families actually declined slightly from 70.34% to 70.11% (Source: <http://qz.com/228405/india-is-urbanizing-rapidly-but-the-nuclear-family-is-actually-shrinking/>).

Increasing penetration of housing finance: Increasing availability of housing finance along with low interest rates in the past has given significant fillip to house purchases. This is especially true in urban areas where, as per CRISIL, penetration of housing finance stands at 38% in fiscal 2011. This is driven by factors like good branch network of lenders, increasing acceptability of loans by customers and salaried income profile, which is considered easier to evaluate by most lenders.

Price stabilisation and interest rate reduction: Housing sales are estimated to rise in 2015 to 1.92 lac units in India's top seven cities on expectations of a cut in interest rates and stable prices (Source: JLL). Home buyers are expected to benefit from reduced borrowing rates, increased developer focus on affordable homes, largely stable prices and better job and income prospects. With property prices staying stable and good deals being offered by developers in order to clear their inventory, fence-sitting buyers will be further encouraged to press the 'buy' button.

Encouraged by softening inflation, in the last quarter of the year under review, the RBI cumulatively cut the benchmark interest rate by 50 bps to 7.50% with a view to boost growth. However according to CREDAI, the apex realtors' body, a 200 bps reduction in interest rates is required to set things right.

Focus on affordable housing: Moreover, the fact that developers are now largely focusing on affordable homes would help in minimising the existing gap between demand and supply of affordable homes. Developers would become more earnest about right-sizing and right-pricing their offerings. Smaller, yet better-designed and more efficient homes will define the residential real estate market in the years to come and selective corrections in some of the over-priced cities will help bring about faster sales for stagnated supply of larger configurations.

Reformulation of FDI regulations: New FDI regulations will bring in additional capital which will help developers reduce their debt by getting equity partners. This will help clean-up

balance sheets and in rolling out new projects. Under the new rules, the minimum built-up area for projects in which foreign investment is allowed will be reduced to 20,000 square metres from the earlier 50,000. For serviced plots, there is no minimum land requirement now compared to 10 hectares earlier, while the minimum capital investment by foreign companies has been cut from \$5 million to \$10 million. Under the earlier rules, the government allowed 100%-FDI in real estate development but with strict riders, including a lock-in period of three

years during which the investment cannot be repatriated (Source: JLL).

Focus on Tier-II and Tier-III centres: In the second half of 2014, many large developers who, in the recent past, concentrated on the mid-to-high segment due to better margins were seen eager to play the volume game and entered into affordable-segment projects in the deeper suburbs. This heartening trend began the groundwork on bridging the wedge between demand and supply in major metropolitan cities (Source: NDTV Profit).

THE STORY OF RURAL INDIA

India possesses the largest rural population cluster in the world. Today, a staggering 12% of the world's population resides in India's rural areas. Nearly 70% of India's population lives in its 638,000 villages. Rural India accounts for nearly 56% of India's income, 64% of the country's consumer expenditure and 33% of national savings and since 2000, India's GDP has grown faster in rural India (6.2%) than in urban centres (4.7%).

Yet, as per the Ministry of Rural Development (MoRD), the total rural housing shortage for the 12th Five Year Plan (2012-17) is nearly 44 million dwelling units. MoRD also estimates that about 90 % of the shortage in rural housing is expected to be for below poverty line (BPL) families. According to the NSSO, about 66% of the

financing of new construction in rural areas is done by rural families with their own resources. It has also been found out that about 27% construction had some amount financed from non-institutional agencies such as moneylenders, family and friends. Only 9% of the housing construction was financed by formal financial institutions.

Housing finance penetration in rural areas stood at only 7.9% in fiscal 2011 on account of higher cost of operations and absence of a large salaried class. One of the major reasons for continued lack of proper housing in rural India is the lack of access to finance as this is a critical and fundamental pre-requisite for habitat development.

Factors Taken into account	Calculation	Shortage (in million)
Households not having houses in 2012	No. of households less No. of housing stock in 2012	4.15
Temporary houses in 2012	No. of housing stock less No. of permanent houses	20.21
Shortage due to congestion	Congestion factor of 6.5% based on 2001 census	11.30
Shortage due to obsolescence in 2012	Obsolescence factor of 4.3% based on 58th round of NSS	7.47
Additional housing shortage arising between 2012 – 17	No of households projected for 2017 over 2012 less No. of excess housing stock projected for the same period	0.55
Total Rural Housing Shortage (2012 - 17)		43.67

Source: Working Group on Rural Housing for 12th Five Year Plan, Ministry of Rural Development

GOVERNMENTAL THRUST ON THE HOUSING SECTOR

The government has offered several tax concessions to spur housing demand, which have also been instrumental in driving growth in housing and housing finance sectors. Some of the other benefits provided by the government include:

Tax benefits: Under Section 80C of the IT Act, deduction on account of principal repayment has been increased from ₹1 lac to ₹1.5 lac on home loans from the borrower's gross total income.

The benefit on deduction of interest on home loan has been increased to ₹200,000 from ₹150,000 in the case of a self-occupied house property under Section 24 of the IT Act. Under Section 54 of the IT Act, capital gains from transfer of residential property, if invested in acquiring a residential house, are exempt from income tax.

A complete pass-through for the purpose of taxation and a modified REITS-type structure for infrastructure projects as the Infrastructure Investment Trusts (INVITS) are in the stages of being prepared to attract long-term finance from foreign and domestic sources including NRIs.

Additional funds allocation: A sum of ₹4,000 crore has been allocated towards the Urban Housing Fund to incentivise low-cost affordable housing in urban areas and ₹8,000 crore towards the Rural Housing Fund.

Relaxation in FDI eligibility: Reduction in the threshold limit in terms of area (from 50,000 square metres to 20,000 square metres) and capital (from \$10 million to \$5 million), no threshold limit for projects having 30% of total cost towards low-cost housing.

Housing for all: Projected construction of six crore houses

under 'Housing for All by 2022', four crore for rural areas and two crore for urban areas.

Smart cities: Proposed to build 100 smart cities at an investment of ₹7,060 crore.

OUR STRENGTHS

Entrenched experience: Au FINANCIERS (INDIA) LIMITED (AuFIN), (the parent company) is a NBFC registered with Reserve Bank of India, incorporated in the year 1996 under the provisions of the Companies Act, 1956 by Mr. Sanjay Agarwal, Chartered Accountant and first generation entrepreneur.

AuFIN is a NBFC-ND-AFC-SI (non-deposit accepting systemically important asset finance company) of Rajasthan and leading NBFC engaged in business of originating SRTOs (small road transport operators) and MSMEs (micro, small and medium enterprises) loans in rural and suburban areas, SME and SSF loans and builder finance.

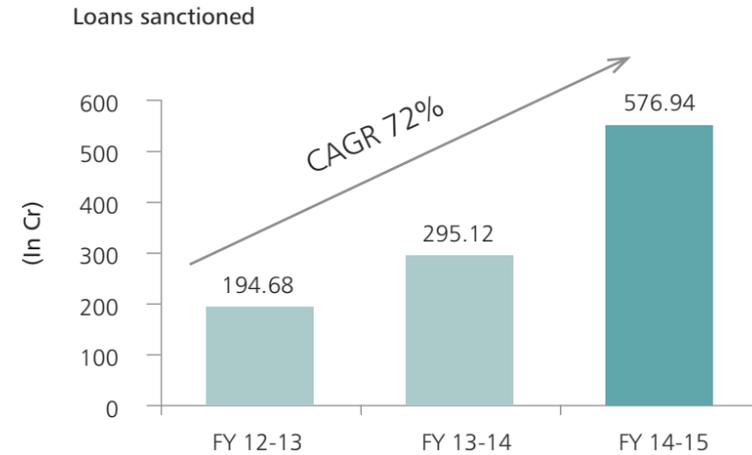
AuFIN, the flagship company of the Au Group, has been engaged in the rural finance sector since 1996; its rich experience has translated into a deep understanding of under-served and un-served customers through the delivery of customised products. The Au Group enjoys near two-decade presence in Rajasthan's interiors.

Focus on the underserved segments: AuHFL is engaged in the business of providing housing loan to customers belonging to low and middle income segment in semi urban and rural areas. During the 2014-15 fiscal, nearly 72% of the Company's loan book was derived from rural India and 28% from urban India. Focus on funding to lower ticket-sized housing loans. An average loan ticket size of ₹8.80 lac indicated that the Company successfully addressed the lower end of the country's economic pyramid.

PERFORMANCE HIGHLIGHTS

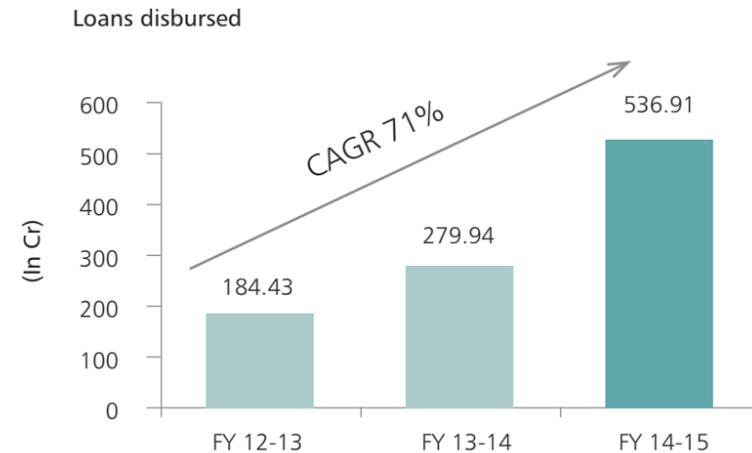
Loans sanctioned

During the year under review, the Company sanctioned housing loans for ₹576.94 crore during the year as against ₹295.12 crore in the previous year.



Disbursement

During the year under review, Company disbursed housing loans worth ₹536.91 crore during the year as against ₹279.94 crore in the previous year.



Assets under management

Assets under management stood at ₹842.99 crore as at 31st March, 2015 as against ₹406.22 crore as at 31st March, 2014 – a growth of 108%

Non-performing assets

Gross non-performing loans as at March 31, 2015 amounting to ₹4.33 Cr. 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, 2015 were 0.52% and 0.43% respectively (against 0.22% and 0.19% respectively in the previous year).

During the year under review, the Company has, as per the guidelines issued by the National Housing Bank made a provision of ₹2.35 Cr towards NPA and Standard Assets and total cumulative contingencies provisions is ₹4.12 Cr as on March 31, 2015.

Profit

Total income grew by 88% to ₹106.40 crore for the year ended 31st March, 2015 compared to ₹56.55 crore during the previous year.

Profit before Tax was 208% higher at ₹28.96 crore compared to ₹9.39 crore for the previous year.

The net profit after tax for the year increased by 165% - from ₹7.19 crore in the previous FY to ₹19.08 crore during the current fiscal.

Financial Highlights

Particulars	(Amount in ₹crore)		
	FY 13-14	FY 14-15	Growth (%)
Total income	56.55	106.40	88%
PBT	9.39	28.96	208%
PAT	7.19	19.08	165%
Net worth	55.57	101.39	82%

Key ratios

Particulars	FY 13-14	FY 14-15
Capital adequacy ratio	31.21%	26.72%
AUM/Net worth	8.31	7.31
Gross NPA	0.22%	0.52%
Net NPA	0.19%	0.43%
Return on assets	2.46%	3.09%
Return on equity	21.84%	28.44%

Networking: The Company's hub-and-spoke model comprises 42 branches connected to a central corporate office. During the year under review, the Company expanded its network from 35 branches to 42 branches.

Seven new branches were opened in various locations to strengthen the operations of the Company in the states of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana and Delhi. Each branch was reinforced by a strong marketing and distribution network leading to faster loan sanctioning. The Company plans to foray into newer geographies in the upcoming fiscal.

Sales and marketing: The Company focuses on direct sales and localised marketing activities by its own employees through door to door visit this will provide easy and better access to the market. The company also attracts the 'walk-in' customers and referral customers from existing borrowers as well as customer base of parent company.

The Company's branch offices serve as customer interface points where loan, interest rate and other terms are explained. This approach helped AuHFL to build strong personalised

relationships leading to enhanced loyalty, brand building, better understanding the need of customer and error minimisation.

The Company's branch offices coordinate with empanelled lawyers and valuers during the credit appraisal process leading to timely loan disbursement.

Human resources: An experienced senior management guides the Company's strategies and operations. These professionals have been drawn from diverse sectors and are richly experienced in their particular areas of expertise.

The Company's business expansion plans warrant the recruitment of competent personnel to sustain the positive growth of disbursements and maintain healthy recoveries.

All new recruits have received induction training from the HR department. Furthermore, all junior officers have been mentored by the branch managers and the senior staff at the respective branches.

The Company had 623 permanent employees on its payroll as of 31st March, 2015. The Company recognises the value of its human capital and is continuously upgrading the skill levels of

its workforce through regular internal and external training and management development programmes.

Funding sources: The Company's major sources of borrowings for its operations have been from banks (private and public sector), refinance from the National Housing Bank, non-convertible debentures, securitisation/assignment of loan portfolios and commercial papers besides capital from the parent company.

The endeavour at AuHFL has been to maintain a prudent mix of fixed and variable rate borrowings with a view to minimise the weighted average cost and maintain a healthy spread on its lending activities. AuHFL has also been funding its operations through short-term borrowings in the form of commercial paper and cash credit facilities from banks. While such a mix enables company to sustain a healthy net-interest margin, it raises the risks of asset liability mismatch. To minimise the risk arising on account of such mismatch, the Company has set internal limits on the quantum of short-term borrowings so that a prudent balance is maintained. The aim is to keep the cost of funds low enough to guarantee that any risks arising from a mismatch can be easily managed.

BORROWING FROM BANKS

During the year under review, the Company borrowed ₹201 crore from banks in form term loan and cash credit facility. Company has diversified its borrowings mix to derive the maximum benefit of the competitive interest rates. A combination of short-term and long-term loans was decided upon keeping in mind the tenets of prudent asset-liability management.

Aggregate of term loans including Cash Credit at the end of the FY 2014-15 stood at ₹457.11 crore.

REFINANCING FROM THE NATIONAL HOUSING BANK

Company got refinance sanction of ₹37 crore (previous year ₹25 crore) from NHB under the Refinance Scheme for Women & Golden Jubilee Rural Housing Refinance Scheme of the Government of India, keeping in view the funds requirement due to substantial increase in business during the year.

NON-CONVERTIBLE DEBENTURES

The Company has mobilised ₹150 crore by issuing secured redeemable non-cumulative non-convertible debentures on a private placement basis. The non-convertible debentures are listed on the BSE.

The debentures issued by the Company are rated A- by CRISIL indicating a 'high degree of safety' and a 'stable outlook'.

SECURITISATION/ASSIGNMENT OF LOAN PORTFOLIOS

During the year under review, the Company securitised/assigned loans worth ₹14.62 crore. Securitised/assigned assets are no longer recognised in the books of the Company. Assignment and securitisation were carried out in line with RBI guidelines pertaining to securitisation of standard assets.

COMMERCIAL PAPERS

During the year under review, the Company raised ₹100 crore by issuing commercial papers. The amount of commercial papers outstanding as on 31st March, 2015 was pegged at ₹23.85 crore.

INSURANCE PRODUCTS

The Company has inked agreements with insurance companies for insuring the insured and the mortgaged property. Company has tied up with Kotak Mahindra Old Mutual Life Insurance Limited and HDFC Standard Life Insurance Company Limited for providing group credit life insurance of the Insured.

Company has also tied up with Shriram General Insurance Company Limited for insuring the mortgaged property.

INFORMATION TECHNOLOGY

A centralised IT system is the backbone of AuHFL's business. The information system at the Company operates under the centralised IT platform and all the branches are connected via a high-speed network. This enables effective communication among all branches and the head office, leading to faster MIS and preparation of various monthly returns. AuHFL also maintains adequate control to ensure data integrity and its confidentiality. The application software and IT system are upgraded from time to time.

NHB GUIDELINES AND PRUDENTIAL NORMS

AuHFL has complied with the guidelines issued by the National Housing Bank regarding prudential norms for income recognition, provisioning, asset classification, capital adequacy, concentration of credit/investments, accounting standards, credit rating, KYC guidelines, the Fair Practice Code, grievance redressal mechanism, recovery of dues, real estate and capital market exposure norms.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an internal control system which is commensurate with the size of the operations with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorised use or losses, compliance with regulations and for ensuring reliability of financial reporting.

Adequate records and documents are generated from time to time, as required by law. Internal audits are conducted regularly

and internal auditor's recommendations are reviewed for improving systems and procedures.

Internal audits and checks are regularly conducted and internal auditor's recommendations are reviewed after which systems and procedures are adopted for improvement.

The National Housing Bank conducts regulatory audits annually. During the year under review, the National Housing Bank conducted its inspection in September 2014.

RISK MANAGEMENT

The Company has formulated a seamless risk management framework which lays down the procedure for risk assessment and mitigation. The Company efficiently manages various financial, operational, marketing, external and regulatory risks associated with the mortgage business.

The critical risks that can significantly impact profitability and the financial strength of the Company include credit, interest rate and liquidity risks. The Company manages credit risk by following a stringent system of checks and balances and keeping a tab on internal workings and external vulnerabilities.

The Company relies on CIBIL checks, RCU and filed verifications, stringent legal and technical due diligences, among others to reduce delinquencies.

Operational risks are minimised by strengthening the internal control procedures and addressing the deficiencies reported by the internal auditors

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations.

Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

Ratings

Rating agency	Rating type	Last assigned rating	Upgraded rating
CRISIL	Long-term rating	CRISIL A-/Stable	CRISIL A-/Positive (outlook revised from 'Stable' and rating reaffirmed)
	Short-term rating	CRISIL A1	CRISIL A1 (reaffirmed)
INDIA RATINGS & Research (FITCH)	Long-term rating	-	IND A+

Independent Auditors' Report

To
The Members of Au HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Au HOUSING FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 standalone 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to the

accounting treatment relating to creation of deferred tax liability on special reserve created as per Section 29C of the National Housing Bank Act, 1987 and claimed as deduction under section 36(1)(viii) of the Income Tax Act, 1961 up to March 31, 2014 amounting to ₹85.27 lakhs which has been adjusted from reserves and surplus, pursuant to NHB circular NHB (ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014. Refer Note 2.2 to the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 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 standalone 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, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.30 to the financial statements;
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

Mumbai
May 27, 2015

per Shrawan Jalan
Partner
Membership No. 102102

Annexure to Auditors' Report

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) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(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 or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a) and (b) 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (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 clause 148(1) of the Act, for the products/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.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise

duty, 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.

(c) 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.

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

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

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid assets payable on demand.

(xii) We have been informed that, during the year, an instance of misrepresentation by a customer was reported whereby the customer obtained loan from multiple lenders against the same security. The amount of loan obtained from the Company was ₹1,000,000. As informed, the Company has initiated legal action against the customers. The outstanding balance of ₹934,122 has been fully provided.

For S R B C & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

Mumbai
May 27, 2015

per Shrawan Jalan
Partner
Membership No. 102102

Auditor's Report

To,
The Board of Directors,
Au HOUSING FINANCE LIMITED
Jaipur

Dear Sirs,

[Ref: Report to the Board of Directors pursuant to The Housing Finance Companies (NHB) Directions, 2010 ('the Directions') issued by the National Housing Bank ('NHB') and amended from time to time]

- We have audited the Balance Sheet of Au HOUSING FINANCE LIMITED ('the Company') as at March 31, 2015 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto and issued our audit opinion dated May 27, 2015 thereon. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. Our audit was conducted in the manner specified in paragraph 'Auditor's Responsibility' of the audit report.
- As required by the Directions, based on our audit referred to in paragraph 1 above and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereunder on the matters specified in paragraphs 34 and 35 of the Directions:
 - The Company was incorporated on February 23, 2011 to carry on the business of a housing finance institution and it has obtained Certificate of Registration from National Housing Bank on August 04, 2011 for carrying on such activities without accepting public deposits.
 - The Company neither accepted nor had any outstanding public deposits during the year ended March 31, 2015 and hence the provisions of Section 29B of the Act are not applicable to the Company.
 - The Company has complied with Section 29C of the Act.
 - The Company has complied with the provisions of the Directions.

v. The capital adequacy ratio, as disclosed in the return submitted to the NHB in terms of the Directions, has been correctly determined and the said ratio is in compliance with the minimum capital to risk weighted assets ratio as prescribed by the NHB.

vi. The Company neither accepted nor had any outstanding public deposits during the year ended March 31, 2015 and hence the provisions of paragraph 34 (vii) (a) to (f) of the Directions are not applicable to the Company.

3. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion mentioned in paragraph 1.

4. This report is issued solely for reporting on the matters specified in paragraphs 34 and 35 of the Directions, and is not intended to be used or distributed for any other purpose.

For S R B C & Co. LLP
ICAI Firm Registration No.: 324982E
Chartered Accountants

per Shrawan Jalan

Place: Mumbai
Date: May 27, 2015

Partner
Membership No.102102

Balance Sheet as at March 31, 2015

(₹ In Lacs)			
Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share capital	2.1	3,291.67	2,991.67
b) Reserves & surplus	2.2	6,852.44	2,634.87
		10,144.11	5,626.54
2. Non-current liabilities			
a) Long term borrowings	2.3	52,387.62	25,729.78
b) Deferred tax Liabilities (net)	2.4	104.41	(59.86)
c) Other long term liabilities	2.5	413.25	-
d) Long term provisions	2.6	462.83	212.61
		53,368.11	25,882.53
3. Current liabilities			
a) Short term borrowings	2.7	8,834.38	4,370.58
b) Trade payables	2.8	94.63	63.88
c) Other current liabilities	2.9	13,220.24	5,755.07
d) Short term provisions	2.10	104.26	60.66
		22,253.51	10,250.19
TOTAL		85,765.73	41,759.26
II. ASSETS			
1. Non-current assets			
a) Fixed assets	2.11		
i) Tangible assets		538.23	531.34
ii) Intangible assets		4.61	7.24
iii) Capital work in progress		-	3.11
b) Long term loans and advances	2.12		
i) Loans	2.12.1	78,971.07	38,477.16
ii) Others	2.12.2	17.92	13.16
		79,531.83	39,032.01
2. Current assets			
a) Cash & bank balances	2.13	1,642.55	233.52
b) Short term loans and advances	2.12		
i) Loans	2.12.1	3,855.66	2,145.25
ii) Others	2.12.2	13.50	11.45
c) Other current assets	2.14	722.19	337.03
		6,233.90	2,727.25
TOTAL		85,765.73	41,759.26
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 B C & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

per Shrawan Jalan
Partner
Membership no. 102102
Place: Mumbai
Date: May 27, 2015

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

Sanjay Agarwal
(Managing Director)

Sushil Kumar Agarwal
(Whole Time Director)

Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

Place: Jaipur
Date: May 27, 2015

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

(₹ In Lacs)			
Particulars	Note No.	Year ended March 31, 2015	Year ended March 31, 2014
REVENUE			
Revenue from operations	2.15	10,631.39	5,653.84
Other income	2.16	8.87	1.05
Total Revenue (I)		10,640.26	5,654.89
EXPENSES			
Employee benefit expenses	2.17	1,745.48	1,274.49
Finance cost	2.18	5,274.24	3,017.58
Depreciation and amortization expenses	2.11	101.45	41.54
Other expenses	2.19	389.00	283.23
Provisions and write offs	2.20	234.59	99.33
Total expenses (II)		7,744.76	4,716.17
Profit before tax (III) = (I)-(II)		2,895.50	938.72
Tax expenses:	2.21		
Current tax		908.42	272.70
Deferred tax		79.00	(52.97)
Total tax expenses (IV)		987.42	219.73
Profit after tax (III)-(IV)		1,908.08	718.99
Earnings per equity share	2.22		
Basic (₹)		6.31	2.64
Diluted (₹)		6.31	2.64
Nominal value per share (₹)		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 B C & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

per Shrawan Jalan
Partner
Membership no. 102102
Place: Mumbai
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Ghanshyam Rawat
(Chief Financial Officer)

Sharad Pathak
(Company Secretary)

Place: Jaipur
Date: May 27, 2015

Cash Flow statement for the year ended March 31, 2015

(₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per statement of profit and loss	2,895.50	938.72
Adjustments for		
Depreciation and amortisation	101.45	41.55
Dividend from current investments	(1.20)	(0.08)
Provision for standard and sub-standard assets	234.59	99.33
Provision for employee benefits	15.24	22.68
Operating profit before working capital changes	3,245.58	1,102.20
Changes in working capital		
Decrease/(increase) in Receivable under financing activity	(42,204.32)	(22,871.91)
Decrease/(increase) in Short term loans and advances	(2.05)	(2.69)
Decrease/(increase) in Other current assets	(385.16)	(329.52)
Decrease/(increase) in Other long term loans and advances	(4.77)	91.24
(Decrease)/increase in Other long term liabilities	413.25	-
(Decrease)/increase in Trade payables	30.75	49.60
(Decrease)/increase in Other current liabilities	3,602.33	213.49
(Decrease)/increase in Provisions	44.00	(8.66)
	(38,505.97)	(22,858.45)
Direct taxes paid	(908.42)	(272.99)
Net cash flow from / (used in) operating activities (A)	(36,168.81)	(22,029.24)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Inflow (outflow) on account of :		
Dividend from current investments	1.20	0.08
Investment in fixed deposits with original maturity of more than three months	-	500.00
Purchase of fixed assets (including capital work-in-progress)	(102.60)	(403.34)
Net cash flow from / (used in) investing activities (B)	(101.40)	96.74

Cash Flow statement for the year ended March 31, 2015

(₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Issue of equity shares	3,000.00	2,000.00
Share Premium Utilised	(305.25)	(2.76)
Net proceeds from borrowings	34,984.49	20,390.36
Net Cash flow from / (used in) financing activities (C)	37,679.24	22,387.60
Net increase/(decrease) in cash and cash equivalents (A+B+C)	1,409.03	455.10
Cash and cash equivalents as at the beginning of the year	233.52	(221.58)
Cash and cash equivalents at the end of the year	1,642.55	233.52
Components of cash and cash equivalents		
Cash on hand	60.05	28.91
Balance with franking machine*	1.99	1.64
Balance with banks		
In current accounts	530.51	202.97
In deposit account	1,050.00	-
Less: Bank overdraft	-	-
Total cash and cash equivalents (notes 2.13)	1,642.55	233.52
Summary of significant accounting policies	1	

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

As per our Report of even date
For S R B C & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

per Shrawan Jalan
Partner
Membership no. 102102
Place: Mumbai
Date: May 27, 2015

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)

Place: Jaipur
Date: May 27, 2015

Notes to financial statements for the year ended March 31, 2015

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, 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 company has given all disclosures related to NHB Direction 2010. 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 Change of estimates

In accordance with the requirements of schedule II to the Companies Act, 2013, the Company has reassessed the useful lives of the fixed assets :

An amount of ₹18.87 lacs has been charged to the financial results of the current year ended representing the additional depreciation on the carrying value of the assets as at April 01, 2014 due to change in the useful life of the assets.

1.1.3 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) Delayed payment interest in respect of loans are 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.

Notes to financial statements for the year ended March 31, 2015

1.1.4 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 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 Companies Act, 2013. 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 Vehicle	8
Server and Networks	6
Computer & printer	3

All fixed assets individually costing ₹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 amortized 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 amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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.

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

1.1.5 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 recognized for all taxable timing differences. Deferred tax assets are recognized 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 realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all

Notes to financial statements for the year ended March 31, 2015

deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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 unrecognized deferred tax assets. It recognizes unrecognized 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.

1.1.6 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 period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

1.1.7 Provision and contingencies

A provision is recognized 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

1.1.8 Provisions/write offs on housing loans

- (i) Housing loans are classified as per the NHB guidelines, 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 NHB guidelines. Additional provisions are made against specific non-performing assets over and above as stated in NHB guidelines, 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 NHB Guidelines.

1.1.9 Investment

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

Notes to financial statements for the year ended March 31, 2015

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 recognize 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.

1.1.10 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 recognizes 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 recognized 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 recognized 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 recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such 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.

1.1.11 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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

1.1.12 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, bank overdraft and stamping/franking balance.

1.1.13 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 capitalized 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 financial statements for the year ended March 31, 2015

2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015

2.1 Share capital

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

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Authorized shares		
3,30,00,000 (P.Y. 3,00,00,000) Equity Shares of ₹10/- each.	3,300.00	3,000.00
	3,300.00	3,000.00
Issued, Subscribed and Paid up shares		
3,29,16,667 (P.Y. 2,99,16,667) Equity Shares of ₹10/- each fully paid.	3,291.67	2,991.67
Total	3,291.67	2,991.67

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

Name of the shareholder	As at		As at	
	March 31, 2015		March 31, 2014	
	No. of Shares	₹ In lacs	No. of Shares	₹ In lacs
Equity share at the beginning of period	2,99,16,667	2,991.67	2,72,50,000	2,725.00
Add:				
Equity share allotted during period	30,00,000	300.00	26,66,667	266.67
Equity share at the end of period	3,29,16,667	3,291.67	2,99,16,667	2,991.67

(ii) Shares held by holding Company

Name of the shareholder	As at		As at	
	March 31, 2015		March 31, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding
Au FINANCIERS (INDIA) LTD.	3,29,16,667	100.00	2,99,16,667	100.00
3,29,16,667 Equity Shares of ₹10/- each fully paid				
Total	3,29,16,667	100.00	2,99,16,667	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		As at	
	March 31, 2015		March 31, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding
Au FINANCIERS (INDIA) LTD.	3,29,16,667	100.00	2,99,16,667	100.00
3,29,16,667 Au FINANCIERS INDIA LIMITED Equity Shares of ₹10/- each fully paid				
Total	3,29,16,667	100.00	2,99,16,667	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 ₹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 financial statements for the year ended March 31, 2015

2.2 Reserves & surplus

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
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	262.80	67.28
Add: Amount transferred from surplus balance in the statement of profit and loss	480.21	195.52
Total (a) Closing balance	743.01	262.80
b. Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statement	641.50	118.03
Add: Net profit after tax transferred from statement of profit and loss	1,908.08	718.99
	2,549.58	837.02
Less: Appropriation		
Special reserve u/s 36 (1)(viii) of Income Tax Act, 1961	480.21	195.52
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	1,984.10	641.50
c. Share Premium		
Balance as per last financial statement	1,730.57	-
Add: Received during the year	2,700.00	1,733.33
Less: Utilisation during the year	305.24	2.76
Total (c) Share Premium Reserve	4,125.33	1,730.57
Total reserve and surplus (a+b+c)	6,852.44	2,634.87

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 ₹480.21 lacs (previous year ₹195.52 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 :

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Reserve & Surplus		
Statutory Reserve (As per Section 29C of the National Housing Bank Act, 1987)		
Opening Balance	262.80	67.28
Additional during the year	480.21	195.52
Appropriation during the year	-	-
Closing Balance	743.01	262.80

Notes to financial statements for the year ended March 31, 2015

2.2 Reserves & surplus (contd.)

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
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	262.80	67.28
c) Total	262.80	67.28
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	480.21	195.52
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	743.01	262.80
c) Total	743.01	262.80

2.2.2 According to NHB's Circular No. NHB(ND)/DRS/Policy Circular No. 65/2014-15 dated August 22, 2014 issued in supercession 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 ₹85.27 lacs of DTL on Special Reserve as at March 31, 2014 from Reserve and Surplus.

2.3 Long term borrowings

(₹ In Lacs)

Particulars	As at		As at	
	March 31, 2015		March 31, 2014	
	Non-current	Current	Non-current	Current
Secured				
Debentures (refer note 2.3.1)	15,000.00	-	-	-
Loan from National Housing Bank (refer note 2.3.2)	3,940.59	387.84	2,255.71	192.84
Loans from banks (refer note 2.3.3)	29,680.21	8,566.42	21,806.61	5,106.92
Loans from a financial institution (refer note 2.3.4)	766.82	248.12	167.46	39.76
Unsecured				
Loans from banks (refer note 2.3.5)	3,000.00	-	1,500.00	-
Amount disclosed under the head "other current liabilities" (refer note 2.9)		(9,202.38)		(5,339.52)
Total	52,387.62	-	25,729.78	-

2.3.1 Issue of 1000 Rated, Listed, Secured, Zero Coupon, Non-Convertible Debentures of face value of ₹5,00,000/- (Rupees Five Lakhs only) each, redeemable at premium at the end of 36 months from the date of allotment aggregating up to ₹50,00,00,000/- (Rupees Fifty Crore only) on a private placement basis.

Issue of 1000 Rated, Listed, Secured, Non-Convertible Debentures of face value of ₹5,00,000/- (Rupees Five Lakhs only) each, coupon 11.57% p.a. (payable annually), redeemable at par at the end of 36 months from the date of allotment aggregating up to ₹50,00,00,000/- (Rupees Fifty Crore only) on a private placement basis.

Issue of 1000 Rated, Listed, Secured, Non-Convertible Debentures of face value of ₹5,00,000/- (Rupees Five Lakhs only) each, coupon 11.20% p.a. (payable annually), in 2 Series of ₹25,00,00,000/- (Rupees Twenty Five Crores) each, Redeemable at par at the end of 36 and 60 months respectively from the date of allotment, aggregating up to ₹50,00,00,000/- (Rupees Fifty Crore only) on a private placement basis.

Notes to financial statements for the year ended March 31, 2015

2.3 Long-term borrowings (contd.)

2.3.2 Secured term loans from National Housing Bank carry rate of interest in the range of 9.25% to 10.65% p.a. The loans are having tenure of 10 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 ₹4,328.43 lacs (P.Y. ₹2,448.55 lacs) have been guaranteed by corporate guarantee of Au FINANCIERS (INDIA) LTD (holding company).

2.3.3 Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 10.00% to 12.75% p.a. The loans are having tenure of 3 to 10 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 ₹14,839.95 lacs (P.Y. ₹7,038.46 lacs) have been guaranteed by the personal guarantee of a director of the Company. The term loans are further guaranteed by corporate guarantee of Au FINANCIERS (INDIA) LTD (holding company) to the extent of ₹27,555.68 lacs (P.Y. ₹26,913.53 lacs). Secured term loan from banks include auto loans of ₹16.70 lacs (P.Y. ₹ NIL) which are secured by hypothecation of Company's vehicles.

2.3.4 Loans from a financial institutions carries interest rate in the range of 12% p.a. to 13% p.a. and are for a tenure of 5 years from the date of issue. The loans are repayable in equal monthly and quarterly instalments of ₹5.56 lacs each (P.Y. ₹5.56 lacs) and ₹50.00 lacs (P.Y.: ₹ NIL) each respectively. The loans have been guaranteed by personal guarantee of the director of the Company to the extent of ₹164.94 lacs and hypothecation of fixed assets. The term loan are guaranteed by corporate guarantee of Au FINANCIERS (INDIA) LIMITED (holding company) to the extent of ₹850.00 lacs (P.Y. ₹ NIL)

2.3.5 The company has taken Subordinate debts (unsecured) from bank for a tenure of six years carrying rate of Interest from 12.25% to 13.50%, repayable at the end of tenure in three equal monthly instalments.

2.3.6 Terms of repayment of of long term borrowings including interest accrued and due as at March 31, 2015

Original maturity of loan	Interest rate (Range)	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 above 5 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
Monthly Repayment schedule															
Above 3 years	10.50% to 13.00%	198	6,276.66	214	6,474.39	186	5,177.35	134	3,848.20	107	3,320.65	65	1,667.13	904	26,764.38
Quarterly repayment schedule															
1 to 3 years	9.25% to 12.50%	2	360.00	0	-	0	-	0	-	0	-	0	-	2	360.00
Above 3 years	9.25% to 12.25%	48	2,177.70	64	2,868.98	64	2,868.98	59	2,556.48	44	1,626.97	108	2,978.54	387	15,077.65
Yearly repayment schedule															
Above 3 years	11.25% to 12.25%	1	500.00	1	500.00	1	499.96	0	-	0	-	0	-	3	1,499.96
At the end of tenure															
Above 3 years	10.50% to 13.50%	0	-	0	-	3	12,500.00	0	-	4	4,000.00	3	1,500.00	10	18,000.00
			9,314.36		9,843.37		21,046.29		6,404.68		8,947.62		6,145.67		61,701.99

2.4 Deferred tax Liabilities (net)

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Deferred tax liability		
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	8.92	10.90
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act. 1961	257.14	-
Gross deferred tax liability	266.06	10.90
Deferred tax asset		
Preliminary expenses written off in books but benefit of set off over 5 years	-	(0.27)
Provision for standard assets	(115.05)	(53.08)
Provisions on non performing assets	(27.58)	(4.52)
Provision for gratuity and leave encashment	(19.02)	(12.89)
Gross deferred tax asset	(161.65)	(70.76)
Net Deferred Tax Liability	104.41	(59.86)

Notes to financial statements for the year ended March 31, 2015

2.5 Other long term liabilities

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Premium payable on redemption of Debentures	407.39	-
Other long term liabilities	5.86	-
Total	413.25	-

2.6 Long term provisions

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Provision for employee benefits		
Gratuity	37.76	19.63
Leave encashment	12.94	15.44
Other provisions		
Provision for non performing asset as per NHB Norms	79.70	13.93
Provision for standard assets as per NHB Norms	332.43	163.61
Total	462.83	212.61

2.6.1 Provision in respect of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and are as follows.

(₹ In Lacs)

Particulars	As at		As at	
	March 31, 2015		March 31, 2014	
	Loans	Provision	Loans	Provision
Standard assets				
Housing Loan	73,586.92	296.90	38,513.18	155.46
Other loans	8,807.04	35.53	2,019.89	8.15
	82,393.96	332.43	40,533.07	163.61
Sub-Standard Assets				
Housing Loan	344.60	51.69	80.19	12.03
Other loans	14.49	2.17	3.90	0.59
	359.09	53.86	84.09	12.62
Doubtful assets				
Housing Loan	61.47	15.76	4.99	1.25
Other loans	2.87	0.74	0.26	0.06
	64.34	16.50	5.25	1.31
Loss assets				
Housing Loan	8.91	8.91	-	-
Other loans	0.43	0.43	-	-
	9.34	9.34	-	-
Total	82,826.73	412.13	40,622.41	177.54

Notes to financial statements for the year ended March 31, 2015

2.7. Short term borrowings

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Secured		
From Bank (refer note 2.7.1)	6,449.65	2,853.27
Unsecured		
From Financial Institutions (refer note 2.7.2)	2,384.73	872.31
From other parties	-	645.00
Total	8,834.38	4,370.58

2.7.1 Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Company, are repayable on demand and carry interest rates ranging from 11.00% to 12.50%. Cash credit borrowing are guaranteed by corporate guarantee of Au Financiers (India) Ltd (holding company) to the extent of ₹288.32 lacs (P.Y. ₹2376.08). Also, cash credit borrowings to the extent of ₹1,000.14 lacs (PY: ₹1,000.00 lacs) are secured by personal guarantee of a director of the Company. Working Capital Loan of ₹500 lakhs from bank carries interest rate of 11% p.a.

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. Trade payables

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Trade payables (refer note 2.28)	94.63	63.88
Total	94.63	63.88

2.9. Other current liabilities

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Current maturities of long term debts (refer note 2.3)		
From bank- term loan	8,954.26	5,299.76
From financial institution- term loan	248.12	39.76
Interest accrued but not due on borrowings		
From non convertible debentures	381.53	-
Interest accrued and due on borrowings		
From bank- term loan	110.75	175.22
From financial institution- term loan	1.24	1.26
Other payables		
Due to assignees towards collections in derecognised assets	70.22	-
Statutory liabilities	38.48	9.74
Book overdrafts	3,071.57	-
Other Current Liabilities	344.07	229.33
Total	13,220.24	5,755.07

2.10. Short term provisions

(₹ In Lacs)

Particulars	As at	
	March 31, 2015	March 31, 2014
Provision for employee benefit		
Gratuity	1.58	1.09
Leave encashment	2.68	3.57
Others benefits	100.00	56.00
Total	104.26	60.66

Notes to financial statements for the year ended March 31, 2015

2.11 Fixed assets - Tangible assets

(₹ In Lacs)

Tangible assets	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipments	Total
Cost						
At April 1, 2013	152.44	7.01	1.96	-	3.82	165.23
Additions	293.04	28.62	66.83	-	22.55	411.04
Disposals	-	-	-	-	-	-
At March 31, 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
Depreciation						
At April 1, 2013	2.84	2.27	0.60	-	0.43	6.14
Charge for the year	21.29	7.97	7.41	-	2.12	38.79
Disposals	-	-	-	-	-	-
At March 31, 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
Net Block						
At March 31, 2014	421.35	25.39	60.78	-	23.82	531.34
At March 31, 2015	401.07	36.86	60.56	23.27	16.47	538.23

(₹ In Lacs)

Intangible assets	Software	Total
Gross block		
At April 1, 2013	-	-
Purchase	10.50	10.50
At March 31, 2014	10.50	10.50
Purchase	-	-
At March 31, 2015	10.50	10.50
Amortization		
At April 1, 2013	0.51	0.51
Charge for the year	2.75	2.75
At March 31, 2014	3.26	3.26
Charge for the year	2.63	2.63
At March 31, 2015	5.89	5.89
Net block		
At March 31, 2014	7.24	7.24
At March 31, 2015	4.61	4.61

Notes to financial statements for the year ended March 31, 2015

2.11 Fixed assets - Tangible assets (contd.)

(₹ In Lacs)

Capital work in progress	Building	Total
Gross block		
At April 1, 2013	10.82	10.82
Capitalised during the year	10.82	10.82
Purchase	3.11	3.11
At March 31, 2014	3.11	3.11
Capitalised during the year	3.11	3.11
Purchase	-	-
At March 31, 2015	-	-

2.12 Long term loans and advances

(₹ In Lacs)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current
Secured				
2.12.1 Housing loans				
- Considered good	69,948.47	3,481.90	36,465.83	2,047.35
- Considered doubtful	414.98	-	82.59	2.60
Other loans				
- Considered good	8,444.53	356.60	1,924.69	95.19
- Considered doubtful	17.78	-	4.05	0.11
Loans placed as minimum retention requirement towards direct assignment transactions				
- Considered good	145.31	17.16	-	-
Total	78,971.07	3,855.66	38,477.16	2,145.25

2.12.1.1 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 housing loans to the extent of ₹988.89 lacs at March 31, 2015 (P.Y. ₹319.85 lacs)

2.12.1.2 Of the above :

(₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Standard	82,393.96	40,533.06
Sub-Standard	359.09	84.10
Doubtfull asset	64.34	5.25
Loss asset	9.34	-
Total	82,826.73	40,622.41

Loss asset represent one loan which became doubtful due to fradulent misrepresentation by the borrower and the same as been provided for.

2.12.1.3 Housing loans sanctioned but un-disbursed amount is ₹5009.18 lacs as on 31 March 2015 (P.Y. ₹2487.56 lacs).

2.12.1.4 The Company has assigned a pool of certain housing loans amounting to ₹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 financial statements for the year ended March 31, 2015

2.12.2 Other long term loans and advances (unsecured, considered good)

(₹ In Lacs)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current
Security deposit	17.45	4.24	11.51	2.42
Advance to staff	0.47	5.21	1.65	4.79
Advances to suppliers/service providers	-	4.05	-	4.24
Total	17.92	13.50	13.16	11.45

2.13. Cash and bank balances

(₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
	Cash and cash equivalents	
Cash on hand (refer note 2.13.1)	62.04	30.55
Balance with banks		
In Current accounts	530.51	202.97
In Deposits with original maturity of less than three months	1,000.00	-
	1,592.55	233.52
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	1,642.55	233.52

2.13.1 Cash on hand includes of ₹1.99 lacs (P.Y.: ₹1.64 lacs) balance of franking machine.

2.14 Other current assets

(₹ In Lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
	Sundry debtors	198.94
Interest accrued but not due on loans to borrowers	514.23	227.71
Advance Tax (Net of Provisions)	6.36	(32.56)
Interest accrued but not due on deposit with banks and others	2.66	-
Total	722.19	337.03

2.15 Revenue from operations

(₹ In Lacs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	Income from finance activity	9,525.62
Interest from fixed deposits with banks	2.77	-
Fees and other charges from customers	1,103.00	618.50
Grand Total	10,631.39	5,653.84

2.16 Other income

(₹ In Lacs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	Dividend income	1.20
Other non operating income	7.67	0.97
Total	8.87	1.05

Notes to financial statements for the year ended March 31, 2015

2.17 Employee benefit expenses

(₹ In Lacs)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
	Salaries and other benefits	1,665.55
Contribution to provident and other funds	60.50	38.99
Staff welfare expenses	19.43	11.02
Total	1,745.48	1,274.49

2.17.1 Gratuity and other post-employment benefit plans

The company has defined benefit plan of gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service.

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

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

(₹ In Lacs)

	Gratuity	
	March 31, 2015	March 31, 2014
Current service cost	20.53	10.94
Interest cost	1.92	0.77
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognized in the year	(3.82)	(0.33)
Net benefit expense	18.63	11.38

Balance Sheet

Benefit asset/ liability

(₹ In Lacs)

	Gratuity	
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	39.34	20.72
Fair value of plan assets	-	-
Plan asset/(liability)	39.34	20.72

Changes in the present value of the defined benefit obligation are as follows:

(₹ In Lacs)

	March 31, 2015	March 31, 2014
	Opening defined benefit obligation	20.71
Current service cost	20.53	10.94
Interest cost	1.92	0.77
Actuarial (gain)/loss on obligation	(3.82)	(0.33)
Closing defined benefit obligation	39.34	20.71

The Principle assumptions used in determining gratuity obligations for the company are shown below:

	March 31, 2015	March 31, 2014
	Discount rate	7.75%
Salary escalation rate	7.00%	6.50%
	age 30 = 5%	age 30 = 5%
Employee Turnover	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.

Notes to financial statements for the year ended March 31, 2015

2.17 Employee benefit expenses (contd.)

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. The company has reversed ₹3.39 lacs in the books of accounts for the current year however previous year company has provided for ₹11.30 lacs.

2.18 Finance cost

Particulars	(₹ In Lacs)	
	As at March 31, 2015	As at March 31, 2014
Bank charges	12.31	7.63
Interest	5,094.01	2,897.73
Processing fees and other charges	167.92	112.22
Total	5,274.24	3,017.58

2.19 Other expenses

Particulars	(₹ In Lacs)	
	As at March 31, 2015	As at March 31, 2014
Advertisement and publicity expenses	6.99	8.46
AMC Charges	5.41	5.32
Communication	31.10	19.24
Commission & brokerage	4.74	1.92
Directors Sitting Fees	5.95	-
Electricity and water	28.57	17.96
Fee & subscription	1.82	0.50
Legal & professional charges	40.10	40.35
Office expenses	23.08	11.59
Postage & courier expenses	11.14	9.44
Printing & stationery	19.71	18.03
Rent (refer note 2.19.1)	66.76	38.48
Rates & Taxes Expenses	1.99	1.71
Repair and maintenance -others	14.63	7.12
Travelling and conveyance	115.59	94.18
Auditor's remuneration		
-Audit fees	9.50	6.00
-Tax audit fees	1.00	1.00
-Other services	0.92	1.93
Total	389.00	283.23

Auditors Remuneration

Particulars	(₹ In Lacs)	
	Year ended March 31, 2015	Year ended March 31, 2014
-Audit fees	9.50	6.00
-Tax audit fees	1.00	1.00
-Other services	0.92	1.93
	11.42	8.93

2.19.1 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 financial statements for the year ended March 31, 2015

2.20 Provisions and write offs

Particulars	(₹ In Lacs)	
	As at March 31, 2015	As at March 31, 2014
a. 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
	412.13	177.54
b. Provisions as at March 31, 2014		
Provision for Non performing asset	13.93	7.21
Provision for standard assets as per NHB Norms	163.61	71.00
	177.54	78.21
Net provision made during the year (a-b)	234.59	99.33
c. Write off during the year	-	-
Total	234.59	99.33

2.21 Tax

Particulars	(₹ In Lacs)	
	As at March 31, 2015	As at March 31, 2014
Provision for tax	908.42	272.70
Deferred tax	79.00	(52.97)
Total	987.42	219.73

2.22 Earning per share

Particulars	(₹ In Lacs)	
	As at March 31, 2015	As at March 31, 2014
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 March 31, 2015 (Nos. in lacs)	302.40	272.72
Net profit for calculation of basic EPS (₹ in lacs)	1,908.08	718.99
Basic and diluted earning per share (In ₹)	6.31	2.64
Nominal value of equity shares (In ₹)	10.00	10.00

2.23 The company is primarily engaged in the business of housing finance. Further the company does not have any separate geographic segment other than India. As such there are no separate reportable segment as per AS 17 "Segment Reporting".

2.24 The company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business of a housing finance institution 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 Private Limited to Limited. on February 08, 2013.

2.25 Capital and other commitments is ₹ Nil as at March 31, 2015 (P.Y. ₹ Nil)

2.26 Information of assignment/securitisation activity as an originator during the year ended March 31, 2015 and March 31, 2014:

Particulars		Gratuity	
		March 31, 2015	March 31, 2014
Total number of Loan assets assigned/ securitized	Nos.	253	-
Total book value of the Loan assets assigned/secured	₹ (Lacs)	1,662.36	-
Sales consideration received for the assigned/secured assets	₹ (Lacs)	1,662.36	-

Company has sold its loan book of ₹1662.36 lakhs through direct assignment during the year. As per the terms and conditions of assignment, company has retained an amount of ₹166.24 lakhs as minimum retention requirement.

Notes to financial statements for the year ended March 31, 2015

2.27 As per the Accounting Standard 18 issued by Institute of Chartered Accountant of India on 'Related Party Disclosures', the disclosures of related parties of the company are as follows:

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
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

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

a. Loans taken and repayment there of (₹ In Lacs)

Holding company	Year ended	Short Term Loans taken	Repayment	Interest due & paid	Amount owed by related parties
Au FINANCIERS (INDIA) LIMITED	March 31, 2015	33,814.46	34,459.46	103.72	-
	March 31, 2014	24,289.72	23,644.72	166.00	645.00

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

b. Remuneration to key managerial personnel (₹ In Lacs)

Particulars	March 31, 2015	March 31, 2014
Mr. Sushil Kumar Agarwal, Whole Time director & CEO	64.39	86.57
Mr. Sharad Pathak, Company Secretary	4.06	2.31
Mr. Ghanshyam Rawat, Chief Financial Officer	68.42	48.19
Total	136.87	137.07

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.

c. Other transactions (₹ In Lacs)

Name of related party	Nature of related party	Nature of transactions	31-Mar-15			31-Mar-14		
			Amount received	Amount paid	Outstanding balance	Amount received	Amount paid	Outstanding balance
Au FINANCIERS (INDIA) LIMITED	Holding Company	Equity shares	3,000.00	-	-	2,000.00	-	-
Au FINANCIERS (INDIA) LIMITED	Holding Company	Reimbursement of expenses	-	129.57	-	-	52.08	2.44
Au FINANCIERS (INDIA) LIMITED	Holding Company	Reimbursement of expenses	40.33	-	-	10.30	-	0
Au FINANCIERS (INDIA) LIMITED	Holding Company	Reimbursement of Statutory payments	-	103.58	-	-	70.19	-
Au INSURANCE BROKING SERVICES PRIVATE LIMITED	Enterprise under significant influence of KMP	Reimbursement of expenses	-	-	-	0.30	-	-

Name of related party	Nature of related party	Nature of transactions	March 31, 2015	March 31, 2014
			Amount involved	Amount involved
Au FINANCIERS (INDIA) LIMITED	Holding Company	Corporate guarantee	33,132.68	31,862.08
Mr. Sanjay Agarwal	Managing Director	Personnel guarantee	15,893.00	8,038.46
Mr. Sushil Kumar Agarwal	Whole Time Director	Personnel guarantee	166.17	207.21

Notes to financial statements for the year ended March 31, 2015

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

The Company has initiated the process of inviting information from its vendors regarding their status under MSMED Act. As per the information available with the Company, there are no dues or principal amounts payable to any micro or small enterprises as on the date of balance sheet. This information has been relied upon by the statutory auditors.

2.29 There is no penalty imposed on company by National Housing Bank during the year.

2.30 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.

2.31 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, 2015	Year ended March 31, 2014
CRAR (%)	26.72%	31.21%
CRAR - Tier I capital (%)	20.57%	24.02%
CRAR - Tier II capital (%)	6.15%	7.19%

b. Exposures to Real Estate Sector (₹ In Lacs)

Category	As at March 31, 2015	As at March 31, 2014
(A) Direct Exposure-		
<i>I) Residential Mortgages-</i>		
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 ₹15 lacs : ₹65543.27 lacs (P.Y. ₹38138.95 lacs)	82,826.73	40,622.41
<i>II) Commercial Real Estate-</i>		
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
<i>III) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-</i>		
(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

Notes to financial statements for the year ended March 31, 2015

2.31 (contd.)

c. Asset liability management

Maturity pattern of certain items of assets and liabilities *

(₹ 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.

As per our Report of even date
For S R B C & Co. LLP
ICAI Firm Registration No. 324982E
Chartered Accountants

per Shrawan Jalan
Partner
Membership no. 102102
Place: Mumbai
Date: May 27, 2015

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)
Place: Jaipur
Date: May 27, 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF Au HOUSING FINANCE LIMITED WILL BE HELD AT 10.00 A.M, ON SATURDAY THE 11TH DAY OF JULY, 2015 AT THE REGISTERED OFFICE OF THE COMPANY AT 19-A, DHULESHWAR GARDEN, AJMER ROAD, JAIPUR – 302001 (RAJASTHAN) TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

- 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;

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 read with the Rules framed there under, as amended from time to time, M/s. S. R. BATLIBOI & Associates LLP, Chartered Accountants (Firm Registration No: 101049W), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of ensuing Annual General Meeting (AGM) till the conclusion of the seventh Annual General Meeting of the company to be held in the year 2017, subject to ratification of the appointment by the members of company at every Annual General Meeting as per the provisions of Companies Act, 2013, at a remuneration as may be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit, as the retiring Auditors, M/s. S.R.B C & Co. LLP have given the Company notice, in writing, expressing their unwillingness to ratify their appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.”

- 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.

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 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

- 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, 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 resolutions.

5. **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, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT Pursuant to the provision of section 94 (1) of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and all other applicable provisions and relevant rules applicable, if any, consent of Members be and is hereby accorded to keep the register of members and other statutory registers to be maintained under section 88 (1) of the Act, copies of the Annual returns filed under section 92 of the Act and Minutes book and other statutory records of the company at the Corporate office of the Company at 201-202, 2nd floor, South End Square, Mansarovar Industrial Area, Jaipur-302020 (place other than Registered Office where the Registers, returns and other documents are proposed to be kept) and such registers shall be open

for inspection by members during business hours on all working days.

RESOLVED FURTHER THAT the Board of directors and Mr. Sharad Pathak-Company Secretary of the company be and are hereby authorized to take all such steps and to do all such acts, deeds, thinks and to file all such forms to ROC as may be necessary, expedient and incidental thereto to for the purpose of giving effect to this resolution and for matter connected therewith or incidental thereto.

6. **To Consider and approve for Payment of commission to Non-Executive Directors**

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

“RESOLVED THAT pursuant to the Article 108(2)(ii) of the Articles of Association of the Company and the provisions of section 197, 198 and all other applicable provisions, if any, of the Companies Act, 2013, a sum not exceeding 1% of the net profits of the Company per annum computed in the manner prescribed therein, in respect of the profits for each of the five years commencing from 29th August, 2014 be determined and distributed as commission amongst the Directors of the Company (Other than the Managing Director and the Whole Time Director) (the “Non Executive Directors”) in such amounts or proportion and in such manner as may be directed by the Board of Director (or any committee thereof for the time being), and further that the commission paid to each of Non- Executive Directors of the Company pursuant to this resolution shall be in addition to the fee for attending meeting of Board or any Committee thereof which each such Non-Executive Director may be entitled to receive under the Articles of Association of the Company”

RESOLVED FURTHER THAT the Board of directors and Mr. Sharad Pathak- Company Secretary of the company be and are hereby authorized to take all such steps and to do all such acts, deeds, thinks and to file all such forms to ROC as may be necessary, expedient and incidental thereto to for the purpose of giving 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: 27th May, 2015

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 any body 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. 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.
- F) The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 (corresponding to Section 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: 27th May, 2015

Sharad Pathak
Company Secretary

Notes

Horizontal lines for notes

AU HOUSING FINANCE LIMITED

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

PROXY FORM

Name of the Member (s):
Registered Address:
Email-Id:
Folio No./DP ID: Client ID:

I/We, being the member(s) of Au HOUSING FINANCE LIMITED, holdingNo. of shares of the above named company, hereby appoint :

- 1. Name:.....Address:.....
E-mail Id:Signature:.....
2. Name:.....Address:.....
E-mail Id:Signature:.....
3. Name:.....Address:.....
E-mail Id:Signature:.....

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fifth Annual General Meeting of the company, to be held on the 11th day of July, 2015 at 10:00 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 _____ 2015

Signature of shareholder _____

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.



AU HOUSING FINANCE LIMITED

Registered 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)
Fifth Annual General Meeting 11th July, 2015

I hereby record my presence at the FIFTH ANNUAL GENERAL MEETING of the Company at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur -302001 on Saturday, 11th July 2015 at 10:00 a.m.

Full name of the member (In BLOCK LETTERS):

Folio No.

No. of Shares held.....

Full name of proxy (In BLOCK LETTERS):

Member's/Proxy's Signature:



