

Home Finance
Aditya Birla Housing Finance Limited



ADITYA BIRLA
CAPITAL

adityabirlacapital.com

ANNUAL REPORT 2017-18
ADITYA BIRLA HOUSING FINANCE LIMITED

[CIN: U65922GJ2009PLC083779]

Regd. Office: Indian Rayon Compound, Veraval, Gujarat 362266.

Tel : 91-22-43567000 Fax: 91-22 43567266

Website: <https://homefinance.adityabirlacapital.com>

BOARD OF DIRECTORS

Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mr. Saurabh Agrawal
(resigned w.e.f. 26/06/2017)

Ms. Anita Ramachandran
Mr. Satish Mehta (resigned w.e.f. 29/03/2018)

COMMITTEES OF THE BOARD

Audit Committee

Mr. Satish Mehta
(resigned w.e.f. 29/03/2018)
Mr. Ajay Srinivasan
Ms. Anita Ramachandran

Nomination and Remuneration Committee

Ms. Anita Ramachandran
Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mr. Satish Mehta
(resigned w.e.f.29/03/2018)

Corporate Social Responsibility Committee

Mrs. Anita Ramachandran
Mr. Ajay Srinivasan
Mr. Rakesh Singh

KEY MANAGERIAL PERSONNEL

Mr. Tushar Kotecha
Manager & Chief Financial Officer

Mr. Muthiah Ganapathy
Company Secretary

SENIOR MANAGEMENT

Mr. Netrapal Singh
Chief Business Officer

Mr. Ganesh Kotian
Head Operations

AUDITORS		
STAUTORY	SECRETARIAL	INTERNAL
Deloitte Haskins & Sells LLP Chartered Accountants	BNP & Associates Company Secretaries	Aneja Associates

DEBENTURES TRUSTEES	REGISTRAR AND TRANSFER AGENTS
Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited) Plot C-22, G- Block, BKC Bandra (E), Mumbai – 400 052 Ph: +91 22 2653 3333	LINKINTIME INDIA PVT LTD C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 Ph: +91 22 49186000 Fax:+91 22 49186060 Email : isrl@intimespectrum.com

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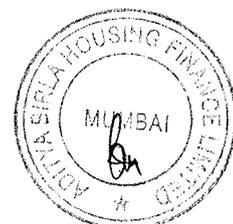
Management Discussion & Analysis

Indian Economic Review

The Indian economy started FY18 amidst challenges posed by balance sheet deleveraging, the impact of demonetization, and GST. Growth in 1QFY18 was the lowest in 13 quarters at 5.7%. However, the economy picked up thereafter, growing steadily through the year and is expected to have grown at ~6.5% in FY18. Besides the headline numbers, the composition of growth was quite positive with pickup in manufacturing and capital formation, which reflect the beginning of revival in the investment cycle. A variety of data points like IIP, infrastructure index, PMI, auto sales, cement consumption, and non-oil non-gold imports attested to the broad-based pickup in growth momentum. Indian equities reflected the growth uptick, rallying along with global equity markets. Inflation remained well contained except for a brief uptick in food inflation in Nov-Jan period. Average inflation in FY18 was 3.6%, lower than RBI's target of 4%, despite the statistical impact of pay commission HRA award on headline inflation. Core inflation remained well contained. However, there is an upside risk to inflation in FY19 owing to the likely impact of higher MSP, higher crude price, growth uptick and some weakness in INR. Bond yields started to rise from August owing to the uptick in growth, some fiscal slippage, and prospect of higher inflation down the line. Indian external account was well funded with healthy BoP surplus, owing to strong foreign capital flows even as current account deficit witnessed some increase towards the second half of the fiscal. Forex reserves rose by US\$54 bn and stood at US\$424 bn, giving a healthy import cover of 10.5 month. INR appreciated to sub-64 levels against USD before moving to 65 levels towards the end of the fiscal. We remain positive about growth prospects in FY19 and expect economic growth to rise to 7.25%. The last few years have been one of structural reforms (eg GST and Banking reforms) and macro-stabilization (lower twin deficits and higher real rates) for Indian economy.

Industry performance and Outlook Performance

ICRA estimates that the total housing credit outstanding was around Rs. 15.9 lakh crores as on December 31, 2017 (Rs. 14.4 lakh crores as on March 31, 2017). Overall housing credit growth picked up for the 12 months ended December 2017 to 17% vis-a-vis 16% for the 12 months ended December 2016 owing to some stabilization in demand supported by improvement in sales, stabilization in Real Estate Regulation and Development Act (RERA) regime across most of the states and Goods and Service Tax (GST). The share of HFCs and NBFCs in the overall mortgage finance market remained at around 38% as on December 31, 2017, with commercial banks accounting for the remaining 62%. ICRA expects overall growth to pick up in FY2019 onwards supported by improvement in primary sales, and support from GOI on the affordable housing segment which is likely to expand the market. ICRA continues to believe that HFCs and NBFCs are likely to benefit from their focus on the housing finance market, their thrust on the relatively high growth segments like affordable housing and self-employed customers, and their comparatively superior service levels. ICRA expects banks to grow 16-18% and HFCs at 20-23%, leading to an overall market growth of 18-20% in FY2019.



Affordable housing

Housing finance companies (HFCs) operating in the affordable housing space reported total outstanding portfolio of Rs. 1.4 lakh crores as on December 31, 2017; this segment continued to grow at a faster pace of 22% y-o-y. Their growth was supported by an increase in supply of affordable housing projects following the infrastructure status accorded to the sector and the improved borrower affordability supported by lower interest rates and capital subsidy through the credit-linked subsidy scheme. The higher growth potential in this segment has resulted in an increase in new entrants. Over the last three years, 28 new HFCs were granted licenses by the National Housing Bank (NHB). The number of licensed HFCs increased from 64 as on March 31, 2015 to 92 as on March 2018. While the potential for growth in this segment remains good, ICRA notes that the increasing competition has led to a significant reduction in incremental yields. The asset quality indicators of some players in the affordable housing segment also deteriorated during 9MFY2018 owing to seasoning of the portfolios and the introduction of GST which impacted cash flows of self-employed borrowers.

Asset Quality

The asset quality of home loan portfolios of HFCs remained stable with gross NPAs of 0.6% as on December 31, 2017 as against the asset quality of non-housing loan portfolios which deteriorated from 1.4% as on March 31, 2017 to 2.3% as on December 31, 2017. Overall, ICRA expects HFCs' gross NPAs to be slightly higher at 1.2-1.5% for FY2019.

Cost of Funds

All the HFCs' had seen moderation in the cost of funds continued for major part of the FY 2018. However, with the hardening of bond yields in Q4FY2018, entities with a higher reliance on debt market instruments and having higher share of short term borrowings were impacted with the rising interest rate. Going forward, though competition is impacting the incremental lending spreads, ICRA expects HFCs to maintain their interest margins, supported rising share of higher yielding book.

Outlook

Outlook on domestic growth

Economic activity is expected to gather pace in 2018-19, benefitting from a conducive domestic and global environment.

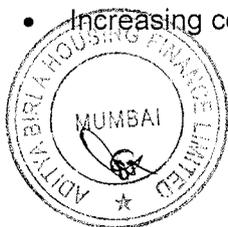
Opportunities and Threats

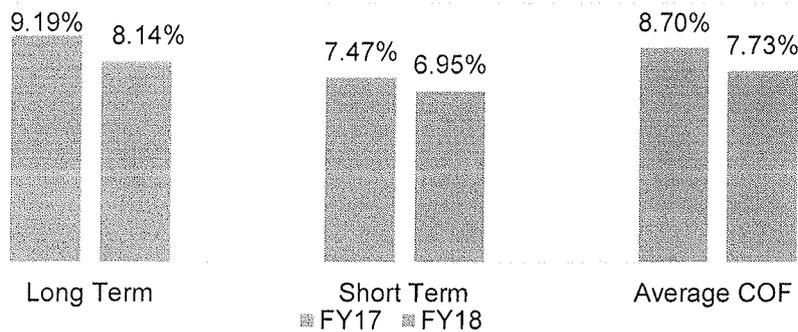
Opportunities

- Under-penetration of financial services / products in India offers growth opportunities.
- Brand strength and extensive reach of the Aditya Birla Group.
- Opportunity to cross sell to customers.

Threats

- Increasing competition





Capital Adequacy Ratio (CAR)

The Capital adequacy ratio as on 31st March, 2018 was 14.25% The net worth of the Company as on 31st March, 2018 was Rs. 750.06 Crore as against the previous year figure of Rs. 367.48 Crore.

Risks

Details of Risk framework forms part of the Directors report.

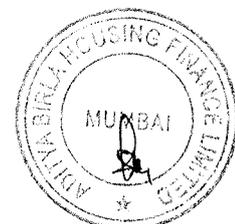
Internal control systems and their adequacy

The Company has adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. The Company carries out extensive and regular internal audit programs, policy reviews, guidelines and procedures to ensure that the internal control systems are adequate enough to protect the Company against any loss or misuse of the Company's assets.

Material development in Human resources, including number of people employed

The Company has a total of 1,167 employees as on 31st March, 2018. Your Company has cordial relations with its employees. The Company commends the commitment, dedication and competence shown by its employees in all aspects of business. With the growing requirements of the Company, the Human Resources department has taken various initiatives to ensure their growth and development.

The Company has a structured induction process, robust Talent Management Process & Systems, Employee Value Proposition – "WORLD OF OPPORTUNITIES" and structured Training & Development programs across all levels along with a thorough Rewards & Recognition Framework to celebrate valued behaviour and competencies.

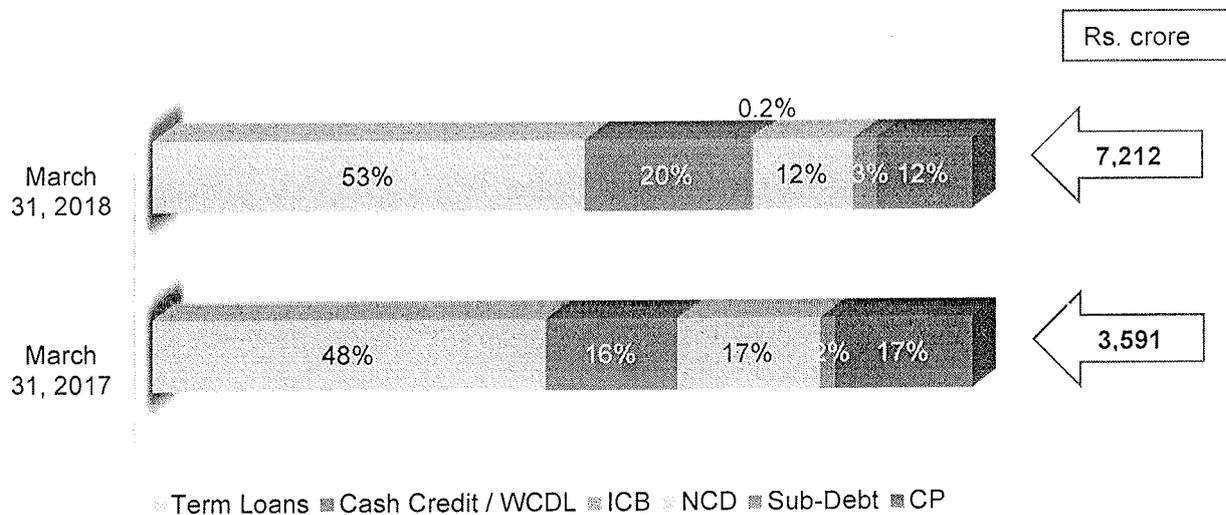


Business Overview and Performance

The Company, which commenced operations in Oct 2014, has rapidly grown since its first year of business. From a starting asset size of Rs.142 Crore and an active customer base of 109 accounts on 31st March 15, the Company has ended 31st March 18 with a closing book of Rs. 8,137 Cr with 19,074 active customers' accounts. This means that on average, more than 1135 customers have been added every month with an average monthly disbursement of Rs.425 Cr in FY18. For the month of March 2018, the Company touched an all-time high disbursement of Rs.647 Cr with ~2500 new client accounts added. Along with business performance, there was focus also on building distribution capabilities and delivery infrastructure, which saw 44 branches operational across 32 markets in FY18. Over 2700 channel partners were empanelled to improve our market reach and sourcing capabilities. In the direct sourcing space, online customer acquisition, builder associations and the Aditya Birla Group ecosystem were effectively leveraged. Your company has invested significantly in setting up key systems and processes for loan origination till on-boarding and servicing backed by a robust operations platform. Your Company has built profitable scale in a short period of time and will continue to focus on growing profitably.

Borrowing Profile

The closing borrowing profile as on March 31, 2018 and March 31, 2017 is shown below:



The average borrowing cost saw a reduction of 97 basis points (bps) from 8.70% p.a. in FY17 to 7.73% p.a. in FY18.



Cautionary Statement

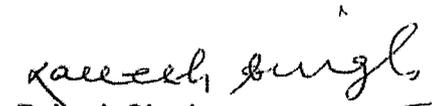
Statements in this Management Discussion and Analysis describing the Company's plan and objectives, financial conditions, business prospects, estimates and expectations may be forward looking statements which are based on the current belief, assumptions, and projections of the Directors and the management of the Company. These statements do not guarantee the future performance and are subject to known and unknown risks, uncertainties and other factors some of which may be beyond the control of the Company. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include unavailability of finance at competitive rates, significant changes in political and economic environment in India or key markets abroad, tax laws, litigations, exchange rate fluctuations, interest and other costs.

Date: 2nd May, 2018
Place: Mumbai



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


Ajay Srinivasan
Director
DIN: 00121181


Rakesh Singh
Director
DIN: 07006067

Board's Report

Dear Shareholders,

The Directors of Aditya Birla Housing Finance Limited ("your Company" or "the Company" or "ABHFL") are pleased to present the Ninth Annual Report and the audited financial statements (standalone) of your Company for the financial year ended 31st March, 2018.

Financial Results

The Company's financial performance (Standalone) for the year ended 31st March, 2018 is summarized below:

Standalone Financial Results

Particulars	(Rs in Crore)	
	Standalone	
	Financial Year	
	2017-18	2016-17
Total Revenue	615.14	314.70
Total Expenses	591.42	330.20
Profit / (Loss) before tax	23.72	(15.50)
Tax expense	(8.86)	--
Profit/(Loss) after tax	32.58	(15.50)
Transfer to Reserve	32.58	(15.50)
Appropriations from reserve	(6.52)	--
Balance carried to Balance Sheet	26.06	(15.50)
Earnings per share	0.86	(0.49)
Proposed dividend (%)	--	--
Dividend and tax thereon	--	--

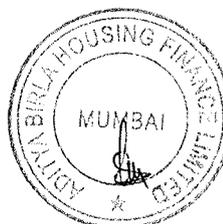
During the year under review, the total income stood at Rs. 615.14 Crore as against Rs. 314.70 Crore in the previous year. Correspondingly, the total expenses were Rs. 591.42 Crore as compared to that of Rs. 330.19 Crore in the previous year mainly due to increase in the finance cost, employee cost on account of induction of personnel, increase in rent and other expenses. Profit after tax stood at Rs. 32.58 Crore as against loss of Rs. 15.50 Crore in the previous year.

Reserves

In view of carried forward losses, the Company has not transferred any amount to the General Reserve.

Dividend

In view of carried forward losses, your Directors do not recommend any dividend for the year under review.



Share Capital

The Company's paid-up Equity Share Capital as on 31 March 2018 was Rs.412.57 Crore as compared to Rs 333.05 Crore in the previous year. During the year, the Company had issued and allotted 7.95 Crore Equity Shares on Rights issue basis to the existing shareholders.

Credit Rating

The Company primarily sources funds from banks and money market via various instruments such as term loans, cash credit, WCDL, NCD, sub-debt and commercial papers. The Company added 4 new banks and incremental bank lines (Term Loan and Cash Credit) of Rs. 3,145 Crore aggregating to Rs.7,570 crore from 19 banks. During the year Non-Convertible Debentures (NCDs) and Tier II NCDs were raised through private placement aggregating to Rs. 876 crore and Rs. 200 Crore respectively. The Company was able to reduce average COF by 97 bps from 8.70% (FY17) to 7.73% (FY18). The rating of various debt instruments / bank facilities as on 31st March, 2018 are given below:

Credit rating agency	Instrument	Ratings
India Ratings	Commercial Papers	A1+
	Non-Convertible Debentures	AAA
	Subordinate Debt	AAA
	Bank Limits (Term Loans)	AAA
ICRA	Commercial Papers	A1+
	Non-Convertible Debentures	AA+
	Subordinate Debt	AA+

Vistra ITCL (India) Limited, having their office at Plot C-22, G-Block, ILFS Financial Centre, Bandra Kurla Complex, Bandra(e) Mumbai 400052 Tel: (022) 26533333, is the Debenture Trustee. The details of unclaimed non-convertible debentures are given below:

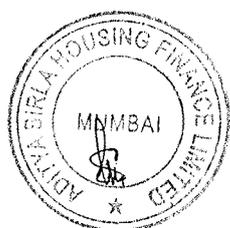
- The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the housing finance company after the date on which the non-convertible debentures were due for redemption: Nil
- The total amount in respect of such debentures: Nil

Public Deposits

The Company has not accepted or renewed any deposit as covered under Chapter V of the Companies Act read with the Companies (Acceptance of Deposit) Rules, 2014, as amended, from its members or the public during the year under review.

Particulars of Loans given, investment made, guarantees given or security provided under Section 186 of the Companies Act, 2013:

Pursuant to provisions of Section 186 (11) and the circular issued by Ministry of Corporate Affairs dated 13th February, 2015 the Company is exempt from the provisions of the said Section.



Conservation of Energy & Technology Absorption

The Company has no particulars to report as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption considering the nature of activities undertaken by the Company during the year under review.

Foreign Exchange earnings and expenditure during the year:

There were no foreign exchange earnings and expenses during the year as well as during the previous year.

Particulars of Employees

In accordance with the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits, set off in the aforesaid Rules, are to be set out in the Board's Report, as an annexure thereto. In line with the provisions of Section 136(1) of the Act, the Report and Accounts, as set out therein, are being sent to all the Members of your Company, excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at the Registered Office of your Company. The aforesaid addendum is also available for inspection by the members at the Registered Office of the Company from 21 days before the AGM and upto the date of the ensuing AGM, during business hours on working days. Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. As on 31st March 2018, your Company's employee strength stood at 1,167 employees.

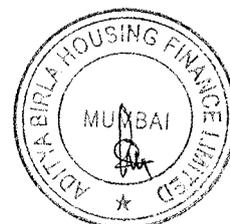
Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in **Annexure 1** of the Board's Report. Board of Directors have adopted Executive Remuneration Philosophy which is given in **Annexure 2**.

Material Changes and Commitment affecting Financial Position of the Company

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March 2018 and the date of this Board's report.

Change in nature of business

During the year under review, there has been no change in the nature of business of the Company.



Employee Stock Option Plan

The Aditya Birla Capital Limited Employee Stock Option Scheme (the "Scheme 2017") has been formulated by the Nomination, Remuneration and Compensation Committee of the Board of Directors of Aditya Birla Capital Limited (ABCL), the holding company, with an aim to provide competitive remuneration opportunities to its employees and further by way of a separate special resolution, the shareholders of ABCL at their AGM held on July 19, 2017, extended the benefits and coverage of the Scheme 2017 to the employees of ABCL's Subsidiary Companies. The Nomination and Remuneration Committee and the Board of Directors of ABHFL had adopted the Scheme 2017 and had approved the extension of benefits of the Scheme 2017 to its permanent employees in the management cadre, including Managing and Whole-time Directors of the Company. The Scheme 2017 inter-alia involves the granting of employee stock options in the form of options ("**Options**") and/or Restricted Stock Units ("**RSUs**"), which will be exercisable into equity shares of Rs. 10/- each of the Holding Company (the "**Equity Shares**") in accordance with the terms of the Scheme 2017 and on such terms and conditions as may be fixed or determined by the Board and/or by Aditya Birla Capital Limited in accordance with the SEBI SBEB Regulations or other provisions of the law as may be prevailing at that time. The approval for extension of benefits of Scheme 2017 as well as the payment of ESOP charge for the allocation of Options and RSU's as applicable has been also approved by the shareholders of the Company at its EOGM held on August 10, 2017. Consequently, 2,31,168 Stock Options and 2,17,000 RSUs were granted in terms of the provisions of the Scheme 2017.

Management Discussion and Analysis

Management's Discussion and Analysis Report for the year under review, is presented in a separate section forming part of the Annual Report.

Corporate Governance

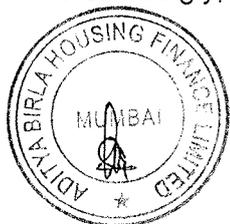
Your Directors reaffirm their commitment to the corporate governance standards as applicable to the Company. Corporate Governance Report is presented in a separate section forming part of the Annual Report **Annexure 3**.

Holding Company

During the year under review, a Composite Scheme of Arrangement ("Scheme") was entered between Aditya Birla Nuvo Limited ("ABNL"), Grasim Industries Limited ("Grasim") and Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) ("ABCL"), a subsidiary of ABNL.

The Scheme was approved by the National Company Law Tribunal bench at Ahmedabad on June 1, 2017. ABNL has been amalgamated with Grasim with effect from July 1, 2017 and accordingly, Grasim became the holding Company of ABCL. Consequently, the ultimate holding Company of your Company has been changed from ABNL to Grasim with effect from July 1, 2017.

Further, in accordance with the Scheme of arrangement, the demerger of the Demerged Undertaking ('the financial services business') from the Demerged Company ("Grasim Industries Limited") and subsequent transfer to the Resulting Company ("Aditya Birla Capital Limited") (formerly known as Aditya Birla Financial Services Limited) comes into effect. Accordingly, ABCL continues to be the Holding Company of your Company.



Subsidiary Company

Your Company does not have any subsidiary and hence the details as required as per Section 129(3) of the Companies Act, 2013 are not required.

Risk Management

The Risk Management function provides stability, balance, develops robust risk policies, processes and sets the risk appetite framework and governance. ABHFL is exposed to various types of risk – credit risk, market risk (which includes liquidity risk and price risk), operational risk, legal risk, regulatory risk and competition risk. ABHFL's risk management strategy is based on a clear understanding of various risks, disciplined underwriting practices. ABHFL has developed expertise to underwrite all kinds of customer segments (Salaried, self-employed professionals, self-employed non-professionals) and our underwriting guidelines are benchmarked to the market and adequate internal controls have been put in place to maintain the portfolio quality. The Board of Directors has oversight over the Risk Management framework applicable to the Company. The Risk Management oversight structure includes various Committees of the Board and Senior Management. The Risk Management Committee ("RMC") is the Committee of the Board and the meetings are generally chaired by an Independent Director. RMC reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposure and provides oversight of risk across the organization. Credit Risk is managed and controlled through a Credit Risk Management framework comprising detailed risk evaluation of borrower and security. Distinct policies and processes are in place which are followed rigorously while selecting the borrowers coupled with well-defined product programs for each customer and product segment. Liquidity risks and interest rate risks arising out of maturity mismatch of assets and liabilities are managed by monitoring the maturity profiles with a periodical review of the position. ABHFL's loans are on variable rate of interest basis and normally any movement in rate of borrowings is hedged by the loans advanced at variable rates to a certain extent. An Asset Liability Committee oversees on a periodic basis the overall liquidity, rate impact & strategic decisions on funding. The funding strategies adopted by ABHFL ensure diversified resource raising options to minimise cost and maximise stability of funds. Operational Risks are minimized by strengthening the internal control procedures and addressing the deficiencies reported by the Auditors. The processes and controls are reviewed periodically at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of information. ABHFL focuses constantly on strengthening the Information Security & Technology platforms to safeguard customer information & data using best in class security solutions. The technology infrastructure design is based on high-availability and resilience principles including a fully functional disaster recovery site, tested at regular intervals.

Legal Risks are minimized by ensuring there is adequate legal due diligence done at the time of onboarding customers to eliminate the cost of litigation arising out of failure or frauds in project delivery/documents/title etc. A robust legal process of title verification and legal appraisal of related documents ensures the company has limited exposure to legal risk. ABHFL also has a standard and operational mechanism to adhere to standards aimed at minimum instances of customers' grievances. A change in laws and regulations may at times have material impact on the company and may also increase the costs of operating the business, and/or change the competitive landscape. Compliance with Regulatory norms and internal policies is embedded within the organization culture and processes at all the levels.



Contracts and Arrangements with Related Party Transactions

During the financial year under review, all contracts / arrangements / transactions entered by the Company with related parties were in ordinary course of business and on arm's length basis. There were no material transactions with any related party as defined under Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. All related party transactions have been approved by the Audit Committee of the Board of Directors of your Company and are reviewed by it on periodic basis. Omnibus approvals are taken for transactions which are repetitive in nature. Since all contracts/arrangements/transactions with related parties, during the year under review, were in the ordinary course of business and on an arm's length basis the same were not considered material, hence, the disclosures in Form AOC-2 (**Annexure 4**) under Section 134(3)(h) of the Act, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014 is not applicable.

The details of contracts and arrangements with related parties of your Company for the financial year ended 31st March, 2018, are given in notes to the Standalone Financial Statements, forming part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website at: <https://homefinance.adityabirlacapital.com/> which is also enclosed in the Board's report as **Annexure 5**.

Internal Financial Controls

Your Company has in place adequate internal control systems commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of your Company's operations, safekeeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Clearly defined roles and responsibilities have been institutionalised. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your Company's operations. During the year under review, no material or serious observation has been received from the Statutory Auditors the Internal Auditors of the Company on the effectiveness or adequacy of such controls.

Internal Audit

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes. The framework is commensurate with the nature of the business and the size of its operations. Internal auditing at the Company involves the utilization of a systematic methodology for analyzing business processes or organizational problems and recommending solutions to add value and improve the organization's operations. The audit approach verifies compliance with the regulatory, operational and system related procedures and controls.

Directors' Responsibility Statement

Pursuant to sub-Section (5) of Section 134 of the Companies Act, 2013 and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, your Directors make the following statement and confirm that: -



- i) in the preparation of the annual accounts for the year ended 31 March 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- ii) the Directors 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 as at 31 March 2018 and of the profit of the Company for year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the Annual Accounts on a 'going concern basis';
- v) the Directors have laid down Internal Financial Controls and that such Internal Financial Controls are adequate and are operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Directors and Key Managerial Personnel

As on 31st March, 2018, your Company's Board comprised of 3 (Three) Directors, which included 1 (One) Independent Director and 2 (Two) Non-Executive Directors. The composition of your Board is in conformity with the requirements of the Companies Act, 2013 ("the Act"). The Company has appointed a Manager who is not a part of the Board of Directors.

Resignation of Directors

During the year under review, Mr. Saurabh Agrawal, Non-Executive Director and Mr. Satish Mehta, Independent Director of the Company resigned from the Board with effect from 26th June, 2017 and 29th March, 2018 respectively. The Board places on record its deep appreciation and gratitude for the valuable contribution and advice offered by Mr. Saurabh Agrawal and Mr. Satish Mehta during their tenure as a Director on the Board of the Company.

Retirement by Rotation

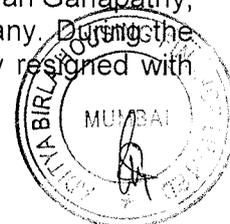
In accordance with the provisions of the Act and the Articles of Association of the Company Mr. Ajay Srinivasan, Director of the Company is eligible to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

Declaration by Independent Directors

Pursuant to Section 149(4) of the Companies Act, 2013 read with The Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company has received declarations from the Independent Director of the Company confirming that she meets the criteria of 'Independence' as prescribed under Section 149(6) and has submitted her declaration as required under Section 149(7) of the Companies Act, 2013.

Key Managerial Personnel

As on 31st March, 2018, In terms of the provisions of Sections 2(51), 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, - Mr. Tushar Kotecha, Chief Financial Officer (CFO) and Manager, and Mr. Muthiah Ganapathy, Company Secretary (CS), are the Key Managerial Personnel of your Company. During the year under review, Mrs. Anjali Makhija- CFO and Manager of the Company resigned with effect from 20th July, 2017.



The Board places on record its deep appreciation and gratitude for the valuable contribution and advice offered by Mrs. Makhija during her tenure as CFO and Manager of the Company. Mr. Tushar Kotecha was appointed as a Chief Financial Officer and Manager of the Company with effect from 1st August, 2017.

Annual Performance Evaluation

The evaluation framework for assessing the performance of the Directors of your Company comprises of contributions at the Meeting(s) and strategic perspective or inputs regarding the growth and performance of your Company, among others. Pursuant to the provisions of the Act and SEBI (LODR) and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board have carried out an annual performance evaluation of its the performance of various Committees of the Board, individual Directors and the Chairman. The manner in which the evaluation has been carried out has been set out in the Corporate Governance Report, which forms an integral part of this Annual Report.

Meetings of the Board

The Board meets at regular intervals to discuss and decide on the Company's policies and strategy. During the year under review, the Board of Directors met 5 (Five) times. The Meetings were held on 26th April, 2017, 27th July, 2017, 8th August, 2017, 30th October, 2017, 24th January, 2018 Further details on the Board Meetings are provided in the Corporate Governance Report, forming part of this Annual Report.

Audit Committee

The Audit Committee Comprises of the Following Members:

Name	Position	Status
Mr. Satish Mehta#	Member	Independent Director
Mr. Ajay Srinivasan	Member	Non-Executive Director
Mrs. Anita Ramachandran	Member	Independent Director

Satish Mehta resigned as a Director of the Company w.e.f 29th March, 2018.

During the year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing the risks.

Further details on the Audit Committee are provided in the Corporate Governance Report, forming part of this Annual Report. During the year under review, all recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee (NRC)

Details of the NRC are provided in the Corporate Governance Report, forming part of this Annual Report



Other Committees

Details on the other committees are provided in the Corporate Governance Report, forming part of this Annual Report

Extract of Annual Return

In accordance with the provisions of Section 134(3)(a) of the Companies Act, 2013, the extract of annual return for the financial year ended 31st March 2018 in Form MGT-9 is attached as per Annexure 6.

Auditors

Statutory Auditors, their Report and Notes to Financial Statements

M/s **Deloitte Haskins & Sells LLP**, Chartered Accountants (Registration No. 117366W/W-100018) were appointed as Statutory Auditors of the Company from the conclusion of the 7th Annual General Meeting (AGM) of the Company held on August 26, 2016 till the conclusion of the 12th AGM to be held in the year 2021, subject to ratification of their appointment at every AGM. Proposal for ratification of their appointment for the financial year 2018-19 is being made in the forthcoming AGM.

Secretarial Auditors

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, Practising Company Secretaries to conduct the secretarial audit for the financial year ended 31st March 2018. The Secretarial Audit Report as received from M/s. BNP & Associates, Practising Company Secretaries is appended to this Report as Annexure 7. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

Cost Auditors

The provisions of Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

Corporate Social Responsibility (CSR)

In accordance with Section 135 of the Companies Act, 2013 your Company has a Corporate Social Responsibility (CSR) Committee consisting of the following Members:

Name	Position	Status
Mrs. Anita Ramachandran	Chairperson	Independent Director
Mr. Ajay Srinivasan	Member	Non-Executive Director
Mr. Rakesh Singh	Member	Non-Executive Director

Permanent Invitee(s)

Mrs. Rajashree Birla Chairperson – Aditya Birla Centre
Dr. (Mrs.) Pragnya Ram Group Executive President



The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at: <https://homefinance.adityabirlacapital.com/>. In view of losses in the previous years, your Company was not required to spend any amount towards the CSR during the financial year 2017-18. Accordingly, no CSR activity was undertaken by the Company. Further, the details on the Corporate Social Responsibility Committee are provided in the Corporate Governance Report, forming part of this Annual Report. Details on the CSR are provided in the Corporate Governance Report, forming part of this Annual Report

Whistle Blower Policy (Vigil Mechanism)

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company has formulated a vigil mechanism for directors and employees to report concerns details of which are covered in the Corporate Governance Report which forms part of the Annual Report. Whistleblower Policy has been hosted on Company's website at <https://homefinance.adityabirlacapital.com/>.

Policy to prevent Sexual Harassment at Workplace

Your Company has in place an appropriate Policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. We further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Human Resources

Your Company believes that human resources will play a critical role in its future growth. With an unwavering focus on nurturing and retaining talent, your Company provides avenues for learning and development through functional, behavioral and leadership training programs, knowledge exchange conferences and providing communication channels for information sharing, to name a few of the initiatives.

Secretarial Standards of ICSI

Pursuant to the approval by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India on 10th April, 2015, the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1st July, 2015. Thereafter, Secretarial Standards were revised with effect from 1st October, 2017. The Company is in compliance with the revised Secretarial Standards.

Other Disclosures:

The Board of Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Option Scheme referred to in this Report.
 2. Scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- Fraud reported by the Auditors to the Audit Committee or the Board of Directors.

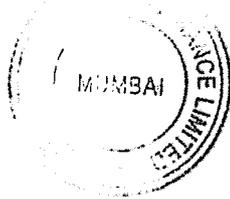


Acknowledgement

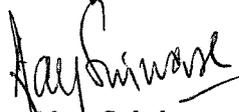
Your Directors take this opportunity to express their sincere appreciation for the support and cooperation extended by the shareholders and other business associates. Your Directors gratefully acknowledge the ongoing cooperation and support provided by the Central and State Governments and all Regulatory bodies.

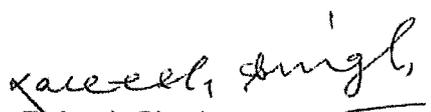
Your Directors place on record their deep appreciation for the exemplary contribution made by the employees of the Company at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

Date: 2nd May, 2018
Place: Mumbai



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


Ajay Srinivasan
Director
DIN: 00121181


Rakesh Singh
Director
DIN: 07006067

Annexure 1

Details to be included in the Board report as per Section 197(12) & Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for Financial Year 2017-18

1. Ratio of remuneration of each Director to median remuneration of the employees of the Company for the financial year

Not Applicable as all the Directors of the Company are non-executive

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager in the FY 2017-18

Mr. Muthiah Ganapathy, CS

8%

Mr. Tushar Kotecha CFO and Manager

6%

3. Percentage increase in median remuneration of employees in the FY 2017-18

9%

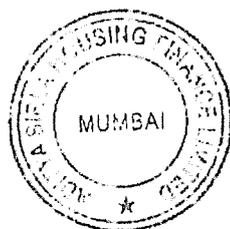
4. No. of permanent employees on rolls of the Company

1167

5. 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.

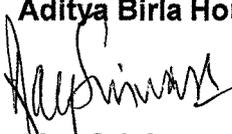
10.53%

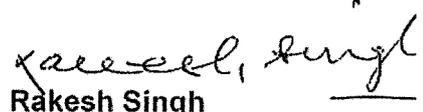
6. It is hereby affirmed that the remuneration paid is as per the remuneration policy of the company



Date: 2nd May, 2018
Place: Mumbai

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


Ajay Srinivasan
Director
DIN: 00121181


Rakesh Singh
Director
DIN: 07006067

Aditya Birla Group

Executive Remuneration Philosophy

At the Aditya Birla Group, we expect our executive team to foster a **culture of growth and entrepreneurial risk-taking**. Our Executive Compensation Philosophy supports the design of programs that **align executive rewards** – including incentive programs, retirement benefit programs, promotion and advancement opportunities – **with the long-term success of our stakeholders**. Our reward programs recognize and reward executives who display initiative, deliver superior individual performance, and contribute to sustainable corporate and business success.

Our business and organizational model

Our Group is a **conglomerate** and organized in a manner such that there is **sharing of resources and infrastructure**. This results in uniformity of business processes and systems thereby **promoting synergies and exemplary customer experiences**.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to **attract, retain, and reward** talented executives who will contribute to our **long-term success** and thereby **build value for our shareholders**. Our executive compensation program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a **holistic** basis
2. Emphasize **“Pay for Performance”** by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

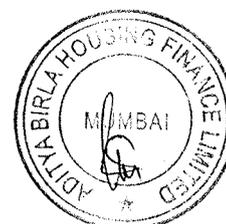
II. Covered Executives

Our Executive remuneration Philosophy applies to the following:

1. Director
2. Key Managerial Personnel : CFO, CS, any others CEO equivalent (ex: Deputy Managing Director)
3. Senior Management

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against **peer companies in similar industries, geographies and of similar size**. In addition to this, we look at **secondary reference (internal and external) benchmarks** in order to ensure that pay policies and levels across the Group are broadly **equitable internally** and support the Group's **global mobility objectives** for executive talent. The additional reference points may take into account the executive pay practices and pay levels in other markets and industries, recognizing the differences in levels and medium of pay.



IV. Executive Pay Positioning

We aim to provide **competitive remuneration opportunities** to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance **directionally between median and top quartile** of the primary talent market. We recognize the **size and scope** of the role and the **market standing, skills and experience** while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. i. Executive Pay-mix

Our executive pay-mix aims to strike the **appropriate balance** between key components: **(i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits.**

ii. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be **achievable and realistic.**

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated **90% probability of achievement.**

Target performance is the **expected level of performance** at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated **10% probability of achievement.**

VI. i. Performance Measurement

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to **relevant financial and operational metrics achievement and their individual performance.** We **annually align** the financial and operational metrics with priorities/ focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivize **stretch performance,** link executive remuneration to **sustained long term growth** and act as an **attraction and retention tool** We use stock options as the primary long-term incentive vehicle for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units, as a secondary long term incentive vehicle, to motivate and retain our executives.

ii. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for **other benefits plans commensurate with their roles.** These benefits are designed to encourage long-term careers with the Group. They are also eligible for certain perquisites with **each perquisite serving a clear business purpose or need.**



Other Remuneration Elements

Each of our executives is subject to an **employment agreement**. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the group companies. We **limit other remuneration elements**, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and we **do not provide for any tax gross-ups** for our executives.

Risk and Compliance

We aim to ensure that the Group's remuneration programs **do not encourage excessive risk taking**. We review our remuneration programs for factors such as

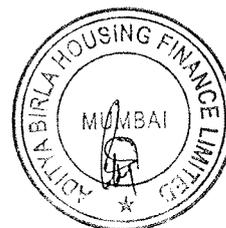
1. Remuneration mix overly weighted towards annual incentives
2. Uncapped pay-outs
3. Unreasonable goals or thresholds
4. Steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds

Claw back Clause:

In an incident of restatement of financial statements due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives the remuneration received in excess of what would be payable to him / her as per restatement of financial statements the executives is obligated to pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in **adopting, interpreting and implementing** the Executive Remuneration Philosophy. The costs of these services will be established through "arm's length", market-based agreements entered into as needs arise in the normal course of business.



Corporate Governance Report

Governance Philosophy

Aditya Birla Housing Finance Limited is committed to the adoption of best practices of corporate governance and its adherence in true spirit, at all times. Our governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets, viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosures.

In line with this philosophy, your Company, a flagship company of the Aditya Birla Group, is striving for excellence through adoption of best governance and disclosure practices. The Company, as a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remuneration paid and level of compliance with various Corporate Governance Codes. Your Company continuously strives to achieve excellence in corporate governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

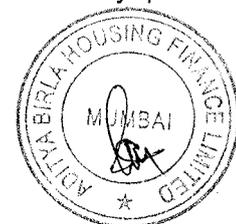
Compliance with Corporate Governance Guidelines

Composition of the Board

As on 31st March, 2018, your Company's Board comprised of 3 (Three) Directors, which included 1 (One) Independent Director and 2 (Two) Non-Executive Directors. The composition of your Board is in conformity with the requirements of the Companies Act, 2013 ("the Act"). The Company has appointed a Manager who is not a part of the Board of Directors. Your Directors on the Board are experienced, competent and highly renowned persons in their respective fields. None of the Independent Directors serve as "Independent Director" in more than seven listed companies and the tenure of their appointment is in accordance with the Companies Act, 2013 and rules made there under.

'Independent Director' in relation to a company shall mean a director other than a Managing Director or a Whole-time Director or a nominee Director of the Company who:

- a) in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - i. who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - ii. who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- b) had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;



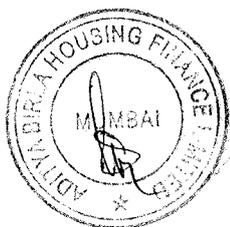
- c) none of whose relatives have or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- d) who, neither himself nor any of his relatives —
- i. holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - iii holds together with his relatives two per cent or more of the total voting power of the company; or
 - iv is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- e) Possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

Following is the Independent Director(s) of the Company as on Date:

1. Ms. Anita Ramachandran

Two Directors viz. Mr. Saurabh Agrawal, Non-Executive Director and Mr. Satish Mehta, Independent Director resigned as Directors of the Company during the year under review.

The details of the Directors with regards to their other directorships and positions held in Committees as on 31st March, 2018 were as follows:



Name of the Director	Executive/ Non-Executive/ Independent ¹	No. of Directorship (s) in other Indian Public Companies ¹	No. of Committee Memberships of other Cos ²	Chairmanship in Committees of other Public Cos
Mr. Ajay Srinivasan	Non-Executive Director	5	6	Nil
Mr. Rakesh Singh	Non-Executive Director	Nil	Nil	Nil
Ms. Anita Ramachandran	Independent Director	9	10	1

1. Excluding Directorships held in foreign companies and companies under Section 8 of the Act.
2. Only two committees viz. the Audit Committee and the Stakeholders Relationship Committee of all public limited companies have been considered.

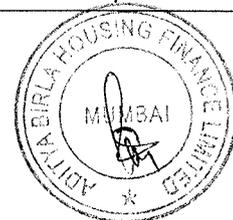
Non-Executive Directors' Compensation and Disclosure

Sitting fees for attending the meetings of the Board / Committees has been recommended by the Nomination and Remuneration Committee of the Board and approved by the Board of Directors. No commission was recommended/ paid to any of the Directors during the financial year under review. Details of the Sitting fees paid to such Directors are given separately in this Report.

Board's Functioning and Procedure

The Company's Board of Directors plays a primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibilities and accountabilities are well defined. All relevant information is regularly placed before the Board. The Board reviews compliance reports of all laws as applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional Meetings are held as and when necessary. Five Board Meetings were held during the year ended 31st March, 2018. The details of the Board Meetings held during the year under review, dates on which held and number of Directors present are as follows:

Date of Board Meeting	Board Strength	No. of Directors Present
26 th April, 2017	5	3
27 th July, 2017	4	4
8 th August, 2017	4	4
30 th October, 2017	4	4
24 th January, 2018	4	4



Your Company's Board plays a pivotal role in ensuring good governance and functioning of your Company. The Directors are professionals, having expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The Board has an unfettered and complete access to any information within your Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairman. The Board periodically reviews all the relevant information, which is required to be placed before it and approves corporate strategies, business plans, annual budgets, projects and capital expenditure, etc. The Board provides direction and exercises appropriate control to ensure that your Company is managed in a manner that fulfils stakeholder's aspirations and societal expectations. In addition to the quarterly meetings, the Board also meets to address specific needs and business requirements of your Company. The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on 2nd June, 2017 at the registered office of the Company-Indian Rayon Compound, Veraval are as follows:

Name of Director	Category	No. of Board Meetings		Attended Last AGM@	Sitting fees paid (Amount in ₹)
		Held	Attended		
Mr. Ajay Srinivasan	Non-Executive Director	5	5	No	Nil
Mr. Rakesh Singh	Non-Executive Director	5	4	No	Nil
Mr. Satish Mehta	Independent Director	5	5	No	2,50,000
Ms. Anita Ramachandran	Independent Director	5	5	No	2,50,000
Mr. Saurabh Agrawal	Non-Executive Director	5	Nil	No	Nil

The Company pays sitting fees of Rs.50,000, Rs. 25,000 and Rs. 20,000 to the Independent Directors for attending each Board Meeting, Audit Committee and other Committees of Board respectively. The details of sitting fees paid to these Independent Directors during the FY 2017-18 are given in the table below

(Amount in Rs.)

Name of the Director	Board Meeting	Audit Committee Meeting	Risk Committee	Nomination and Remuneration Committee
Mr. Satish Mehta	2,50,000	1,00,000	40,000	80,000
Ms. Anita Ramachandran	2,50,000	1,00,000	NA	80,000

Code of Conduct

Your Company has adopted a Code of Conduct for the Board Members and Senior Management Personnel (the "Code"). The Code is applicable to all the Board Members and Senior Management of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the Code.



The salient features of the said Code of Conduct are as under:

- Minimum standards of conduct
- Fairness in workplace
- Avoiding conflict of interest
- Dealing with other people and organizations
- Dealing with Customers
- Responsibilities
- Adherence & enforcement mechanism
- Commitment

Board training and Induction

A formal letter of appointment together with an induction kit is provided to the Independent Directors at the time of their appointment stating their roles, functions, duties and responsibilities. The Independent Directors are familiarised with your Company's businesses and its operations. Interactions are held between the Independent Directors and senior management of your Company.

Performance evaluation of Board

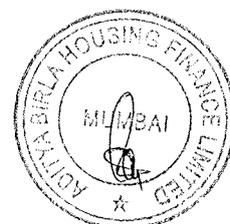
A formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual directors and the Chairman of the Board. The evaluation is based on criteria which include, among others, providing strategic perspective, chairmanship of Board and Committees, attendance, time devoted and preparedness for the meetings, quality, quantity and timeliness of the flow of information between the Board members and the management, contribution at the meetings, effective decision making ability, role & effectiveness of the Committees. The evaluation process & method for the financial year 2017-18 has been shared with the Nomination and Remuneration Committee and the Board.

Independent Directors meeting

In accordance with the provisions of Schedule IV of the Companies Act, 2013 ("the Act"), Regulation 25 (3) of the SEBI Listing Regulations and SS 2.3 of the Secretarial Standards on the Meetings of Board of Directors a Meeting of the Independent Directors of your Company was held on 24th January, 2018 without the presence of the Non-Independent Directors and the members of the Management. The Independent Directors discussed the matters inter alia including, the performance/ functioning of the Company, reviewing the performance of the Chairman, taking into account the views of Executive Directors and Non-Executive Directors, assessing the quality, quantity and timeliness of flow of information between the management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties, etc.

Prevention of Insider Trading

In terms of the provisions of the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015 your Company has adopted the Code of Conduct for Dealing in Listed Securities of Group Companies ("the Code"). The Code aims at preserving and preventing misuse of unpublished price sensitive information. All the Directors and Designated Employees of your Company have been covered under the Code. The said Code also provides for periodical disclosures from Directors and Designated Employees of your Company.



COMMITTEES OF BOARD

Your Board has constituted the Committees with specific terms of reference as per the requirements of the Act and National Housing Bank Directions. The Committees of the Board are elaborated hereunder:

I. Audit Committee

The provisions of Section 177 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for time being in force), prescribe that every public company having paid-up capital of not less than Rupees Ten Crore shall constitute a committee of the Board known as "Audit Committee". The primary functions which the Committee looks into are:

- Overseeing company's financial reporting process and the disclosure of its Financial information
- Review of Annual Financial Statements
- Management discussion and analysis of financial condition and results of Operations
- Related party transactions
- Management letter/ letters of internal control weakness issued by Statutory Auditors
- Recommend appointment of Statutory Auditors and their remuneration
- Review of Internal Audit reports
- Recommend appointment of Internal Auditors and their remuneration
- Review performance of Internal Auditors

In addition, the Audit Committee also reviews the management letters issued by the Statutory Auditors, the Internal Auditors, Secretarial Audit Reports and appointment, removal and terms of remuneration of the Internal and Secretarial Auditors.

a) Composition of Audit Committee

During the year under review, our Audit Committee comprised of three members as on date viz. Mr. Ajay Srinivasan, Mr. Satish Mehta and Ms. Anita Ramachandran. Out of the above members, two members viz. Mr. Satish Mehta and Ms. Anita Ramachandran are Independent Directors. Mr. Satish Mehta was the Chairman of the Audit Committee who resigned w.e.f 29th March, 2019 as a Director of the Company. All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise.

The Chief Business Officer, Chief Financial Officer, Company Secretary, Head Risk, the Internal Auditors and the Statutory Auditors of the Company are invited for each of the Audit Committee meeting of the Company. The Company Secretary acts as the Secretary to the Committee.

b) Meetings of Audit Committee and attendance of Audit Committee members

The Audit Committee had met four times on the following dates:

26th April, 2017
30th October, 2017

27th July, 2017
24th January, 2018



The attendance of the Audit Committee members at the Audit Committee meetings during the F.Y. 2017-18 is given in the table below:

Name of the Committee member	No. of Audit Committee meetings held during the F.Y. 2017-18	
	Held	Attended
Mr. Ajay Srinivasan	4	4
Ms. Anita Ramachandran	4	4
Mr. Satish Mehta	4	4

II. Nomination and Remuneration Committee (NRC) of the Company

a) Composition of NRC

Nomination and Remuneration Committee has been constituted under the Companies Act, 2013 and the Directions of National Housing Bank, The Members are:

Mr. Ajay Srinivasan	Mr. Rakesh Singh
Mr. Satish Mehta#	Ms. Anita Ramachandran

The Committee recommends to the Board the appointment and remuneration payable to Directors / Key Managerial Persons of the Company. The Committee met four times during the financial year 2017-18 and all the members were present. The Nomination and Remuneration policy is attached herewith as **Annexure – 6**.

Mr. Satish Mehta resigned as a Director of the Company w.e.f 29th March, 2018

b) Meetings of NRC and attendance of NRC members

The NRC had met four times on the following dates:

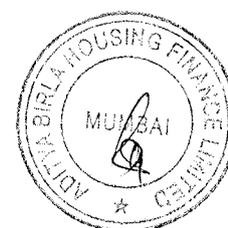
26 th April, 2017	17 th July, 2017
27 th July, 2017	8 th August, 2017

The attendance of the NRC members at the NRC meetings during the F.Y. 2017-18 is given in the table below:

Name of the Committee member	No. of NRC meetings held during the F.Y. 2017-18	
	Held	Attended
Mr. Ajay Srinivasan	4	3
Mr. Rakesh Singh	4	2
Ms. Anita Ramachandran	4	4
Mr. Satish Mehta	4	4

III. Risk Committee

In view of the growing scale of the Company and as required by NHB norms, the Board of the Company constituted the Risk Committee as a sub-committee of the Board, to oversee the risk management and compliance activities of the Company.



The primary functions of the Risk Committee are the following:

- Implementation of various directions issued by the Board
- Review of Loan Portfolios
- Monitoring various risks affecting the Company
- Guiding the business to ensure effective risk management.
- Generally, oversee the risk management function and perform such other related functions as the Board of the Company may entrust to it.

a) Composition of Risk Committee

The Risk Committee comprises of following members

- Mr. Satish Mehta#
- Mr. Ajay Srinivasan
- Mr. Rakesh Singh

Mr. Satish Mehta is the Chairman of this Committee. The Company Secretary acts as the Secretary to the Committee.

Mr. Satish Mehta resigned as a Director of the Company w.e.f. 29th March, 2018

b) Meetings of Risk Committee and attendance of Risk Committee members

The Risk Committee met two times on the following dates:

29th September, 2017

26th March, 2018

The attendance of the risk committee members at the risk committee meetings during the F.Y. 2017-18 is given in the table below:

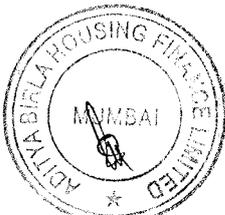
Name of the Committee member	No. of Risk Committee meetings held during the F.Y. 2017-18	
	Held	Attended
Mr. Ajay Srinivasan	2	2
Mr. Rakesh Singh	2	2
Mr. Satish Mehta	2	2

IV. Corporate Social Responsibility Committee (CSR)

In terms of the provisions of Section 135 of the Act, your Company has constituted the Corporate Social Responsibility Committee at the Board level.

Composition of CSR

The Corporate Social Responsibility Committee comprises Ms. Anita Ramachandran, Mr. Ajay Srinivasan and Mr. Rakesh Singh, of which of 1 (One) is an Independent Director and 2 (two) are Non -Executive Directors. Mrs. Rajashree Birla, Chairperson of Aditya Birla Centre for Community Initiatives and Rural Development and Dr. Pragnya Ram, Group Executive President, Corporate Communications and CSR are permanent invitees to the Meetings of Corporate Social Responsibility Committee. Ms. Anita Ramachandran is the Chairperson of the Committee.



Committee has adopted CSR policy of Aditya Birla Group. No meeting of the CSR committee was held during the year under review.

V. Asset Liability Management Committee (ALCO)

National Housing Bank (NHB) vide its circular NHB/ND/DRS/Pol-No. 35/2010-11 dated October 11, 2010 has mandated that Housing Finance Companies having an asset base of Rs.100 Crore are required to put in place Asset Liability Management Committee (ALCO). In view of the above the Board of the Company constituted the ALCO to:

1. Monitor the external environment and initiate appropriate action after evaluation of the following factors:
 - Interest rate trends
 - Market liquidity
 - Monetary and fiscal policies
 - Competitor actions
2. Review balance sheet growth, mismatches and forecasts.
3. Arrive at desirable maturity profiles for assets and liabilities based on anticipated funding needs, loan demands and liquidity position.
4. Fine-tune product pricing.
5. Ensure adequacy of capital and seek efficiency in its use in the context of a clearly charted growth strategy.
6. Ensure compliance with interest rate and liquidity risk related regulatory requirements.

a) Composition of ALCO

Members

Mr. Rakesh Singh	Director
Mr. Netrapal Singh	Chief Business Officer
Mr. Tushar Kotecha	Chief Financial Officer
Mr. Anubhav Katare	Treasury

Permanent Invitees

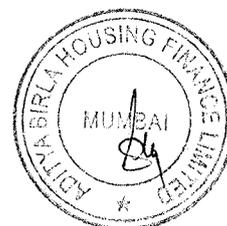
Company Secretary
Information Technology

b) Meetings of ALCO and attendance of ALCO members:

The Asset Liability Management met 4 times during 2017-18 on following dates:

10 th April, 2017	10 th July, 2017
10 th October, 2017	10 th January, 2018

The details of the attendance of the Asset Liability Management Committee members are given in the table below:



Name of the Committee member	No. of Asset Liability Management Committee meetings Attended during 2017-18
Mr. Rakesh Singh	2
Mr. Netrapal Singh	4
Ms. Tushar Kotecha	3
Mr. Anubhav Katare	4
Mr. Shekhar Ramarajan#	3
Ms. Anjali Makhija#	1

Mr. Shekhar Ramarajan and Ms. Anjali Makhija resigned from the Company w.e.f 15th December, 2017 and 20th July, 2017 respectively.

VI. Share Allotment Committee:

Your Board had constituted "Share Allotment Committee" to oversee the process of issue and allotment of shares.

a) Composition of Share allotment committee

Members

Mr. Ajay Srinivasan	Director
Mr. Rakesh Singh	Director
Mr. Netrapal Singh	Chief Business Officer
Mr. Tushar Kotecha	Chief Financial Officer
Mr. Muthiah Ganapathy	Company Secretary.

b) Meetings of Share Allotment Committee and attendance of members:

The Share Allotment Committee met 8 times during 2017-18 on following dates:

26 th April, 2017	29 th April, 2017
13 th July, 2017	1 st August, 2017
15 th September, 2017	29 th September, 2017
5 th January, 2018	24 th January, 2018

The details of the attendance of the Share Allotment Committee members are given in the table below:

Name of the Committee member	No. of Share Allotment Committee meetings Attended during 2017-18
Mr. Ajay Srinivasan	5
Mr. Rakesh Singh	3
Mr. Tushar Kotecha	5
Mr. Netrapal Singh	4
Mr. Muthiah Ganapathy	8
Ms. Anjali Makhija#	3

Ms. Anjali Makhija resigned from the Company w.e.f 20th July, 2017 respectively.



SHAREHOLDERS & GENERAL INFORMATION

- 1) Brief profile of Directors to be re-appointed in the 9th Annual General Meeting of the Company: Details have been provided in the Notice of AGM.
- 2) General Body Meetings

The particulars of the last three Annual General Meetings (AGMs) of the Company are provided in the below Table:

AGM	Financial Year	Date of the AGM	Time	Venue
8 th	2016-17	02/06/2017	09.00 a.m.	Registered Office
7 th	2015-16	26/08/2016	10.00 a. m	
6 th	2014-15	28/08/2015	10.00 a. m	

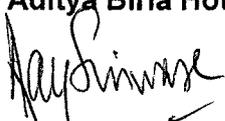
3) General Shareholder Information

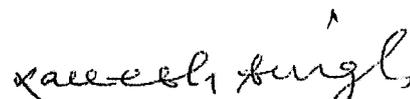
Date, Time and Venue of the 9 th Annual General Meeting	5 th June, 2018 9.00 a.m. at the Registered Office
Financial Year	2017-18
Registration no. of the Company as per Companies Act with the Registrar of Companies. Corporate Identification Number (CIN)	U65922GJ2009PLC083779
Permanent Account Number (PAN)	AABCL6440R
Address for correspondence	One Indiabulls Centre, Tower 1, 15 th Floor, Jupiter Mill Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013

Date: 2nd May, 2018
Place: Mumbai



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


Ajay Srinivasan
Director
DIN: 00121181


Rakesh Singh
Director
DIN: 07006067

Form AOC -2

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 arm's length transactions under third proviso thereto

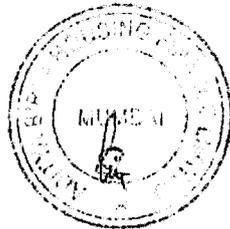
1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts / arrangements/ transactions	Justification for entering into such contracts or arrangements or transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Rupees, in lakhs)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
NIL						

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

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any: (Rupees, in lakhs)	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
NIL					

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



Date: 2nd May, 2018
Place: Mumbai

Ajay Srinivasan
Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Rakesh Singh
Director
DIN: 07006067

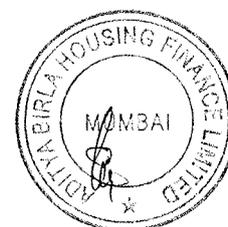
Policy on Related Party Transactions

Introduction & Purpose

The Board of Directors of the Company, on recommendation of the Audit Committee, has adopted this policy to- a) regulate transactions of the Company with its related parties (as defined and identified under the Companies Act, 2013 (the "Act"); b) ensure high standards of Corporate Governance while dealing with related parties; and c) ensure optimum compliance with various applicable laws prescribed for related party transactions ("RPT").

Definition

- a) **Related Party Transaction (RPT):** A Related Party Transaction means any contract or arrangement entered into by the Company with any of its related under section 188 (1) of the Companies Act, 2013.
- b) **Materiality:** The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act.
- c) **Arm's Length Basis:** Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.
- d) **Ordinary Course of Business:** Transactions will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions, except :
 - i) transactions involving transfer/demerger/acquisition/ business restructuring transaction of a business or a unit thereof;
 - ii) lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company's Consolidated Financial Statements;
 - iii) investing in equity or instruments convertible in equity of the entities other than the entities which are consolidated in the Company's Consolidated Financial Statements as per approved budget or divesting any such investment for an amount exceeding Rupees Ten Crore or five percent of Company's net worth, whichever is lower;
 - iv) any other items which are required to be reported as 'Exceptional Item' in the Company's annual financial statements



Policy

- a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.
- b) All RPTs shall be placed before Audit Committee for approval of the Audit Committee, as required under the provisions of the Act.
- c) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change. Where the need for RPTs cannot be foreseen and requisite details are not available, any two officials of the Company namely the Manager, Chief Financial Officer and Company Secretary shall be authorized to review the requirement and grant their omnibus approval for such transactions *provided that* value of each such transaction shall not exceed Rs. 1 crore.
- d) The RPTs should be in the interests of the Company and its terms should be based on commercial prudence/generally accepted commercial practices.
- e) The Company will give priority to transactions with related party entities whose Financial Statements are consolidated in the Company's Consolidated Financial Statements, *provided* all other criteria set by this Policy are met.
- f) Subject to sub clause (g) below, any RPT which is not in the ordinary course of business of the Company or not at arm's length shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.
- g) The RPTs which cross the Materiality thresholds shall be entered by the Company only with prior approval of shareholders of the Company through special resolution, as per applicable provisions of the Act, as may be amended from time to time.
- h) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.
- i) Exclusions: The following shall not be deemed as a RPT :
 - i) Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;
 - ii) Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than an key managerial personnel (or comparable position), provided that the each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;
 - iii) Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

Administrative Measures

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy. All persons dealing with the related party(ies) shall, irrespective of their level, be responsible for compliance with this Policy.

All Unit Heads and Finance & Commercial Heads shall certify compliance with this Policy, on a quarterly basis, to the Audit Committee. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee.

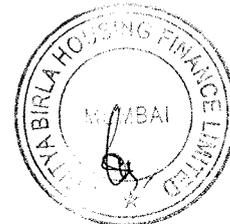
The Company Secretary shall be responsible to maintain/update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

Interpretation

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

Disclosure

The Policy shall be made available at Aditya Birla Housing Finance Limited website <https://homefinance.adityabirlacapital.com> and a web link thereto shall be provided in the Company's Annual Report.



**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

As on financial year ended 31 March 2018

[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:

CIN	:	U65922GJ2009PLC083779
Registration Date	:	27 th July, 2009
Name of the Company	:	Aditya Birla Housing Finance Limited
Category / Sub-Category of the Company	:	Public Company/ Limited by Shares
Address of the Registered office and contact details	:	Indian Rayon Compound, Veraval, Gujarat – 362266, India. Telephone- +91 2876 243257 Fax- +91 2876 243220
Whether listed company	:	Only Non-Convertible Debentures are listed on National Stock Exchange and BSE Ltd
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Ph no: +91 22 49186000 Fax no: +91 22 49186060 Email : isrl@intimespectrum.com

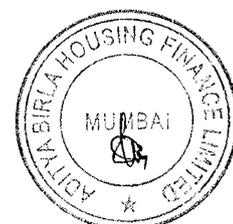
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Home loans	6492	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

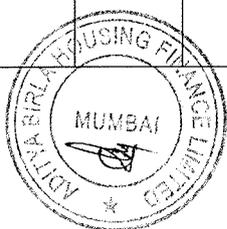
Sr. No	Name & Address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Ltd) Indian Rayon Compound, Veraval, Gujarat – 362266, India.	L67120GJ2007PLC058890	Holding	100	2 (46)



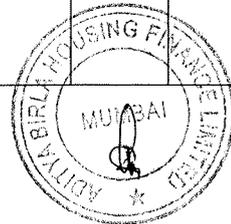
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01-04-2017)				No. of Shares held at the end of the year (As on 31-03-2018)				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	14	#14	0.01	-	14	#14	0.01	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	333049986	-	333049986	99.99	373776986	38792679	412569665	99.99	24
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):	-	-	-	-	-	-	-	-	-
(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 (A) = (A)(1)+(A)(2)	333049986	14	333050000	100	373776986	38792693	412569679	100	24



B. Public Shareholding	-	-	-	-	-	-	-	-	-
(1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-



ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	333049986	14	333050000	100	373776986	38792679	412569679	100	24

ii. Shareholding of Promoters:

EQUITY SHARES

Sr. No.	Shareholder's Name	Equity Shareholding at the beginning of the year (As on 01-04-2017)			Equity Share holding at the end of the Year (As on 31-03-2018)			% change in Equity share holding during the year
		No. of Equity Shares	% of total Equity Shares of the Company	% of Equity Shares Pledged/encumbered to total shares	No. of Equity Shares	% of total Equity Shares of the Company	% of Equity Shares Pledged / encumbered to total shares	
1	Aditya Birla Capital Ltd	#333050000	100	0	#412569679	100	0	24

14 shares are held by nominee shareholders of Aditya Birla Capital Limited (formerly Aditya Birla Financial Services Limited)

iii. Change in Promoters' Shareholding:

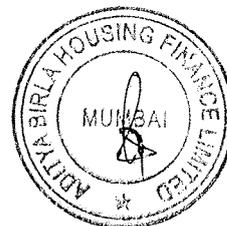
EQUITY SHARES

Shareholder's Name	Equity Shareholding at the beginning of the year as on 01-04-2017		Date	Increase/ (decrease) in shareholding	Reason	Cumulative Shareholding during the year as on 31-03-2018	
	# No. of shares	% of total Equity shares of the Company				# No. of shares	% of total shares of the Company
Aditya Birla Capital Ltd	#333050000	100	29.04.2017	Increase by 1,80,00,000 shares	Rights Issue	#351050000	100
			01.08.2017	Increase by 2,27,27,000 shares	Rights Issue	#373777000	100
			29.09.2017	Increase by 2,00,00,000 shares	Rights Issue	#393777000	100
			24.01.2018	Increase by 1,87,92,679 shares	Rights Issue	#412569679	100

14 shares are held by nominee shareholders of Aditya Birla Capital Limited (formerly Aditya Birla Financial Services Limited)

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

Shareholder's Name	Equity Shareholding at the beginning of the year as on 01-04-2017		Date	Increase/ (decrease) in shareholding	Reason	Cumulative Shareholding during the year as on 31-03-2018	
	No. of shares	% of total Equity shares of the Company				No. of shares	% of total shares of the Company
Nil							



v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	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
Nil					

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment for the financial year ended 31st March 2018:

(Rs in Crore.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	2,926.00	660.87	-	3,586.87
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	19.82	4.19	-	24.01
Total(i+ii+iii)	2,945.82	665.06	0.00	3,610.88
Change in Indebtedness during the financial year	-	-	-	-
• Addition	11,459.04	401.16	-	11,860.20
• Reduction	(8,241.00)	-	-	(8,241.00)
Net Change	3,218.04	401.16	-	3,619.20
Indebtedness at the end of the financial year	-	-	-	-
i. Principal Amount	6,144.04	1,062.03	-	7,206.07
ii. Interest due but not paid	-	-	-	0.00
iii. Interest accrued but not due	57.27	13.85	-	71.12
Total (i+ii+iii)	6,201.31	1,075.88	-	7,277.19



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

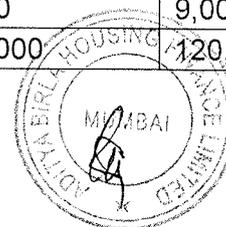
A. Remuneration to Managing Director, Whole-time Director and /or Manager:

Sl. no.	Particulars of Remuneration	Mr. Tushar Kotecha- Manager & CFO-	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	38,20,240 Nil Nil	38,20,240 Nil Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	38,20,240	38,20,240
	Ceiling as per the Act	120,00,000	120,00,000

B. Remuneration to other Directors:

During the year under review, the Company paid the following Sitting fees to its Independent Directors for attending Board Meetings and Committee Meetings as follows: -

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Mr. Satish Mehta	Ms. Anita Ramachandran	
	• Fee for attending board/ committee meetings • Commission • Others, please specify	4,70,000 Nil	4,30,000 Nil	9,00,000
	Total (1)	4,70,000	4,30,000	9,00,000
2	Other Non-Executive Directors	Mr. Ajay Srinivasan	Mr. Rakesh Singh	
	• Fee for attending board committee meetings • Commission • Others, please specify	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil
	Total (B) = (1 + 2)	4,70,000	4,30,000	9,00,000
3	Total Managerial Remuneration	4,70,000	4,30,000	9,00,000
4	Overall Ceiling as per the Act	120,00,000	120,00,000	120,00,000



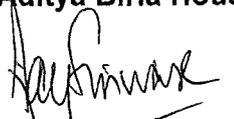
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR, WHOLE-TIME DIRECTOR AND/OR MANAGER

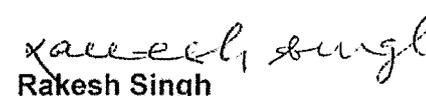
Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Tushar Kotecha- CFO & Manager	Mr. Muthiah Ganapathy- Company Secretary	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	38,20,240	19,71,123	57,91,363
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	38,20,240	19,71,123	57,91,363

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year ended 31st March 2018, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

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


Ajay Srinivasan
Director
DIN: 00121181


Rakesh Singh
Director
DIN: 07006067



Date: 2nd May, 2018
Place: Mumbai

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March 2018

[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,
Aditya Birla Housing Finance Limited,
Indian Rayon Compound,
Veraval,
Junagadh-362266,
Gujarat.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Housing Finance Limited (hereinafter called the 'Company') for the audit period from **01st April, 2017 to 31st March, 2018**. Secretarial Audit was conducted in a manner that provides 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 from **01st April, 2017 to 31st March, 2018** (the 'audit period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the audit period according to the provisions of:

- i. The Companies Act, 2013 (the 'Act') and the rules made thereunder;
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iii. 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 (Prohibition of Insider Trading) Regulations, 2015;

- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes.

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

We have also examined, on test check basis, the relevant documents and records maintained by the Company as required under the National Housing Bank Act, 1987 and the directions issued thereunder from time to time.

Based on such examination and having regard to the compliance system prevailing in the Company; the Company has complied with the provisions of the above laws during the audit period.

During the audit period of the following regulations were not applicable to the Company:

- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (b) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder except relating to transfer of securities
- (c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (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;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at shorter notice than 7 days, proper consent thereof were obtained 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.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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:

1. allotted 1,80,00,000 (One Crore Eighty Lakh) equity shares of Rs 10/- (Rupees Ten) each at a price of Rs. 28/- per shares on Rights basis on 29th April 2017.
2. allotted 2,27,27,000 (Two Crore Twenty-Seven Lakh and Twenty-Seven thousand) equity shares of Rs 10/- (Rupees Ten) each at a price of Rs. 34/- per shares on Rights basis on 01st August 2017.
3. allotted 200,00,000 (Two Crore) equity shares of Rs 10/- (Rupees Ten) each at a price of Rs. 50/- per shares on Rights basis on 29th September 2017.
4. allotted 1,87,92,679 (One Crore Eighty Seven lakh Ninety-Two Thousand Six hundred Seventy-Nine) equity shares of Rs 10/- (Rupees Ten) each at a price of Rs. 53/- per shares on Rights basis on 24th January,2018.
5. Obtained approval from its Members at an Annual General Meeting of the Company held on 02nd June,2017:
 - a) to borrow funds not exceeding Rs 15000 Crore
 - b) To grant authority for mortgaging or creating charge on company's assets as a security towards borrowings not exceeding Rs. 15000 Crore.
 - c)authorizing the issuance of Secured Redeemable Non-Convertible Debenture for amount not exceeding Rs 5000 Crore and Subordinated Debt qualifying as Tier-II Capital in the form of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures for amount not exceeding Rs 1000 Crore on a private placement basis.

6. Obtained approval from its Members at an Extra Ordinary General Meeting of the Company held on 10th August,2017 to:
 - a) Approve ESOP Allocation under Aditya Birla Capital Limited Employee Stock Option Scheme 2017 (the "Scheme 2017")
 - b) Appointment of Mr. Tushar Kotecha as a Chief Financial Officer and Manager under Companies Act, 2013
7. Obtained approval from its Members at an Extra Ordinary General Meeting of the Company held on 27th November,2017:
 - a) authorizing the issuance of Secured Redeemable Non-Convertible Debenture for amount not exceeding Rs 5000 Crore and Subordinated Debt qualifying as Tier-II Capital in the form of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures for amount not exceeding Rs 1000 Crore on a private placement basis.
 - b) Alteration of clause 50 of the Articles of Association relating to issue of Debentures.
8. Issue and allotted Secured, Redeemable, Non-convertible Debentures worth of Rs 250 Crore by a way of private placement.
9. Issue and allotted Unsecured Redeemable, Non-convertible Debentures worth of Rs 135 Crore by a way of private placement.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]

Prakash K. Pandya

Prakash K. Pandya
Partner
FCS No.: 3901
C P No.: 2311



Place: Mumbai
Date: May 02,2018

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

Annexure A

To,
The Members,
Aditya Birla Housing Finance Limited.

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Aditya Birla Housing Finance Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]



Prakash K. Pandya
Prakash K. Pandya
Partner
FCS No.: 3901
C P No.: 2311

Place: Mumbai
Date: May 02, 2018