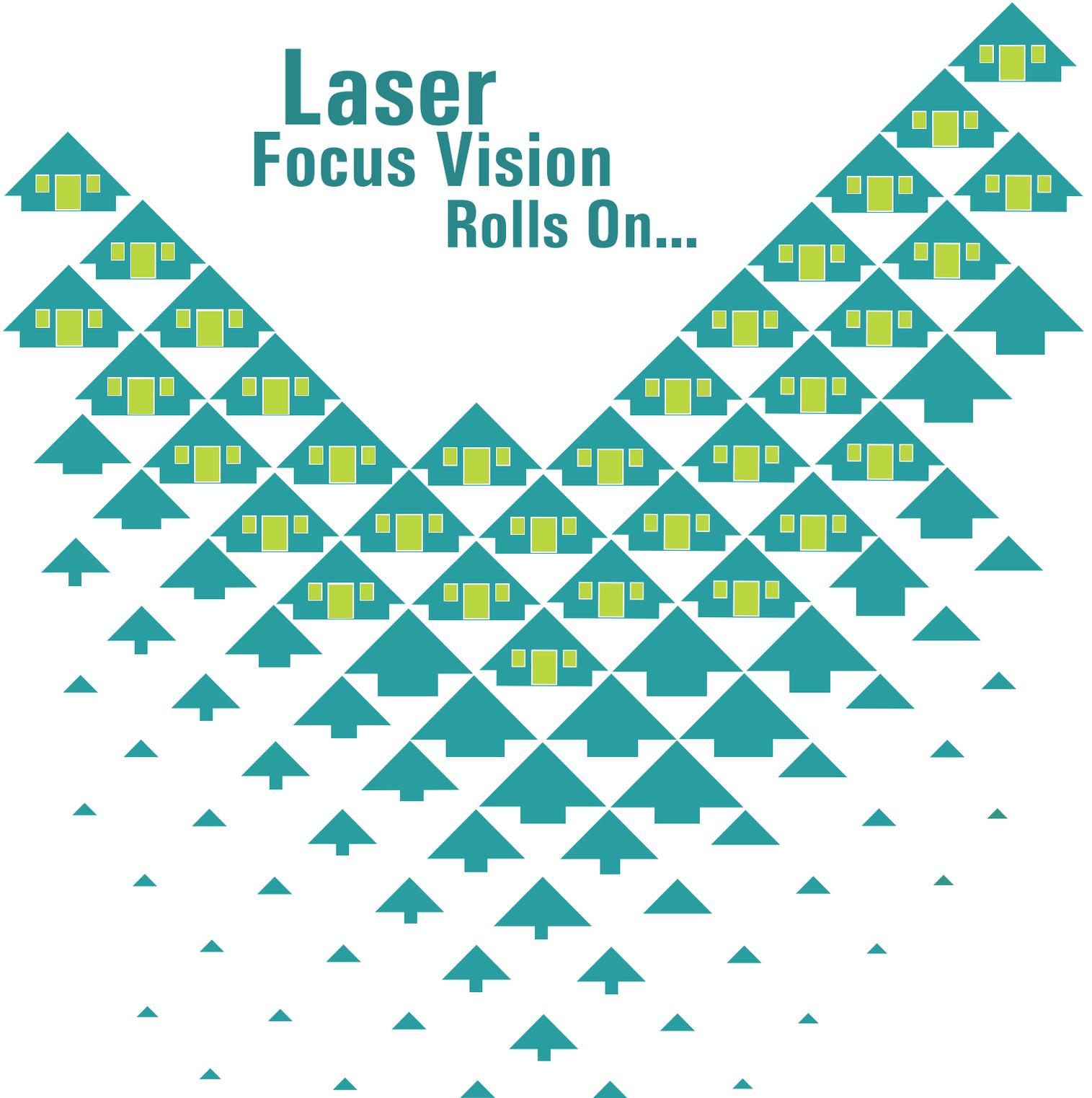


Laser Focus Vision Rolls On...



CORPORATE INFORMATION

Chairman & Managing

Mr. M. Anandan

Director Board of

Mr. Shailesh J. Mehta

Mr. K.M. Mohandass

Directors

Mr. S. Krishnamurthy

Mr. Krishnamurthy Vijayan

Ms. Mona Kachhwaha

Mr. K P Balaraj

Mr. Suman Bollina

Registered Office

8B, Doshi Towers,
205, Poonamalle High Road
Kilpauk, Chennai 600 010
Ph: 044-45650000
www.aptusindia.com

Management Team

P.Balaji - EVP & Chief Financial Officer
G.Subramaniam - EVP - Risk &
Operations
C. T. Manoharan - Vice President -
Sales & Marketing Sarath Chandran -
Vice President - Technical & Infra K.
Kalivarathan - Chief Information
Officer

Auditors

Deloitte Haskins & Sells
8th Floor, ASV'N Ramana Towers
52, Venkatnarayna Road,
T Nagar, Chennai 600017
Tel: +91 44 6688 5000

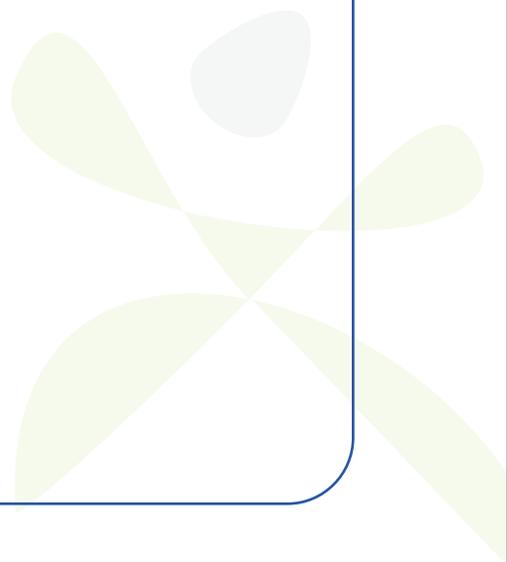
Bankers / Financial Institution

National Housing Bank
State Bank of India
HDFC Bank
Axis Bank
Kotak Mahindra Bank
Yes Bank
Central Bank of India
Oriental Bank of Commerce
Dena Bank
IDBI Bank
Ratnakar Bank
DCB Bank
Vijaya Bank



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LETTER FROM CHAIRMAN



Dear Shareholder,

I am extremely happy to share with you the progress made by Aptus in 2014-15.

Aptus has now completed 4 full year of operations since inception. This journey of over 4 years has set a strong base for the future growth of Aptus and has also been eventful. The journey has helped us to make an impact in the lives of thousands of middle/low income, self employed informal customers. I am confident we can impact million more in the years to come. We are already present in more than 50 locations spanning over 4 states and am confident of expanding to 100 more. We have already sanctioned Rs.525 crores and am confident of achieving Rs.1000 crores shortly.

Aptus, over the years has kept the focus on the primary objective of addressing the affordable housing finance needs of the underserved segment, to buy or construct a home of their own. These people would not have been able to own a new home but for the finance facility provided by companies like Aptus. More than 90% of the sanctioned customers belong to the self employed category. The customers belong to varied categories including, retailers, agents, professionals, traders, shop owners, contractors, service centres etc. The fact that we have been able to make an impact in the lives of these people is what keeps the energetic Aptus team motivated to reach newer heights.



During the year that has gone by, Aptus has surpassed many milestones. I am sharing with you some of the key highlights:

- Aptus has crossed Rs.525 crores of sanctions during the year.
- Cumulative number of customers added was at 5500
- Loan book crossed Rs.360 crores
- Capital Strengthened by Rs.94 crores. The networth of the company stood around Rs.194 crores.
- We have more than 14 institutions and banks who have reposed faith in us and has supported us by providing financial assistance.
- Long term credit rating by ICRA upgraded by two notches from BBB(-) to BBB(+) and were able to secure a rating of A(-) for the securitization pool.
- Aptus employee strength has crossed 300.
- Aptus has presence in almost 50 towns including the states of Telangana, Andhra Pradesh and Karnataka

I am confident that in the next few years, Aptus would emerge stronger with a more robust growth.

As we sign off for the year 2014-15, I would like to thank our customers for their business, bankers and institutions for their financial assistance, Board of directors for their support and guidance and the employees for their hardwork and dedication.

M Anandan

Chairman and Managing Director.



Directors Report to members

Your directors have pleasure in presenting the Sixth Annual report together with the audited accounts of the company for the financial year ended March 31, 2015.

1. Financial Results

Rs. in Lakhs

| Particulars | For the Financial Year ended 31 st March 2015 | For the Financial Year ended 31 st March 2014 |
|---------------------------------------|--|--|
| Operating income | 5536.48 | 3850.69 |
| Other Income | 162.02 | 113.34 |
| Less: Expenditure before depreciation | 4206.65 | 3141.21 |
| Profit before taxation | 1491.85 | 822.82 |
| Provision for taxation | 511.47 | 196.88 |
| Profit after taxation | 980.37 | 625.94 |

2. State of Company's Affairs and Future Outlook

(i) Disbursements & Loan book

Your Company witnessed robust growth in disbursements during the year. The loan disbursements, during the year, grew to Rs.165 crores, from Rs.123 crores the previous year registering a growth of 34%. As at March 2015, the assets under management stood at Rs.362 crores, growing significantly from Rs 252 crores in the previous year registering a growth of 44%. Aptus continued to focus on the underserved, self employed informal business segment from semi urban and rural areas that are largely underserved, for their affordable housing finance needs. Aptus distribution network has now stabilized at 50 branches spread across Tamil Nadu, Pondicherry, Karnataka, Telangana and Andhra Pradesh. All the branches have built a healthy portfolio.

(ii) Asset Quality

Your Company, closed the financial year 2014-15 with just 9 customers falling into NPA category out of around 5500 customers. These customers honour their EMI and PEMI commitments, mostly regularly. Our experience with regard to timely repayments once again reinforces our faith in the segment and gives us comfort in the business model and the courage to move ahead with confidence.

(iii) Resource Mobilisation

During the financial year 2014-15, Aptus focused on building a strong and diversified borrowing profile. While the bigger HFCs have always had options of more diversified funding profiles, including deposits and NCDs etc, new HFCs like Aptus had to depend largely on banks and NHB. During the year 2014-15, Aptus managed to build a strong line of sanctions from varied institutions and banks to the extent of Rs.300 crores, including NHB and several leading banks. During the year 2014-15, NHB continued its support to Aptus by increasing their exposure by Rs.25 crores. The year 2014-15 saw Aptus raising fresh round of equity to the tune of Rs.94 crores from Westbridge Capital, one of the well known players in the Private Equity market. With the infusion of equity and also with the increase in strength of Aptus in building a healthy portfolio, the credit rating was enhanced by two notches by ICRA. This coupled with good quality of loan borrowers helped Aptus to reduce the cost of borrowings. The focus for the year 2015-16 will be to further reduce the cost of borrowings.

3. Change in Nature of Business

There is no change in the nature of Business of your Company during the year under review.

4. Dividend

Your directors do not recommend any dividend for the financial year in order to conserve its resources for growth.

5. Amounts Transferred to Reserves

As per Section 29C(i) of National Housing Bank Act, 1987, the Company is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared. Accordingly, your Company has transferred Rs 30,864,328 to special reserve in accordance with Section 29C(i) of National Housing Bank Act, 1987 read along with Section 36(1)(viii) of the Income Tax Act, 1961.

6. Changes in Share Capital

During the financial year 2014-15, your Company has made an allotment of 124,60,000 equity shares of Rs. 10 each at a premium of Rs. 65 per share on preferential basis to M/s Westbridge Crossover Fund LLC.



Your Company also made an allotment of 7,02,430 equity shares of Rs. 10 each, out of which 5,77,680 shares were allotted at par and 1,24,750 shares were allotted at a premium of Rs.10 per share pursuant to the Aptus Employee Stock Option Scheme, 2010. Subsequent to that, your Company's capital funds stood at Rs. 178,13,85,200 (including premium) at the end of March 2015 with an additional infusion of Rs. 94,27,71,800 (including premium).

7. Disclosure regarding issue of Employee Stock Options

Your Company has implemented an Employees Stock Option Scheme for its employees in the name & style of Aptus Employees Stock Option Scheme, 2010. The details of the ESOP scheme are given in the Annexure A to this report.

8. Extract of Annual Return

As per Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form MGT 9 is enclosed and form part of this report as Annexure B.

9. Number of Board Meetings

During the financial year ended 31st March 2015, seven (7) Board Meetings were held on 13th May 2014, 29th July 2014, 4th November 2014, 8th November 2014, 9th December 2014, 29th January 2015 and 27th March 2015 respectively.

10. Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013

As the Company is a Housing Finance Company registered with National Housing Bank (NHB) the requirements under Section 186 of the Companies Act, 2013 relating to Loans, Guarantees or Investments are not applicable to the company.

11. Particulars of Contracts or Arrangements with Related parties

During the financial year, the Company has not entered into any contract or Arrangement with Related Parties as per Section 188 of the Companies Act, 2013 and the Rules framed thereunder.

12. Material Changes Affecting the Financial Position of the Company

There are no material changes and commitments between 31st March 2015 and the date of this report having an adverse bearing on the financial position of the Company.

13. Conservation of Energy, Technological Absorption & Foreign Exchange Earnings/Outgo

(i) Conservation of Energy & Technological Absorption
Since your Company does not own any manufacturing facility, the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Section 134 of the Companies Act, 2013 and the Rules framed thereunder is not applicable.

(ii) Foreign Exchange Earnings/Outgo

Your Company does not have any foreign currency earnings or expenditure during the financial year ended 31st March 2015.

14. Risk Management Framework

Your Company has put in place a robust Risk Management System, which is an integral part of its lending operations. As the company is involved in long term lending, Aptus is prone to various risks which include credit, operational, interest rate and liquidity apart from reputation risk. More so, when venturing into a segment largely untested for long term lending.

Your Company has adopted efficient risk-management policies, systems and processes that seek to strike an appropriate balance between risk and returns.

Your Company has also introduced appropriate risk-management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan/value ratio and analysis of the borrowers' debt-service capacity, thorough in-house scrutiny of legal documents, monitoring the end-use of approved loans, lending against approved properties, risk-based loan pricing and property insurance. The Company has employed qualified personnel to value properties and track property price movements.

Your Company lays down risk-management policies and

quantitative limits on various types of assets and liabilities, based on a realistic assessment of different risks and desirable shifts in assets and liabilities to manage such risks. Asset Liability Committee (ALCO) ensures that the liquidity and interest-rate risks are contained within the limits laid down by the Company. Being dynamic, the risk management framework continues to evolve in line with the emerging risk perceptions. The Company submits periodic reports to NHB on the Company's Asset Liability Management (ALM).

ALCO reviews the lending policy, interest rate policy and guides the team towards prudent lending practices. Aptus has given high importance to prudent lending practices and has put in place suitable measures for risk mitigation.

15. Human Resource Development

The customer acquisition, credit delivery and collection process and manpower strength of housing finance companies operating in similar environment were studied to align our staff strength. Accordingly, the staff strength at the regions and branches were streamlined, keeping in mind our acquisition process and market segment, adding people where required. This is expected to help your company to focus on right level of productivity and growth.

Apart from imparting advanced training to all front line sales and marketing, credit and other staff which included the KYC and FPC training, employees were nominated to various training programs including programs organized by NHB.

16. Details of Directors and Key Managerial Personnel

Mr K P Balaraj, Nominee of Westbridge Crossover Fund, LLC, Investor, was appointed as an Additional Director (Non-Executive) on the Board with effect from 25th November 2014.

Mr Suman Bollina was appointed as an Additional Director (Non-Executive) on 27th March 2015 and holds office upto the date of the ensuing Sixth Annual General Meeting and being eligible has offered himself for re-appointment. The Company has received a notice from a member pursuant to Section 161 of the Companies Act 2013 proposing his candidature for Non-Executive Director.

As per the provisions of the Companies Act, 2013, Mr Krishnamurthy Vijayan, Mr K M Mohandass, Mr S Krishnamurthy and Mr Shailesh J Mehta, were appointed as Independent Directors at the Extraordinary General Meeting held on 4th March 2015.

As per the provisions of the Companies Act, 2013, Ms Mona Kachhwaha and Mr K P Balaraj were appointed as non-executive Nominee Directors of the company liable to retire by rotation at the Extraordinary General Meeting held on 4th March 2015.

Ms Mona Kachhwaha, Non-Executive Nominee Director retires by rotation at the ensuing annual general meeting and being eligible has offered herself for re-appointment.

Mr P Balaji is the Chief Financial Officer of the Company and the same was noted by the Board at its meeting held on 29th January 2015.

Mr R Madhusudhan was appointed as a Company Secretary of the Company with effect from 2nd January 2015 in the place of Mr G S Lakshmi Narasimhan who resigned on 31st December 2014.

17. Details of Significant & Material Orders passed by the Regulators or court or tribunal

During the financial year, there are no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and your company's operations in future.

18. Details of Adequacy of Internal Financial Controls

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. Your Company's Internal Auditors, M/s. Kumbhat & Co review internal control and risk-management measures, accounting procedures, highlight areas requiring attention, and report their main findings and recommendations to the Audit & Risk Management Committee. The Audit & Risk Management Committee regularly reviews the audit findings and action taken thereon, as well as the adequacy and effectiveness of the internal financial systems and controls.

19. Deposits

Your Company has not accepted any deposits since its inception.



20. Declaration from Independent Directors

The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

21. Auditors

Statutory Auditors

Your Company's Statutory Auditors, M/s Deloitte Haskins & Sells who retire at the ensuing Annual General Meeting, are eligible for reappointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Statutory Auditors of the Company.

Internal Auditor

To carry out internal audit of all its operations, your Company has engaged M/s. Kumbhat & Co., Chartered Accountants, as its Internal Auditors. The internal audit covers the Corporate Office and branches of the Company. The Audit & Risk Management Committee assures the internal audit functions, as well as the adequacy and effectiveness of the internal systems and controls.

Secretarial Auditor

Mr S Sandeep from M/s S Sandeep & Associates, Practicing Company Secretaries was appointed to conduct the secretarial audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended 31st March 2015 forms part of Annual report as an **Annexure C** to Board's Report.

22. Corporate Social Responsibility Policy (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company has adopted a Policy on CSR and the Policy has been on the website of the Company. A report on CSR is attached as **Annexure D** to this Report.

23. Composition of Audit & Risk Management Committee

The Audit & Risk Management Committee currently consists of the following members:

1. Mr K M Mohandass, Chairman
2. Mr S Krishnamurthy
3. Mr Krishnamurthy Vijayan
4. Ms Mona Kachhwaha
5. Mr K P Balaraj

Mr M Anandan and Mr Shailesh J Mehta are invitees to the meetings of the Committee. All the recommendations of the Committee have been adopted by the Board.

24. Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Directors Appointment, Remuneration & Evaluation Policy, inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors have expressed their satisfaction with the evaluation process.

25. Nomination & Remuneration Committee:

The Nomination & Remuneration Committee currently consists of the following members:

1. Mr S Krishnamurthy
2. Mr M Anandan
3. Mr Shailesh J Mehta

4. Ms Mona Kachhwaha

5. Mr K M Mohandass

6. Mr K P Balaraj

The Nomination & Remuneration Committee has formulated Directors Appointment, Remuneration Evaluation policy as per Section 178 of the Companies Act, 2013 including the following:-

1. Framework for performance evaluation of Directors, Board & Committees
2. Familiarisation Programme for Independent Directors
3. Criteria for Evaluation.

The aforesaid policy is attached as **Annexure E** to this report.

26. Vigil Mechanism & whistle Blower Policy

Your Company has established a Vigil Mechanism & has adopted a Whistle Blower Policy for directors and employees to report their genuine concerns to the Chairman of the Audit & Risk Management Committee. The Whistle Blower Policy has been formulated with a view to provide a mechanism for employees and directors to approach the Audit & Risk Management Committee of the Company.

27. Corporate Governance Report and Management Discussion and Analysis Report

Reports on Corporate Governance and Management Discussion and Analysis are enclosed and form part of this report as **Annexure F** and **Annexure G** respectively.

28. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy Against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committees (ICC) has been set up to redress complaints received regarding sexual harassment.

Your Directors further state that during the year under review, no complaints have been received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

29. Directors' Responsibility Statement

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors confirm the following in terms of Section 134 of the Companies Act, 2013 and the Rules made thereunder:-

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c. the directors had 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;
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors wish to thank the customers, bankers, shareholders, service agencies and other stakeholders for their support. The directors also thank the employees for their contribution during the financial year under review.

For and on behalf of the Board of Directors

Chennai
Date: 12th May 2015

M Anandan
Chairman & Managing Director



Annexure – A

APTUS EMPLOYEES STOCK OPTION SCHEME, 2010

The decision to introduce APTUS Employees Stock Option Scheme, 2010 (hereinafter called “APTUS ESOS, 2010” or “The Scheme”) was taken by the Board of Directors at the meeting held on 21st July 2010 and was approved by the shareholders of the Company at the Extraordinary General Meeting held on 29th July 2010.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Aptus Employees Stock Option Scheme, 2010 as on 31st March 2015 are :-

1. options granted: 30,52,500
2. options vested: 25,03,280
3. options exercised: 7,02,430
4. options lapsed: 5,32,220
5. variation of terms of options : There were no variation of terms of options during the financial year 2014-15.
6. money realized by exercise of options: Rs 82,71,800 (including premium)
7. total number of options in force: 134500
8. employee wise details of options granted to :-
 - (i) key managerial personnel: Mr P Balaji, Chief Financial Officer
 - (ii) any other employee who receives a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year. : NIL
 - (iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. : NIL



Annexure – B

Extract of Annual Return

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- (i) CIN : U65922TN2009PLC073881
- (ii) Registration Date : 11/12/2009
- (iii) Name of the Company: APTUS VALUE HOUSING FINANCE INDIA LIMITED
- (iv) Category / Sub-Category of the Company: Company Limited by Shares
- (v) Address of the Registered office and contact details:
No.8B, Doshi Towers, 205, Poonamalle High Road,
Kilpauk, Chennai, Tamilnadu – 600010.
- (vi) Whether listed company : ~~Yes~~/No
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
M/s Karvy Computershare Private Limited.,
Address: KARVY CENTRE 8-2-609/K, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500034,
Telephone No. 040-67406120 / 67406121

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:-

| S.No | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|------|--|----------------------------------|------------------------------------|
| 1 | Housing Finance | 64990 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S.No | Name and address of the company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares | Applicable Section |
|------|---------------------------------|---------|-------------------------------|-------------|--------------------|
| | NIL | | | | |



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 | | | | No. of Shares held at the end of the year | | | | % of Change during the year |
|---|---|------------|------------|-------------------|---|------------|------------|-------------------|-----------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (A) Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual / HUF | -- | 24,919,498 | 24,919,498 | 50.89 | -- | 24,919,498 | 24,919,498 | 40.11 | (10.78) |
| (b) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (c) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (d) Bodies Corp. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (e) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (f) Any Other.. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub Total (A) (1) | -- | 24,919,498 | 24,919,498 | 50.89 | -- | 24,919,498 | 24,919,498 | 40.11 | (10.78) |
| (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) | -- | 24,919,498 | 24,919,498 | 50.89 | -- | 24,919,498 | 24,919,498 | 40.11 | (10.78) |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % of Change during the year |
|--|---|-------------|-------------|-------------------|---|-------------|-------------|-------------------|-----------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (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 | 11,75,000 | 10,79,092 | 22,54,092 | 4.60 | 11,75,000 | 10,79,092 | 22,54,092 | 3.63 | (0.97) |
| ii. Overseas | 1,83,87,336 | -- | 1,83,87,336 | 37.55 | 2,02,88,836 | 1,24,60,000 | 3,27,48,836 | 52.71 | 15.16 |
| (b) Individuals | | | | | | | | | |
| i. Individual Shareholders holding nominal share capital up to Rs.1 lakh | -- | 15,150 | 15,150 | 0.03 | -- | 7,825 | 7,825 | 0.01 | (0.02) |
| ii. Individual Shareholders holding nominal share capital in excess of Rs.1 lakh | 14,91,766 | 19,01,600 | 33,93,366 | 6.93 | 14,91,766 | 7,09,855 | 22,01,621 | 3.54 | (3.39) |
| (c) Others (Specify) | | | | | | | | | |
| Sub-Total (B)(2) | 2,10,54,102 | 29,95,842 | 2,40,49,944 | 49.11 | 2,29,55,602 | 1,42,56,772 | 3,72,12,374 | 59.89 | 10.78 |
| Total Public Shareholding = (B)(1) + (B)(2) | 2,10,54,102 | 29,95,842 | 2,40,49,944 | 49.11 | 2,29,55,602 | 1,42,56,772 | 3,72,12,374 | 59.89 | 10.78 |
| (C) Shares held by custodian for GDRs & ADRs | | | | | | | | | |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Grand Total (A+B+C) | 2,10,54,102 | 2,79,15,340 | 4,89,69,442 | 100.00 | 2,29,55,602 | 3,91,76,270 | 6,21,31,872 | 100.00 | |



ii) Shareholding of Promoters :

| S.No. | Shareholders' Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % of Change during the year |
|-------|--------------------|---|-------------------|--------------------------------|-------------------------------------|-------------------|--------------------------------|-----------------------------|
| | | No. of Shares | % of Total Shares | % of Shares Pledged/encumbered | No. of Shares | % of Total Shares | % of Shares Pledged/encumbered | |
| 1 | M Anandan | 1,87,32,833 | 38.25 | -- | 1,87,32,833 | 30.15 | -- | -- |
| | Total | 1,87,32,833 | 38.25 | -- | 1,87,32,833 | 30.15 | -- | -- |

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

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

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

| S.No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Shareholding as at 31st March 2015 | |
|-------|-------------------------------------|---|----------------------------------|------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| 1 | WestBridge Crossover Fund LLC | -- | -- | 1,24,60,000 | 20.05 |
| 2 | India Financial Inclusion Fund | 96,75,765 | 19.76 | 96,75,765 | 15.57 |
| 3 | GHIOF Mauritius | 87,11,571 | 17.79 | 87,11,571 | 14.02 |
| 4 | Lok Capital II LLC | -- | -- | 19,01,500 | 3.06 |
| 5 | D Arulmany | 19,01,600 | 3.88 | 100 | 0.00 |
| 6 | M.A.Alagappan | 11,75,000 | 2.40 | 11,75,000 | 1.89 |
| 7 | AR Chadha & Co India Pvt. Ltd | 7,76,061 | 1.58 | 7,76,061 | 1.25 |
| 8 | AMM Arunachalam & Sons Pvt. Ltd | 5,87,500 | 1.20 | 5,87,500 | 0.95 |
| 9 | M.A.Murugappan Holdings Pvt. Ltd | 5,87,500 | 1.20 | 5,87,500 | 0.95 |
| 10 | Atma Ram properties Pvt. Ltd | 3,03,031 | 0.62 | 3,03,031 | 0.49 |

v) Shareholding of Directors and Key Managerial Personnel:

| S.No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Shareholding at the end of year | |
|---------------------------------|-----------------------------------|---|----------------------------------|---------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| Directors | | | | | |
| 1 | M Anandan | 1,87,32,833 | 38.25 | 1,87,32,833 | 30.15 |
| 2 | B Suman | 83,333 | 0.17 | 83,333 | 0.13 |
| 3 | K.M.Mohandass | 2,50,100 | 0.51 | 2,50,100 | 0.40 |
| Key Managerial Personnel | | | | | |
| 1 | P. Balaji | 7,425 | 0.02 | 1,22,925 | 0.20 |

V. INDEBTEDNESS:

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|-----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 167,35,06,080 | -- | -- | 167,35,06,080 |
| ii) Interest due but not paid | -- | -- | -- | -- |
| iii) Interest accrued but not due | -- | -- | -- | -- |
| Total (i+ii+iii) | 167,35,06,080 | -- | -- | 167,35,06,080 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 59,05,00,000 | | | 59,05,00,000 |
| Reduction | 83,93,39,521 | | | 83,93,39,521 |
| Net Change | (24,88,39,521) | | | (24,88,39,521) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 142,46,66,483 | | | 142,46,66,483 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | 75,58,088 | | | 75,58,088 |
| Total (i+ii+iii) | 143,22,24,571 | | | 143,22,24,571 |

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

| S.No. | Particulars of Remuneration | Name of MD/WTD/Manager | |
|-------|---|------------------------|--------------------|
| | | Mr. M. Anandan, CMD | Total Amount (Rs) |
| 1 | Gross salary | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 10,200,000 | 10,200,000 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | 1,43,795 | 1,43,795 |
| (c) | Profits in lieu of salary under section 17 (3) Income-tax Act, 1961 | -- | -- |
| 2 | Stock Option | -- | -- |
| 3 | Sweat Equity | -- | -- |
| 4 | Commission - as % of profit | 27,50,000 | 27,50,000 |
| | - others, specify... | | |
| 5 | Others, please specify | 9,755 | 9,755 |
| | Total (A) | 1,31,03,550 | 1,31,03,550 |
| | Ceiling as per the Act | | 1,20,93,299 |

B. Remuneration to other Directors:

| S.No. | Particulars of Remuneration | Name of Directors | | | | Total Amount (Rs) |
|-------|--|--------------------|---------------------|----------------------|---------------------------|--------------------|
| | | Mr. KM Mohandass | Mr.S. Krishnamurthy | Mr. Shailesh J Mehta | Mr. Krishnamurthy Vijayan | |
| 1. | Independent Directors | | | | | |
| | Fee for attending board / committee meetings | 1,70,000 | 1,55,000 | 85,000 | 90,000 | 5,00,000 |
| | Commission | 1,50,000 | 1,50,000 | 1,50,000 | 1,50,000 | 6,00,000 |
| | Others, please specify | -- | -- | -- | -- | -- |
| | Total (1) | 3,20,000 | 3,05,000 | 2,35,000 | 2,40,000 | 11,00,000 |
| 2. | Other Non-Executive Directors | Ms. Mona Kachhwaha | Mr K P Balaraj | | | Total Amount (Rs) |
| | Fee for attending board / committee meetings | -- | -- | | | -- |
| | Commission | 1,50,000 | -- | | | 1,50,000 |
| | Others, please specify | -- | -- | | | -- |
| | Total (2) | 1,50,000 | -- | | | 1,50,000 |
| | Total (B) = (1)+(2) | | | | | 12,50,000 |
| | Total Managerial Remuneration | | | | | 1,43,53,550 |
| | Overall Ceiling as per the Act | | | | | 1,20,93,299 |

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD :

| S.No. | Particulars of Remuneration | CFO | CS | Total |
|------------------|---|--------------------|-----------------|--------------------|
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 40,04,124 | 4,20,000 | 44,24,124 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961-- | -- | -- | -- |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | -- | -- | -- |
| 2 | Stock Option# | 75,07,500 | -- | 7,507,500 |
| 3 | Sweat Equity | -- | -- | -- |
| 4 | Commission - as % of profit - others, specify... | -- | -- | -- |
| 5 | Others, please specify | -- | -- | -- |
| Total (A) | | 1,15,11,624 | 4,20,000 | 1,19,31,624 |

(#) 1,15,500 shares allotted at Rs.10 per share.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

| S.No. | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | NONE | | |
| Punishment | | | | | |
| Compounding | | | | | |

Annexure - C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2015

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

To,
The Members,
APTUS VALUE HOUSING FINANCE INDIA LIMITED No
8B, Doshi Towers 8th Floor, No.205, Poonamallee High
Road, Kilpauk, Chennai -600 010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. APTUS VALUE HOUSING FINANCE INDIA LIMITED (CIN: U65922TN2009PLC073881) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

- (ii) The provisions of Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as applicable to the Company;
- (iii) The provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.
- (iv) The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment. The Company does not have any External Commercial Borrowings or other credit facilities or Overseas Direct Investment.
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
 - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (vi) The Company has materially complied with the following and other laws applicable specifically to the Housing Finance Sector as identified by the Company including:
 - (a) National Housing Bank (NHB) Act, 1987 and the guidelines carried thereunder;
 - (b) NHB (Housing Finance) Directions, 2010 and
 - (c) The Prevention of Money Laundering Act, 2002

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India. (Not applicable during the Audit Period).



The Company has not entered into any listing agreement with any Stock Exchange in India or abroad.

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

We further report that, during the audit period there were no actions / events in pursuance of:

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Delisting of equity shares regulations), 2009
- g) 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, 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 the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were taken unanimously and no dissenting views have been recorded.

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 except for the preferential issue of 1,24,60,000 Equity shares, of Rs 10 each at a premium of Rs 65/- per share to M/s Westbridge Crossover Fund LLC, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

For S Sandeep & Associates

Place: Chennai

Date: 12th May 2015

S Sandeep
Managing Partner
FCS No. 5853
C P No.: 5987



Annexure - D

Corporate Social Responsibility Policy

Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Aptus is a growing company and is committed towards social welfare of the common people as it caters the housing needs of self employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. The Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing.

Your company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder.

The Company's CSR policy has been uploaded in the website of the Company and the web link to CSR policy is <http://www.aplusindia.com/files/Aptus-CSR-Policy.pdf>

Composition of the CSR Committee

Mr K M Mohandass, Director

Mr Krishnamurthy Vijayan, Director

Mr M Anandan, CMD

The Committee met once during the year under review.

Average net profit of the Company for the last three financial years

Average net profit: Rs 4,45,91,722

Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The Company during the financial year 2014-15 is required to spend Rs 8,91,834 towards CSR.

Details of CSR spent during the financial year:

a) Total amount spent for the financial year;

NIL

b) Amount unspent, if any; Rs 8,91,834

Your company has not incurred any CSR expenditure for financial year 2014-15 since the management is in the process of identifying suitable projects and programme which can be identified and which would complement the businesses of the Company.



Annexure – E

APTUS – DIRECTORS APPOINTMENT, REMUNERATION & EVALUATION POLICY

1. Purpose of this Policy:

Aptus Value Housing Finance India Limited (“Aptus” or the “Company”) has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management (the “Policy”) as required by the provisions of Section 178 of the Companies Act, 2013 (the “Act”).

The purpose of this Policy is to establish and govern the procedure applicable:

- a) To evaluate the performance of the members of the Board.
- b) To ensure remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions:

Independent Director means a director referred to in Section 149(6) of the Act , as amended from time to time.

Key Managerial Personnel (the “KMP”) shall mean “Key Managerial Personnel” as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961 .

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Managing Director, including all functional heads.

Words and expressions used and not defined in this Policy, but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Nomination & Remuneration Committee: The composition of the Committee to be in compliance with the Act, Rules made thereunder, as amended from time to time.

4. Role of the Committee:

- a. To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.
- b. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships



- c. To access the independence of Independent Non-Executive Directors
- d. To review the result of the performance evaluation process that relates to the composition of the Board.
- e. To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors in particular for Chairman & Chief Executive.
- f. To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
- g. Annual appraisal of the performance of Managing Director and fixing his terms of remuneration
- h. Annual appraisal of the Senior Management Team reporting to the Managing Director
- i. Administration and superintendence in connection with the Scheme under the broad policy and framework laid down by the Company and/or by the Board of Directors.
- j. Formulate from time to time specific parameters relating to the Scheme, including,
 - (i) The quantum of Options to be granted under the Scheme to a particular Eligible employee or to a category or group of Eligible employees and in aggregate;
 - (ii) Determination of eligibility conditions and selection of Eligible employees to whom Options may from time to time be granted hereunder;
 - (iii) The Vesting Period and the Exercise Period within which the eligible employee should exercise the Options and that Options would lapse on failure to exercise the Options within the exercise period;
 - (iv) The conditions under which Options vested in Eligible employee may lapse in case of termination of employment for misconduct;
 - (v) The specified time period within which the Eligible employee shall exercise the vested Options in the event of termination or resignation of an Eligible employee;
 - (vi) The right of an Eligible employee to exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
 - (vii) The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, etc;
 - (viii) Make rules by which all options including non-vested options vest immediately in case of sale, transfer or takeover of the company or amalgamation of the Company with any other company, etc. and provide for rules related to exercise period under such circumstances.
 - (ix) Make rules related to performance based vesting of such part of the options granted to eligible employees as the Committee may decide.
 - (x) To prescribe, amend and rescind rules and regulations relating to the Scheme;
 - (xi) To construe, clarify and interpret the terms of the Scheme and Options granted pursuant to the Scheme;
- k. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- l. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

5. Appointment and removal of Director, KMP and Senior Management:

Appointment criteria and qualification: The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his /her appointment.

For the appointment of KMP (other than Managing Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he /she is considered for the appointment.

Further, for administrative convenience, the appointment of KMP (other than Managing Director) or Senior Management, the Managing Director is authorised to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee /Board for further directions /guidance.

Term: The Term of the Directors including Managing Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP (other than the Managing Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

Evaluation: The Committee shall carry out evaluation of performance of every Director. The Committee shall identify evaluation criteria which will evaluate Directors based on knowledge to perform the role, time and level of participation, performance of duties, level of oversight, professional conduct and independence. The appointment / re-appointment / continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.

Framework for performance evaluation of Directors, Board and committees is as per Annexure A to this Policy.

Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or Senior Management.

Policy Review: Subject to the approval of the Board, the Nomination & Remuneration Committee reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company. The company may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

6. Remuneration of Managing Director, KMP and Senior Management:

The remuneration / compensation / commission, etc., as the case may be, to the Managing Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Managing Director of the Company is authorised to decide the remuneration of KMP and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

7. Remuneration to Non-executive / Independent Director:

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee /Board /shareholders.



Annexure – F

Corporate Governance Report

REPORT ON CORPORATE GOVERNANCE

The fundamental objective of “Good Corporate Governance and Ethics” is to ensure the commitment of an organization in managing the company in a legal and transparent manner in order to maximize the long-term value of the company for its stakeholders including shareholders, customers, employees and other partners.

Company Philosophy

Aptus Value Housing Finance India Limited (Aptus) philosophy on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

Board of Directors

Your Board of Directors currently consists of eight members including the Chairman cum Managing Director. Of these, four are Independent Directors and three are Non-Executive Directors.

Mr M Anandan is the Executive Chairman and Managing Director of the Company.

During the financial year ended 31st March 2015, seven (7) Board Meetings were held on 13th May 2014, 29th July 2014, 4th November 2014, 8th November 2014, 9th December 2014, 29th January 2015 and 27th March 2015 respectively and not more than 120 days elapsed between any two meetings.

Particulars of the Directors' attendance to the Board/Committee Meetings and particulars of their other company directorships are given below:

| Name | Nature of Directorship | Attendance | | Other Directorships |
|-----------------------|---------------------------------|------------|-----------|---------------------|
| | | Board | Committee | |
| M Anandan | Chairman & Managing Director | 7 | 13 | 1 |
| K M Mohandass | Independent Director | 7 | 14 | 1 |
| S Krishnamurthy | Independent Director | 6 | 14 | 6 |
| Krishnamurthy Vijayan | Independent Director | 5 | 4 | 7 |
| Shailesh J Mehta | Independent Director | 5 | 3 | 9 |
| Mona Kachhwaha | Nominee Director; Non Executive | 4 | 5 | 1 |
| K P Balaraj* | Nominee Director; Non Executive | 2 | -- | 6 |
| Suman Bollina** | Non Executive | 1 | -- | -- |

*Mr K P Balaraj, Nominee Director of Westbridge Crossover Fund, LLC, Investor, was appointed as an Additional Director (Non-Executive) on 25th November 2014.

** Mr Suman Bollina was appointed as an Additional Director (Non-Executive) with effect from 27th March 2015.

Changes in Board of Directors

Mr K P Balaraj, Nominee of Westbridge Crossover Fund, LLC, Investor, was appointed as an Additional Director (Non-Executive) on 25th November 2014.

Mr Suman Bollina was appointed as an Additional Director (Non-Executive) on the Board with effect from 27th March 2015.

As per the provisions of the Companies Act, 2013, Mr Krishnamurthy Vijayan, Mr K M Mohandass, Mr S Krishnamurthy and Mr Shailesh J Mehta, were appointed as Independent Directors at the Extraordinary General Meeting held on 4th March 2015.

As per the provisions of the Companies Act, 2013, Ms Mona Kachhwaha and Mr K P Balaraj were appointed as Non-Executive Nominee Directors in the company liable to retire by rotation at the Extraordinary General Meeting held on 4th March 2015.

Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

The Company had issued a formal letter of appointment to all Independent Directors.

Code of Conduct

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

Committees of the Board

Audit & Risk Management Committee

Composition and Meetings

The Audit & Risk Management Committee currently consists of the following members:

1. Mr K M Mohandass, Chairman
2. Mr S Krishnamurthy
3. Mr Krishnamurthy Vijayan
4. Ms Mona Kachhwaha
5. Mr K P Balaraj

Mr M Anandan, CMD and Mr Shailesh J Mehta are invitees to the meetings of the Committee.

The Audit & Risk Management Committee of the Board met four (4) times during the year on 13th May 2014, 29th July 2014, 4th November 2014 and 29th January 2015 respectively.

Terms of reference:

1. Oversight of the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible.
2. The recommendation for appointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company.
3. Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to:
 - Matters required to be included in Director's Responsibility Statement to be included in the Board's report to members.
 - Changes, if any in accounting policies and practices and reasons for the same.
 - Major Accounting entries involving estimates based on the exercise of judgment by management.

- Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with accounting and other legal requirements relating to financial statements.
 - Disclosure of any Related Party Transactions.
 - Qualifications in draft Auditors Report
4. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
 5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure and frequency of internal audit.
 6. Discussion with internal auditors any significant findings and follow up thereon.
 7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 8. Discussion with statutory auditors before the audit commences, about the nature & scope of audit as well as post audit discussion to ascertain any area of concern
 9. Laying down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework
 10. Credit & Portfolio Risk Management
 11. Operational & Process Risk Management
 12. Laying down guidelines on KYC Norms
 13. Review on quarterly basis the securitization / bilateral assignment transactions and investment activities of the Company.
 14. Annual Review of Company's policies framed pursuant to RBI and NHB guidelines and suggest changes if any, required to the Board for adoption.

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

The Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operation
2. Statement of significant related party transactions
3. Management letters/letters of internal control weaknesses issued by the statutory auditors.
4. Internal audit report relating to internal control weaknesses

Nomination & Remuneration Committee

Composition and Meetings

The Nomination & Remuneration Committee currently consists of the following members:

1. Mr Shailesh J Mehta
2. Mr K M Mohandass
3. Mr S Krishnamurthy
4. Mr M Anandan, CMD
5. Ms Mona Kachhwaha
6. Mr K P Balaraj

The Nomination & Remuneration Committee of the Board met Four (4) times during the year on 13th May 2014, 4th November 2014, 29th January 2015 & 27th March 2015 respectively.

Terms of Reference

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board atleast annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.
2. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships
3. Identification of persons who are qualified to become directors and who maybe appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
4. To access the independence of Independent Non-Executive Directors.
5. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. To review the result of the performance evaluation process that relates to the composition of the Board.
7. To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors in particular for Chairman & Chief Executive.
8. To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
9. Annual appraisal of the performance of Managing Director and fixing his terms of remuneration

10. Annual appraisal of the Senior Management Team reporting to the Managing Director.
11. Administration and superintendence of ESOP scheme of the Company and /or by the Board of Directors.

Resourcing & Business Committee

Composition and Meetings

The Resourcing & Business Committee currently consists of the following members:

1. Mr. K M Mohandass
2. Mr. S Krishnamurthy
3. Mr. M Anandan

Terms of Reference

1. To consider and approve, availing of all kinds and types of loans and credit facilities.
2. To consider and approve creation of security in connection with the aforesaid loan and credit facilities.
3. To establish current and other banking accounts with various banks to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.
4. To consider and approve any unsecured loans to be given by the Company other than staff loan advances to be approved by the Resourcing & Business Committee.
5. To consider and approve any secured loan to be given by the Company including Housing loans, loans against property, SME loans and other loans exceeding Rs. 1 crore to be approved by Resourcing & Business Committee.
6. To consider and approve transactions / proposal / arrangements for sale / assignment / securitization of the loan receivables / book debts of the Company on such terms and conditions as it thinks fit.

7. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.
8. To consider and approve the investment policy for the Company and its amendment and/or modification from time to time.

The Resourcing & Business Committee of the Board met Nine (9) times during the year on 2nd April 2014, 6th June 2014, 21st July 2014, 8th September 2014, 25th September 2014, 19th November 2014, 25th November 2014, 24th March 2015 & 27th March 2015 respectively.

Asset Liability Committee

Composition and Meetings

The Asset Liability Committee currently consists of the following members:

1. Mr M Anandan, CMD
2. Mr P Balaji, CFO
3. Mr G. Subramaniam – EVP – Risk & Operations
4. Mr C. T. Manoharan – Vice President – Sales & Marketing

The Asset Liability Committee of the Board met Twelve (12) times during the year on 10th April 2014, 5th May 2014, 12th June 2014, 14th July 2014, 12th August 2014, 12th September 2014, 9th October 2014, 11th November 2014, 3rd December 2014, 12th January 2015, 10th Feb 2015 and 10th March 2015 respectively.

Terms of Reference

1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. To determine Aptus Value Housing Finance Base Rate (AVHFBR)

5. Credit and Portfolio Risk Management
6. Setting credit norms for various lending products of the company
7. Operational and Process Risk Management
8. Laying down guidelines on KYC norms
9. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

Corporate Social Responsibility Committee

During the year your Company has constituted Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the Rule made there under. The Committee consists of following members:

1. Mr. K M Mohandass
2. Mr. Krishnamurthy Vijayan
3. Mr. M Anandan, CMD

Terms of Reference

- (1) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as may be amended or modified from time to time;
- (2) To recommend the amount of expenditure to be incurred on the activities referred above
- (3) To monitor the Corporate Social Responsibility activities of the company from time to time.

Your Company has adopted a Corporate Social Responsibility Policy.

Remuneration of Directors

Sitting Fees

All directors except the CMD and Nominee Directors are paid a sitting fee of Rs.15,000 for attending every meeting of the Board and Rs. 5,000 for attending every

meeting of the Audit & Risk Management Committee, Nomination & Remuneration Committee, Resourcing and Business Committee thereof.

The details of sitting fees paid to Directors during the financial year and the shares held by them in the Company as at 31st March 2015 are as follows:

| Name | Sitting Fees (Rs.)(#) | | No. of equity shares held in the Company |
|--------------------------|-----------------------|-----------|--|
| | Board | Committee | |
| Mr K M Mohandass | 100000 | 70000 | 2,50,100 |
| Mr S Krishnamurthy | 85000 | 70000 | Nil |
| Mr Krishnamurthy Vijayan | 70000 | 20000 | Nil |
| Mr Shailesh J Mehta | 70000 | 15000 | Nil |
| Ms Mona Kachhwaha | NA | NA | Nil |
| Mr K P Balaraj | NA | NA | Nil |
| Mr Suman Bollina | Nil | Nil | 83,333 |

(#) excluding reimbursement of travel and other expenses incurred for the Company's business/meetings

Commission to Non-Executive Directors:

The Non-executive Directors (including Independent Directors) of the Company are paid remuneration by way of profit related Commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board. The same has been approved by the Board and the shareholders and is within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Directors during the financial year ended 31st March 2015 are as follows:

| Name | Commission |
|---|------------|
| Mr K M Mohandass | 1,50,000 |
| Mr S Krishnamurthy | 1,50,000 |
| Mr Krishnamurthy Vijayan | 1,50,000 |
| Mr Shailesh J Mehta | 1,50,000 |
| Ms Mona Kachhwaha | NA |
| Mr K P Balaraj(**) | NA |
| Mr Suman Bollina | Nil |
| M/s India Financial Inclusion Fund (on behalf of Ms Mona Kachhwaha, Nominee Director) | 1,50,000 |

(**) **Commission Waiver:** Based on the advice received from Mr K P Balaraj, Nominee Director, M/s Westbridge Crossover Fund LLC, Investor the Board of Directors approved waiver of his commission.

Remuneration to Managing Director

The details of remuneration paid to Mr M Anandan, CMD for the financial year ended 31st March 2015 are as follows:

| Particulars | Amount (Rs.lakhs) |
|----------------------------------|-------------------|
| Salary | 102.00 |
| Commission | 27.5 |
| Other allowances and Perquisites | 1.54 |
| Total | 131.04 |

CMD/CFO Certification

CMD and CFO have given a certificate to the Board as per the format given in clause 49 of the standard listing agreement.

Related Party Transactions

During the financial year, the Company has not entered into any contract or Arrangement with Related Parties as per Section 188 of the Companies Act, 2013 and the Rules framed thereunder.

General Body Meetings

During the financial year ended 31st March 2015, one (1) Annual General Meeting was held on 29th July 2014 and two (2) Extra-ordinary General Meetings were held on 19th November 2014 & 4th March 2015 respectively.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in the Notices.

General Shareholder Information

| | |
|---|---|
| Financial year | April 1st 2014 to March 31st 2015 |
| 6th Annual General Meeting | |
| Day, Date and Time | Friday, August 7th, 2015, 11.00 A.M |
| Venue | Regd. Office: No. 8B, Doshi Towers, 8th Floor, No.205, Poonamalle High Road, Kilpauk, Chennai – 600 010. |
| Registrar and Transfer Agents | M/s Karvy Computershare Private Limited., Address: KARVY CENTRE 8-2-609/K, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500034 Telephone No. 040-67406120 / 67406121 |
| Demat ISIN Number in NSDL (Equity Shares) | INE852O01017 (Shares of the Company can be held in electronic form) |

Shareholding pattern as on 31st March 2015

| Name of the shareholder | Category | No. of equity shares | Shareholding (%) |
|---------------------------------|------------------------|----------------------|------------------|
| M Anandan & Immediate Relatives | Promoter | 2,49,19,498 | 40.11% |
| GHIOF Mauritius | Foreign Body Corporate | 87,11,571 | 14.02% |
| India Financial Inclusion Fund | Foreign Body Corporate | 96,75,765 | 15.57% |
| Westbridge Crossover Fund, LLC | Foreign Body Corporate | 12,460,000 | 20.05% |
| Lok Capital II LLC | Foreign Body Corporate | 19,01,500 | 3.06% |
| Others | Resident | 4,463,538 | 7.18% |
| Total | | 62,131,872 | 100.00% |

For and on behalf of the Board of Directors

Chennai
Date: 12th May 2015

M Anandan
Chairman & Managing Director



Annexure – G

Management Discussion and Analysis

1. Executive Summary

The Rs.9700 billion Indian housing finance market has grown at a steady rate of 19% CAGR over the last three years while reporting good asset quality indicators despite challenges in the operative environment. While the market continues to be dominated by five large groups namely SBI group, HDFC, LIC HFL, ICICI group and Axis Bank, accounting for 61% of the total housing credit in India as of Sep 2014, there has been an emergence of quite a few entrants in the niche segments like affordable housing and self employed borrowers, given the high growth potential in these segments.

As per ICRA's estimates, housing finance market in India could expand to include borrowers who are currently not being serviced by financial institutions (typically these borrowers are in low-to mid income segment and may not have formal income proof). On the supply side, various state governments have introduced initiatives to encourage builders/developers to launch projects in the affordable housing space. On the funding side, steps like recent advisory by PMO to EPFO to invest 15% of their funds towards low cost housing and RBI allowing banks to raise long term bonds for affordable housing segment with relaxations on CRR/SLR requirements, could improve the fund flow to this segment thus leading to significant potential for growth in the housing market. Additionally, with a favourable demographic profile, the mortgage industry in India will continue to grow at around 19-21% in FY 2015 and may increase thereafter. Consequently, mortgage penetration to GDP (currently at 8%) could increase to double digits over the next three years.

Aptus having established a strong foothold in the southern states plans to scale up in the coming years. Having commenced operations in Tamil Nadu, Telangana, AP and Karnataka, Aptus will deepen the penetration in these states in this fiscal apart from expanding into the state of Kerala. This would make Aptus one of the significant players in the segment with

presence in more than 75 locations and four states. Unique credit appraisal skills, strong in house legal and technical skills, committed professional management, relationship based business sourcing model and centralized technology platform are some of the key strengths of Aptus.

The portfolio build up so far has demonstrated the laser focus approach of Aptus yielding desired results. The segment focus, average ticket size, LTV ratio, quality of the portfolio and all other parameters gives us the comfort that we are moving in the right direction and growing profitably.

The key challenge during the year ahead would however, be proper legal and technical valuation even with respect to good customers, ability to scale up credit delivery model, retention of trained manpower and organize Long Term Funding at optimal cost as we build business in newer geographies.

2. Industry overview

As per ICRA's report on the outstanding housing finance portfolio the total loan book of HFCs and banks, grew by around 21% year on year in Fiscal 2014 to Rs 8958 billion as compared to Rs 7513 billion in Fiscal 2013.

Over the last 3 financial years, the housing credit growth has remained steady despite a tough operating environment, subdued real estate demand and low affordability levels. This could be attributed to construction linked housing loans, secondary sales and low mortgage penetration in India. These factors along with the focus of the new government on Housing for all by 2022 is expected to lead to increased new project launches and some improvement in the pace of under construction projects which will in turn lead to higher growth in disbursements over the medium term. Hence Housing finance credit is likely to grow at similar pace of around 19-21% in FY 2016 and pick up thereafter.

2.1 Key trends in Housing finance industry HFCs gaining market share: Over the years, the market share

of Housing Finance Companies which was around 30% in FY 2010 has significantly improved to around 37% currently vis a vis banks. This trend is expected to continue and owing to HFC's strong origination skills, focused approach, concentration in high growth segments like affordable housing, self employed customers etc and superior service levels.

2.2: Increasing focus on informal segment: The recent years have seen heightened activity around the affordable housing and the informal segment. Many housing finance companies like MHFC, Au Finance, India Shelters, Shubham, Muthoot, Shriram, Equitas have entered and have become active in this segment. In addition, existing HFCs like HDFC, Edelweiss, Sundaram and Repco have started showing renewed interest in this segment. This sector being high growth area is also attracting PE investments which will strengthen these companies to have a stronger base for good profitable growth. Coming years may see more players getting into the segment owing to its attractiveness and large potential. While the demand may hardly be the issue, the real challenge facing these companies would be in decoding the credit underwriting and reaching out to this segment with viable, scalable credit delivery model.

2.3 NHB Refinance: while the larger HFCs have been able to build a diverse funding base due to their superior credit rating and ability to attract retail money at cheaper rates, the smaller HFCs need to depend on NHB for the funding which is offered at lower than the market rates. The support of NHB helps in accessing and reducing the cost of funds and also minimize the ALM mismatch as NHB normally gives refinance on a tenor to tenor basis.

2.4 Funding from banks under PSL: As per the current RBI guidelines direct housing loans upto Rs.25 lakhs by banks and indirect housing loans upto Rs.10 lakhs qualify for PSL. With RBI relaxing the norm on the interest rate cap on the indirect housing loans, HFCs are slightly in an advantageous position to raise loan funds at a lesser cost.

2.5 Key Regulatory changes

a. Increase in maximum permissible LTVs on loans backed by mortgage guarantee: NHB in Oct 2014

issued a notification stating that for home loans extended to individuals above Rs. 20 lakhs, HFC could extend loans upto a maximum LTV of 90% (from the maximum limit of 80% earlier) provided the loan is backed by a mortgage guarantee company registered with RBI. This guideline could help borrowers with lower own equity contributions vis-à-vis earlier. At the same time, the HFC's risk will remain contained, as the loans will be backed by a mortgage guarantee.

- b. Issuance of long term bonds by banks for financing affordable housing: The RBI in July 2014, issued guidelines covering incentives for the issuance of long term bonds by banks for the financing of affordable housing. The guidelines pave the way for banks to raise long term resources to finance their long term loans to affordable housing through minimum regulatory pre-emption (exemption on CRR, SLR and Priority Sector Lending). This is expected to benefit the HFCs operating in the lower ticket size segments as the fund flow from banks could improve and funding costs could decline.
- c. Creation of Deferred tax liability on Special Reserve maintained by HFC under Section 36(1)(viii) of Income Tax Act – 1961 – applicable from FY 2015: In May 2014, NHB advised all HFCs to make a deferred tax liability (DTL) provision on special reserves created under section 36(1)(viii) of the Income Tax Act, 1961. If the expenditure due to the creation of DTL on special reserve as at 31 March 2014 has not been fully charged to the statement of profit or loss, HFCs may adjust the same directly from Reserves. The DTL for amounts transferred to Special Reserves for the fiscal 2015 onwards should be charged to the Statement of Profit and loss of that year. This change has resulted in an increase in the tax expense to around 33% from the earlier 26%
- d. SARFAESI: Though the benefit under SARFAESI is available to all HFCs, this benefit has not been given by Ministry of Finance to the HFCs in the last 5 years. In the recent budget it was announced that SARFAESI benefit will be automatically available to all eligible NBFCs. This announcement is likely to bring in

positive news for all the HFCs as well in terms of availability of benefits under SARFAESI.

3. Business overview

Aptus journey which commenced in 2010, will complete 5 full year of operations by end of this fiscal. During this period Aptus has made significant progress some of which are highlighted as under:

- Sanctions has exceed Rs 525 crores.
- Company pursuing strong profitable growth.
- Capital strengthened by Rs.94 crores in FY 2015. Current networth around Rs.194 crores.
- Long term credit rating by ICRA improved by two notches from BBB(-) to BBB(+) and were able to secure a rating of A(-) for the securitization pool.
- Raised long term debt from varied lenders; NBFCs, Institutions, banks and NHB.
- Stabilised the credit delivery mechanisms and the complex pre disbursement checks including legal screening and technical verifications for every sanction.
- Quality of book remains very good for the 4th consecutive year.

Most importantly, staying focused on serving the needs of the self employed informal customers for their housing finance needs, Aptus has impacted the lives of over 4000 families, making them proud owners of their home, which in most cases happens to be their first home as well. Small business men, Provision store owners, Fruit Merchants, Gold smiths, Pharmacy owners, Vegetable vendors, Bakery owners, Two wheeler mechanics. - all these self employed, informal customers, who belong to the business segment, who lack adequate income documents, would not have had access to loans from any banks or other institutions.

3.1 Primary focus

Aptus, over the years has kept the focus on the primary objective of addressing the affordable housing finance needs of the underserved segment, to buy or construct a home of their own. Some of the below mentioned portfolio characteristics, initiatives and precautions highlight the commitment, focus and direction of the

company in meeting this objective in a fair and transparent manner. Majority of our loans are in the range of Rs.5 to Rs.25 lakhs and almost more than 85% of our loans are with ticket size less than Rs.15 lakhs.

3.2 Self Employed

More than 90% of the sanctioned customers belong to the self employed category. The customers belong to varied categories including, retailers, agents, professionals, traders, shop owners, contractors and service centres etc.

Even the small percentage of salaried profiles that gets sanctioned belong to the informal segment.

3.3 Rural Focus

Keeping in line with Aptus focus on Tier 2 and Tier 3 towns, today over 80% of Aptus loans disbursed fall under the Rural Areas as classified by NHB. With physical presence in over 50 locations the distribution reach of Aptus is one of the largest in Tamilnadu, covering the entire state. In addition to this Aptus will establish more than 15 branches in the states of Telangana, Karnataka and Andhra Pradesh in the current year.

3.4 Average Ticket Size

Most of Aptus customers are either constructing a house on their own land or buying their small first home. As we reach out to more and more customers from smaller towns, the average ticket size of the loans have come down during the last three years. With Loan to value at around 45%, the average value of the properties funded is around Rs 15-20 lacs. The Average ticket size which was at Rs.10.1 lakhs in the initial stages of operations has come down to Rs.8 lakhs currently.

3.5 Credit Quality

Aptus has put in place a robust Credit Screening Process, which ensures the underlying risk in the untested market like self employed customers where the adequate documents may not be available. The Multi stage Credit Screening involves the following

- Personal discussion with the customer and spouse.
- Business and residence verification by the branch.

- Income assessment through available documents.
- Assessment of asset creation tendencies in the past.
- Expenses and life style analysis, saving habits etc.

This has resulted in Aptus maintaining an excellent quality portfolio. For the 6000 plus customers already acquired, EMI and PEMI due have crossed Rs 500 lacs per month and all payments have been collected on time, with very few customers delaying their installments.

3.6 In house Technical and Legal

Apart from centralized credit, Aptus also has chosen to have the legal scrutiny and technical valuation of the property by in house specialists. This helps in ensuring a quality control, apart from bringing in focus, faster turnaround time and better dissemination of our policy and norms.

3.7 Interest Rate

Aptus has put in place a transparent mechanism to fix the interest rate offered to the home loan customers. The interest rate offered to the customers is fixed based on the Aptus Base Rate. Aptus Base Rate is fixed based on the following parameters

- Weighted average Cost of Borrowing
- Operating Expenses
- Portfolio risk
- Margin Spread

The lending rate of Aptus is fixed by the ALCO, based on the above Base Rate.

3.8 Property Insurance & Life Insurance:

All the customers availing housing loan through Aptus are covered with a Property Insurance cover, to protect the property and all the customers are given an option to have their lives covered to protect their family from the burden of the housing loan in case of any misfortune.

3.9 Resources

During the year 2014-15, Aptus focused on building a strong and diversified borrowing profile. While the bigger HFCs have always had options of more diversified funding profiles, including deposits and NCDs etc, the new HFCs like Aptus had to depend on

banks and NHB for its funding needs. In this context, Aptus was able to secure support from both NHB and banks (both private and public sector) to cater to the funding requirement for the year. With the strengthening of capital and also with upgrade in rating by two notches, Aptus was able to bring down the cost of funds. This was achieved both by preclosure of high cost loans, negotiating with bankers for reducing the interest rate and securing new borrowings.

The focus for the year 2015-16 will be to reduce the cost of borrowing in addition to bringing in funding from new sources like CP etc. With the softening of interest rates and more banks likely to reduce to interest rates on the current facilities, the cost of funds for the year 2015-16 is expected to come down further.

3.10 Human Resources

Organizations can survive in the dynamic, competitive environment of today only if they capitalize on the full potential of each employee. Aptus understands the importance of the human capital in successful operations. The segment we are present also calls for continuous training of its manpower. Aptus lays importance to this and prepares the people to face and overcome these challenges, through constant training which focuses not only on the job oriented skills but also building a sense of belonging, ethical and fair practices when dealing with the vulnerable informal segment. Importance is also given to imbibe the organizational values and performance driven work culture from the early days.

Of the total 300 odd employees we have, more than 30% have completed three years with Aptus, many of whom have been associated with the organization since inception.

4 Aptus - Business Strategy – 2015-16

The year 2015-16 would see Aptus emerging stronger further consolidating its position in Tamil nadu and making a firm footing in Karnataka, Telangana and Andhra Pradesh, thus making a step ahead in becoming a significant player in South addressing the needs of self employed segment for their affordable housing finance



needs. Aptus would also expand its presence in the State of Kerala in this year.

The business strategy for the year would be built on the following key focus areas:

- Semi Urban/Rural:

In the year 2015-16, our approach to building business in semi-urban/rural areas will be fully dependent on the inhouse capability of our employees and to this effect, we intend to staff the branches adequately and insist on productivity of each of these employees.

- Urban:

In Urban areas we plan to build the business through additional channels like DSAs, project based lending etc.

4.2 Expand to Karnataka, Telangana, AP and Kerala:

During the year 2015-16 Aptus plans to get a firm footing in Telangana, AP and Karnataka. The strategy of Aptus has always been step into one state and expand deeply into that state. Having done this successfully in Tamil Nadu, Aptus plans to repeat this in the states of Karnataka, AP and Telangana. During the year, Aptus also plan to set up branches on a pilot basis in the state of Kerala.

4.3. Scale up SME – Loans

The SME loans at Aptus are aimed at meeting the short term working capital needs of the self employed segment of customers. Aptus has commenced offering this product to the existing housing loan customers with good repayment record and low LTV. Aptus plans to continue its focus on building this portfolio and scale it up from the current level to about 25% of the loan book.

4.4 Manpower

Retention and staffing of adequate manpower at branches is a key strategy that is going to be adopted for building the business in FY 2016. In this context, we plan to recruit qualified people both by way of internal referrals and also through external sources. Once people are recruited they will be inducted into the company through formal induction at Head Office. Further to this the employees will be given a formal training on various internal processes and also on the

code of conduct. They will also be given external training with focus on motivation, team building, leadership skills etc. They will also be nominated to the various training programs including the programs organized by NHB relating to Housing Finance.

4.5 Reduction in cost of funds and Opex

With the strengthening of the Company's capital base in the year 2014 -15 and with the excellent quality of loan book, the rating of the Company had improved by two notches to BBB (+). Owing to this the Company has commenced talks with the existing lenders to reduce the cost of funds. While some of the banks have already reduced the cost of funds, most of our existing lenders have promised reduction in the current interest rates by the end of this financial year. Further we have been able to secure additional borrowings at a lower rate. With all these, we are confident that the cost of funds will reduce in FY 2016.

The opex as a % of average assets which was at around 6% in the last fiscal has gradually come down to 4.50% this year and is likely to come down to 3.50% in FY 2016.

4.6 Build up robust collection organization

Collection of the monies lent is an important and integral part of any financial services organization. In order to maintain impeccable quality of the loan book, high importance will be placed in building a robust collections team in FY 2016. Further to bring about robustness in the collection process, Information Technology as an enabler will be explored and investments into this will be considered as appropriate.

5 Key Challenges

As a company in the affordable housing segment, Aptus expects the following to be the key challenges during the year 2015-16 as it builds to scale up its operations, further.

5.1 Credit Underwriting: Serving the informal sector market requires specialized skills. Unlike the formal segment where assessment of credit is based on few easily verifiable income documents, informal segment throws up challenges related to income assessment. Given the heterogeneous nature of the segment

standardizing the credit assessment with common minimum documents might be a challenge. We hope over time with experience in repayments from across various profiles, we would be able to develop into a pattern and develop a credit score model.

5.2 Legal and title issues: In the absence of any reputed builder constructing apartments, many of our customers go in for properties which are readily available. These are properties owned by individuals. Availability of documents and parent deeds and few important legal documents are difficult to be obtained. Issues like agricultural properties, ancestral property proper ownership deeds, unregistered parent deeds etc., make the legal scrutiny in this segment even more difficult.

5.3 Availability of Long Term Finance: Though Aptus has secured lending from various Financial Institutions and banks including NHB, raising of resources through these routes at the cost planned for a longer term will be a challenge.

5.4 Retention of Quality Manpower: Retaining the key employees is a major challenge for any organisation as any disruption puts back the organization's efforts by few weeks or months. More so, for an organisation like Aptus where lot of time is spent on employees in getting them inducted with specialized knowledge and skill in understanding and assessing the informal segment.



AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APTUS VALUE HOUSING FINANCE INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Aptus Value Housing Finance India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these

standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial Statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles

generally accepted in India, of the state of affairs of the Company as at 31st March 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to Note 4(a) to the financial statements, which describes the accounting treatment of the expenditure on creation of Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at 31st March 2014, pursuant to National Housing Bank's (NHB's) Circular No. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and

Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contracts.
 - iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

Ananthi Amarnath
Partner
(Membership No. 209252)

CHENNAI,
Date : 12th May, 2015



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v), (vi) of CARO 2013 are not applicable.

- (i) In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for rendering of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system. The Company does not purchase inventory nor does it sell any goods in the ordinary course of its business.
- (iv) According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.
 - c. There are no dues of Income-tax Service Tax and Cess which have not been deposited as on March 31, 2015.
 - d. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (vii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (viii) In our opinion and according to the information and explanations given to us, the term loans have been

applied by the Company during the year for the purposes for which they were obtained.

(ix) To the best of our knowledge and according to the information and explanations given to us, no fraud

by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)

Ananthi Amarnath
Partner
(Membership No. 209252)

CHENNAI,
Date : 12th May, 2015



Balance Sheet as at 31 March 2015

In Rupees

| Particulars | Note No. | As at 31 Mar 2015 | As at 31 Mar 2014 |
|---|----------|----------------------|----------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 621,318,720 | 489,694,420 |
| (b) Reserves and surplus | 4 | 1,321,869,984 | 420,957,981 |
| | | 1,943,188,704 | 910,652,401 |
| 2 Non-current liabilities | | | |
| (a) Long term borrowings | 5 | 1,023,305,250 | 1,327,752,192 |
| (b) Deferred tax liabilities (net) | 11 | 10,422,313 | - |
| (c) Long-term provisions | 6 | 15,846,893 | 12,499,257 |
| | | 1,049,574,456 | 1,340,251,449 |
| 3 Current liabilities | | | |
| (a) Trade payables | 7 | 10,734,773 | 5,106,578 |
| (b) Other current liabilities | 8 | 413,076,155 | 367,828,141 |
| (c) Short-term provisions | 9 | 3,832,858 | 2,593,323 |
| | | 427,643,786 | 375,528,042 |
| TOTAL | | 3,420,406,946 | 2,626,431,892 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 10.A | 14,176,119 | 8,747,471 |
| (ii) Intangible assets | 10.B | 897,675 | 794,483 |
| Total | | 15,073,794 | 9,541,954 |
| (b) Deferred tax assets (net) | 11 | - | 7,028,341 |
| (c) Long term loans and advances | 12 | 12,665,740 | 11,383,151 |
| (d) Long term receivables under financing activities | 13 | 3,155,082,575 | 2,392,247,803 |
| (e) Other Non Current Assets | 14 | 9,175,294 | - |
| | | 3,176,923,609 | 2,410,659,295 |
| 2 Current assets | | | |
| (a) Short term receivables under financing activities | 15 | 193,967,330 | 129,786,681 |
| (b) Cash and cash equivalents | 16 | 31,120,448 | 75,393,399 |
| (c) Short-term loans and advances | 17 | 2,803,612 | 785,564 |
| (d) Other current assets | 18 | 518,153 | 264,999 |
| | | 228,409,543 | 206,230,643 |
| TOTAL | | 3,420,406,946 | 2,626,431,892 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 12th May, 2015

For and on behalf of the Board of Directors

M. Anandan
Chairman & Managing Director
P. Balaji
Chief Financial Officer

K.M. Mohandass
Director
R. Madhusudhan
Company Secretary

Place : Chennai
Date : 12th May, 2015



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

In Rupees

| Particulars | Note No. | For the year ended 31 Mar 2015 | For the year ended 31 Mar 2014 |
|---|----------|-----------------------------------|-----------------------------------|
| 1 Revenue from operations | 19 | 553,647,980 | 385,069,284 |
| 2 Other income | 20 | 16,202,589 | 11,334,447 |
| 3 Total revenue (1+2) | | 569,850,569 | 396,403,731 |
| 4 Expenses | | | |
| (a) Employee benefits expense | 21 | 114,663,174 | 88,903,627 |
| (b) Finance cost | 22 | 242,950,991 | 174,477,404 |
| (c) Depreciation and amortisation expense | 23 | 7,222,377 | 5,995,109 |
| (d) Other Expenses | 24 | 55,828,870 | 44,744,881 |
| Total expense | | 420,665,412 | 314,121,021 |
| 5 Profit before tax (3-4) | | 149,185,157 | 82,282,710 |
| 6 Tax expense | | | |
| (a) Current tax expense | | 41,970,000 | 22,210,000 |
| (b) Deferred Tax | | 9,177,240 | (2,521,576) |
| Net tax expense | | 51,147,240 | 19,688,424 |
| 7 Profit for the year (5-6) | | 98,037,917 | 62,594,286 |
| Earnings per equity share of Rs.10/- each | | | |
| (a) Basic | 27.5 | 1.83 | 1.32 |
| (b) Diluted | 27.5 | 1.83 | 1.30 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 12th May, 2015

For and on behalf of the Board of Directors

M. Anandan
Chairman & Managing Director

K.M. Mohandass
Director

P. Balaji
Chief Financial Officer

R. Madhusudhan
Company Secretary

Place : Chennai
Date : 12th May, 2015



Cash Flow Statement for the year ended 31 March 2015

In Rupees

| Particulars | For the year ended 31 Mar 2015 | For the year ended 31 Mar 2014 |
|--|-----------------------------------|-----------------------------------|
| Cash flow from operating activities | | |
| Net Profit before tax | 149,185,157 | 82,282,710 |
| Adjustments for : | | |
| Depreciation and amortisation | 7,222,377 | 5,995,109 |
| Loss on fixed assets sold / discarded (net) | -- | (1,868,366) |
| Finance costs | 242,950,991 | 174,477,404 |
| Interest income from bank deposits | (8,961,777) | (2,990,241) |
| Dividend income | (4,075,163) | (6,184,046) |
| Provision for Standard Assets (net) | 3,317,526 | 3,705,700 |
| Provision for Sub standard asset | -- | 821,463 |
| Provision for Doubtful assets | 521,564 | 621,876 |
| Provision for Gratuity | 666,153 | 1,009,111 |
| Provision for compensated absences | 565,623 | 371,009 |
| | <u>242,207,294</u> | <u>175,959,019</u> |
| Operating profit before working capital changes | 391,392,451 | 258,241,729 |
| <i>Changes in working capital:</i> | | |
| <i>Adjustments for (increase) / decrease in operating assets:</i> | | |
| Long term receivables under financing activities | (762,834,772) | (880,507,913) |
| Long-term loans and advances | (679,694) | (511,722) |
| Short term receivables under financing activities | (64,180,649) | (54,810,120) |
| Short-term loans and advances | (2,018,048) | (33,559) |
| Other Non current assets | (9,175,294) | -- |
| <i>Adjustments for increase / (decrease) in operating liabilities:</i> | | |
| Trade payables | 5,628,195 | 94,943 |
| Other current liabilities | (7,117,160) | 6,796,817 |
| | <u>(840,377,422)</u> | <u>(928,971,554)</u> |
| Cash used in operations | (448,984,971) | (670,729,825) |
| Financing charges | (246,193,380) | (170,248,208) |
| Direct Taxes paid | (42,572,895) | (22,923,709) |
| Net cash (used) in operating activities (A) | (737,751,246) | (863,901,742) |
| Cash flow from investing activities | | |
| Capital expenditure on fixed assets, including capital advances | (12,754,217) | (8,368,613) |
| Proceeds from sale of fixed assets | -- | 1,880,272 |
| Bank balances not considered as Cash and cash equivalents | (89,133) | (2,446,728) |
| Current investments | -- | 251,809,906 |
| Interest received | 8,708,623 | 2,850,428 |
| Dividend received | 4,075,163 | 6,184,046 |
| Net cash (used in) / generated from investing activities (B) | (59,564) | 251,909,311 |

Contd.

Cash Flow Statement for the year ended 31 March 2014

In Rupees

| Particulars | For the year ended 31 Mar 2015 | For the year ended 31 Mar 2014 |
|--|-----------------------------------|-----------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including securities premium) | 942,771,800 | 16,663,500 |
| Proceeds from long-term borrowings | 590,500,000 | 845,000,000 |
| Repayment of long-term borrowings | (839,339,597) | (315,258,081) |
| Net cash flow from financing activities (C) | 693,932,203 | 546,405,419 |
| Net decrease in Cash and cash equivalents (A+B+C) | (43,878,607) | (65,587,012) |
| Cash and cash equivalents at the beginning of the year | 72,346,671 | 137,933,683 |
| Cash and cash equivalents at the End of the year | 27,984,587 | 72,346,671 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| Cash and cash equivalents (Refer Note 16) | 31,120,448 | 75,393,399 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements | | |
| In other deposit accounts - original maturity more than 12 months | 3,135,861 | 3,046,728 |
| Cash and cash equivalents at the end of the year | 27,984,587 | 72,346,671 |

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

Ananthi Amarnath
Partner

Place : Chennai
Date : 12th May, 2015

For and on behalf of the Board of Directors

M. Anandan
Chairman & Managing Director

P. Balaji
Chief Financial Officer

Place : Chennai
Date : 12th May, 2015

K.M. Mohandass
Director

R. Madhusudhan
Company Secretary



Notes forming part of the financial statements

NOTE 1

Corporate Information

Aptus Value Housing Finance India Limited ('the Company') was incorporated on 11 December 2009 with the primary objective of carrying on the business of providing long term housing finance to meet the housing needs of the low and middle income segment in the country. The Company is also engaged in providing loans for non-housing finance activities in the form of Loan Against Properties (LAP).

The Company received the certificate of registration from the National Housing Bank (NHB) on 31st May 2010 to commence the business of Housing Finance without accepting public deposits. The certificate of commencement of business was received from the Registrar of Companies on 25th June 2010.

NOTE 2

Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act") as applicable and the guidelines issued by the National Housing Bank (NHB). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the

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

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

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

2.5 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value. Depreciation on the following categories of tangible fixed assets has been provided on the straight-line method, the useful lives of which have been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes,

manufacturers warranties and maintenance support etc. The other assets have been depreciated on straight line methods as per the useful life prescribed in Schedule II to the Companies Act, 2013.

| | |
|-----------------------------------|-----------|
| Office Equipments | - 3 Years |
| Servers (under office equipments) | - 3 Years |
| Furniture and Fixtures | - 3 Years |
| Vehicles | - 3 Years |

Intangible assets are amortized over their estimated useful life on straight line method as follows:

Intangibles – Computer Software – 3 years or License Period whichever is lower.

Improvements to Leasehold Premises are amortized over the primary lease period or 3 years, whichever is lower.

Individual fixed assets Costing Rs. 5000 or less are fully depreciated in the year of purchase.

2.6 Revenue recognition

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

Repayment of Housing Loans and Loans Against Property (LAP) is generally by way of Equated Monthly Installments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed on a monthly rest basis.

Interest Income on Non Housing and refinance Loans are recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Income on Non-performing Assets is recognized only when realized and any interest accrued until the asset became a Non-performing Asset and remaining overdue is de-recognized in the month in which the loan is classified as Non Performing.

Processing Fees is recognised when the loan is

disbursed as per terms of agreements with the customers.

Pre-closure charges are levied in accordance with the NHB guidelines and are accounted at the time of actual pre-closure.

Interest spread on bilateral assignment or securitization of receivables is recognized over the tenor of the underlying assets.

2.7 Other income

Interest income on bank deposits is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.8 Fixed assets (tangible / intangible)

Fixed assets, are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

2.9 Investments

Investments are classified as long-term or current based on their nature and intended holding period. Current investments are valued at lower of cost or fair value. Cost of investments included acquisition charges such as brokerage, fees and duties.

2.10 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.

Defined contribution plans:

The Company's contributions to the Employees Provident Fund Scheme maintained by the Central Government and employee state insurance are

considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity which is unfunded, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are

recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.11 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.12 Leases

Leases arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.13 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period,

unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares).

2.14 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set

off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognized in reserves are recognized in reserves and not in the Statement of Profit and Loss.

2.15 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- a) An intangible asset that is not yet available for use; and
- (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss in case of revalued assets such reversal is not recognized.

2.16 Provisions and contingencies

A provision is recognised when the Company has a

Notes forming part of the financial statements

present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.17 Classification and Provisioning of Loan Portfolio

Loans are classified and provided for as per the classification and provisioning norms prescribed under the Housing Finance Companies (NHB) Directions, 2010

A general provision at the rate of 0.40% of the total outstanding amount of Standard Assets is provided in

accordance with the guidelines issued by NHB in this regard.

2.18 Employee Share based payments

Employees Stock options granted to the employees are accounted as per the accounting treatment prescribed by Guidance Note on Accounting for Employee Share-based payments, issued by the ICAI. The Company measures compensation cost relating to employees stock options using the intrinsic value method. The Compensation cost, if any, is amortised over the vesting period of the options.

2.19 Operating cycle

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

Note 3 Share Capital

| Particulars | As at 31 March 2015 | | As at 31 March 2014 | |
|---|---------------------|--------------------|---------------------|--------------------|
| | Number of Shares | Rs. | Number of Shares | Rs. |
| (i) Authorised | | | | |
| Equity shares of Rs.10 each with voting rights | 70,000,000 | 700,000,000 | 54,000,000 | 540,000,000 |
| (ii) Issued, Subscribed and fully paid up | | | | |
| Equity shares of Rs. 10 each with voting rights | 62,131,872 | 621,318,720 | 48,969,442 | 489,694,420 |
| Total | 62,131,872 | 621,318,720 | 48,969,442 | 489,694,420 |

Refer Notes (a) to (f) below

Notes forming part of the financial statements

NOTES:- (a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

| Particulars | Opening Balance | Fresh Issue | ESOP | Closing Balance |
|----------------------------------|-----------------|-------------|-----------|-----------------|
| Equity shares with voting rights | | | | |
| Year ended 31March, 2015 | | | | |
| - Number of shares | 48,969,442 | 12,460,000 | 702,430 | 62,131,872 |
| -Amount (Rs.) | 489,694,420 | 124,600,000 | 7,024,300 | 621,318,720 |
| Year ended 31March, 2014 | | | | |
| -Number of shares | 47,303,092 | 1,666,350 | -- | 48,969,442 |
| -Amount (Rs.) | 473,030,920 | 16,663,500 | -- | 489,694,420 |

(b) Pursuant to Aptus Employees Stock Option Scheme 2010, the Board of Directors have allotted fully paid up equity shares of Rs. 10/- each to the employees of the Company as follows:

- 13,005 fully paid up equity shares of Rs.10/- each, were issued and allotted at par by the Board at its meeting held on 13 May 2014.
- 16,500 equity share of Rs.10/- each allotted at par and 8,250 equity shares of Rs.10/-each allotted at a premium of Rs. 10 respectively by the Board at its meeting held on 4 November 2014.
- 5,48,175 equity shares of Rs.10/- each allotted at par and 116,500 equity shares of Rs. 10 each allotted at a premium of Rs. 10/- respectively by the Board at its meeting held on 9 December 2014.

(c) During the year the Company has allotted 12,460,000 equity shares of Rs. 10/- each at a premium of Rs. 65/- per share on preferential basis to Westbridge Cross Over Fund LLC, Mauritius vide Share Subscription Agreement dated 21 November 2014. The said allotment has been approved by the Board at its meeting held on 8 November 2014 and by the members in the Extraordinary General Meeting held on 19 November 2014.

(d) Terms/right attached to Equity Shares:

The Company has only one class of equity shares having a par value of Rs. 10 each. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividends proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting except in case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held.

(e) Details of shares held by each shareholder holding more than 5% shares:

| Class of Shares / Name of Shareholder | As at 31 March 2015 | | As at 31 March 2014 | |
|--|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of Shares held | % holding in that class of shares | Number of Shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| M. Anandan | 18,732,833 | 30.15% | 18,732,833 | 38.25% |
| Padma Anandan | 5,916,666 | 9.52% | 5,916,666 | 12.08% |
| Westbridge Cross over fund LLC | 12,460,000 | 20.05% | - | 0% |
| India Financial Inclusion Fund | 9,675,765 | 15.57% | 9,675,765 | 19.76% |
| Granite Hill India Opportunities Fund, Mauritius | 8,711,571 | 14.02% | 8,711,571 | 17.79% |

(f) Shares reserved for issue under options:

Refer Note 26 for details of shares reserved for issue under options.



Notes forming part of the financial statements

Note 4 Reserves and surplus

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|----------------------|---------------------|
| | Rs. | Rs. |
| (i) Securities premium account | | |
| Opening balance | 348,918,980 | 348,918,980 |
| Add : Premium on shares issued during the year (Refer Note 3(b) and 3(c)) | 811,147,500 | -- |
| Closing Balance | 1,160,066,480 | 348,918,980 |
| (ii) Special Reserve under Sec.29C of NHB Act, 1987 (Refer Note below) | | |
| Balance at the beginning of the year | | |
| a) Statutory Reserve u/s 29C of National Housing Bank (NHB) Act, 1987 | 7,234,702 | 7,234,702 |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987 | 17,106,027 | - |
| Addition/Appropriation/withdrawal during the year | | |
| ADD : a) Amount transferred u/s 29C of NHB Act, 1987 | - | |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987 | 30,864,328 | 17,106,027 |
| LESS : a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29 C of NHB Act 1987 | - | - |
| Balance at the end of the year | | |
| a) Statutory Reserve u/s 29C of National Housing Bank (NHB) Act, 1987 | 7,234,702 | 7,234,702 |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987 | 47,970,355 | 17,106,027 |
| | 55,205,057 | 24,340,729 |
| (iii) Surplus/(Deficit) in Statement of Profit and Loss | | |
| Opening balance | 47,698,272 | 2,210,013 |
| Less: Deferred tax liability on the opening balance of the Special Reserve created under section 36(1)(viii) of the Income Tax Act, 1961(Refer Note (a) below) | (8,273,414) | - |
| Add: Profit for the year | 98,037,917 | 62,594,286 |
| Less: Transfer to Special reserve (Refer Note (b) below) | (30,864,328) | (17,106,027) |
| Closing Balance | 106,598,447 | 47,698,272 |
| Total | 1,321,869,984 | 420,957,981 |

Notes forming part of the financial statements

Notes:

(a) Pursuant to National Housing Bank's (NHB's) Circular No.NHB(NO)/ORS/Pol. Circular No. 62/2014 dated May 27,2014,the Company has created Deferred Tax Liability (DTL) on the Special Reserve under section 36(1)(viii) of the Income-tax Act, 1961. As required by the said NHB Circular, the expenditure, amounting to Rs. 8,273,414/- due to the creation of DTL on Special Reserve as at March 31, 2014, no previously charged to the Statement of Profit and Loss, has now been adjusted directly from the Surplus in the Statement of Profit and Loss. Had this amount been charged to the Statement of Profit and Loss in accordance with the generally accepted accounting principles in India, the amount of Profit for year would be lower by such amount.

(b) As per Section 29C(1) of the National Housing Bank Act,1987, the Company is required to transfer atleast 20% of its net profit after tax every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act,1961, is considered to be an eligible transfer. During the current year, the company has transferred Rs.30,864,328/- (Previous year- Rs. 17,106,027/-) in terms of section 36(1)(viii) to the Special Reserve.

Note 5 Long Term Borrowings

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--------------------------------|----------------------|----------------------|
| | Rs. | Rs. |
| (a) Term loans | | |
| From banks | | |
| Secured-NHB | 139,185,000 | 160,397,000 |
| Secured-Other Banks | 884,120,250 | 1,092,640,532 |
| | 1,023,305,250 | 1,253,037,532 |
| From other parties | | |
| Secured- Financial Institution | - | 74,714,660 |
| | - | 74,714,660 |
| Total | 1,023,305,250 | 1,327,752,192 |

Note: Refer Note 5.a for details of security,interest rate, tenor and repayment terms



Notes forming part of the financial statements

Note 5a Details of Security, interest rate, tenor, repayment terms of the Term loans are as follows :

| Rate of Interest | Maturity | Installments outstanding | Amount outstanding (Rs.) | |
|--|-----------------|--------------------------|-----------------------------|-----------------------------|
| | | | As at 31 March 2015 Secured | As at 31 March 2014 Secured |
| 7% to 7.50% | 1- 7 years | 28 | 25,885,000 | 33,305,000 |
| 10% to 11.50% | 7 - 10 years | 35 | 89,600,000 | 100,000,000 |
| | > 10 years | 53 | 44,912,000 | 48,304,000 |
| 11.50% to 12.50% | 1 - 7 years | - | - | 31,666,666 |
| | | 10 | 62,500,000 | 87,500,000 |
| | | - | - | 79,999,996 |
| | 5 to 7 year | 10 | 100,500,000 | - |
| | > 7 years | 96 | 40,000,008 | 45,000,000 |
| | 12.50 to 13.25% | 1 - 5 years | 92 | 46,874,999 |
| - | | | - | 24,999,992 |
| 14 | | | 23,333,256 | 53,333,336 |
| 44 | | | 99,000,000 | 126,000,000 |
| 16 | | | 25,000,000 | 37,500,000 |
| 13 | | | 40,625,000 | - |
| 12 | | | 200,000,000 | 10,000,000 |
| 44 | | | 180,000,000 | 250,000,000 |
| 5 - 6 years | | 38 | 75,000,000 | 125,000,000 |
| | | 9 | 65,000,000 | 120,000,000 |
| | | 43 | 74,214,000 | 100,000,000 |
| > 7 years | | 71 | 97,222,220 | 100,000,000 |
| | | - | - | 86,105,430 |
| | | 18 | 135,000,000 | 142,500,000 |
| | - | - | 50,000,000 | |
| Total | | | 1,424,666,483 | 1,673,506,080 |
| Less: Current maturities of Long Term Borrowings classified under Other Current Liabilities (Refer Note 8) | | | 401,361,233 | 345,753,888 |
| Long term borrowings from banks | | | 1,023,305,250 | 1,327,752,192 |

(a) All loans are secured by hypothecation of specified Receivables under Financing Activities

(b) The Company has not defaulted in the repayment of term loans from Banks.

(c) Loans aggregating to Rs. 1,073,681,559 (previous year - Rs. 1,531,006,080) has been guaranteed by the promoter Mr M Anandan.

Notes forming part of the financial statements

Note 6 Long Term Provisions

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| (a) Provisions for Employee Benefits | | |
| (i) Provision for gratuity(net)(Refer Note 27.1.b) | 1,372,527 | 1,102,367 |
| | <hr/> | <hr/> |
| | 1,372,527 | 1,102,367 |
| (a) Provision for standard receivables under financing activities | | |
| Housing Loans | 9790,281 | 7,729,625 |
| Non - Housing Loans | | |
| - Loans against property | 2,797,134 | 1,795,987 |
| | <hr/> | <hr/> |
| | 12,587,415 | 9,525,612 |
| (b) Provision for sub-standard asset and doubtful asset | | |
| Housing Loans | | |
| - Sub-standard assets | 488,032 | 697,107 |
| - Doubtful assets | 961,851 | 611,377 |
| Non-Housing loans - Loans against property | | |
| - Sub standard assets | 308,378 | 562,794 |
| - Doubtful assets | 128,690 | - |
| | <hr/> | <hr/> |
| | 1,886,951 | 1,871,278 |
| | <hr/> | <hr/> |
| Total | 15,846,893 | 12,499,257 |

Note 7 Trade payables

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|-------------------------|---------------------|---------------------|
| | Rs. | Rs. |
| Trade payables : | | |
| Other than Acceptances | 10,734,773 | 5,106,578 |
| | <hr/> | <hr/> |
| Total | 10,734,773 | 5,106,578 |

Notes forming part of the financial statements

Note 8 Other current liabilities

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|---------------------|---------------------|
| | Rs. | Rs. |
| (a) Current maturity of long term borrowings (Refer note below) | | |
| - Term loans from NHB - secured | 21,212,000 | 21,212,000 |
| - Term loans from banks - secured | 380,149,233 | 313,151,119 |
| - Term loans from Financial Institutions - secured | - | 11,390,769 |
| (b) Interest accrued but not due on borrowings | 7,558,088 | 10,800,477 |
| (c) Other payables | | |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 2,585,766 | 10,192,238 |
| (ii) Advances from customers | 1,571,068 | 1,081,538 |
| Total | 413,076,155 | 367,828,141 |

Note: Refer Note 5.a for details of security, interest rate, tenor and repayment terms.

Note 9 Short-term provisions

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| (a) Provision for employee benefits | | |
| (i) Provision for compensated absences | 1,852,042 | 1,286,419 |
| (ii) Provision for gratuity (net) (Refer Note 27.1b) | 1,095,250 | 699,257 |
| | 2,947,292 | 1,985,676 |
| (b) Provision for standard receivables under financing activities | | |
| Housing Loans | 339,286 | 254,546 |
| Non - Housing Loans | | |
| - Loans against property | 429,238 | 258,473 |
| | 768,524 | 513,019 |
| (c) Provision for sub-standard asset and doubtful asset | | |
| Housing Loans | | |
| - Sub-standard assets | 16,820 | 13,214 |
| - Doubtful assets | 33,151 | 10,499 |
| Non-Housing Loans - Loans against property | | |
| - Sub-standard assets | 47,323 | 70,915 |
| - Doubtful assets | 19,748 | - |
| | 117,042 | 94,628 |
| Total | 3,832,858 | 2,593,323 |

Notes forming part of the financial statements

Note 10A Fixed Assets - Tangible

| Particulars | Gross block | | | Balance as at 31 March, 2015 (Rs) |
|---|--|---|-------------------------------------|--|
| | Balance as at 1 April, 2014 (Rs) | Additions | Disposals | |
| (a) Leasehold improvements (Previous year) | 8,306,116 (6,606,566) | 6,350,952 (1,699,550) | - - | 14,657,068 (8,306,116) |
| (b) Furniture and fixtures | | | | |
| Owned (Previous year) | 1,282,564 (767,438) | 879,279 (515,126) | 30,695 - | 2,131,148 (1,282,564) |
| (c) Vehicles | | | | |
| Owned (Previous year) | 3,483,000 (3,397,075) | 1,361,703 (3,483,000) | - (3,397,075) | 4,844,703 (3,483,000) |
| (d) Office equipment | | | | |
| Owned (Previous year) | 10,437,384 (7,961,197) | 3,039,283 (2,519,818) | - (43,631) | 13,476,667 (10,437,384) |
| Total (Previous year) | 23,509,064 (18,732,276) | 11,631,217 (8,217,494) | 30,695 (3,440,706) | 35,109,586 (23,509,064) |

Note 10A Fixed Assets - Tangible (contd.)

| Particulars | Accumulated depreciation and Impairment | | | Net block | | |
|---|--|---|---|--|--|--|
| | Balance as at 1 April, 2014 (Rs) | Depreciation/ Amortisation expense for the year (Rs) | Eliminated on disposal of assets (Rs) | Balance as at 31 March, 2015 (Rs) | Balance as at 31 March, 2015 (Rs) | Balance as at 31 March, 2014 (Rs) |
| (a) Leasehold improvements (Previous year) | 6,251,882 (4,553,520) | 1,968,419 (1,698,362) | - - | 8,220,301 (6,251,882) | 6,436,767 (2,054,234) | 2,054,234 (2,053,046) |
| (b) Furniture and fixtures | | | | | | |
| Owned (Previous year) | 1,004,004 (625,684) | 747,412 (378,320) | 30,695 - | 1,720,721 (1,004,004) | 410,427 (278,560) | 278,560 (141,754) |
| (c) Vehicles | | | | | | |
| Owned (Previous year) | 152,709 (3,169,620) | 1,316,315 (380,164) | - (3,397,075) | 1,469,024 (152,709) | 3,375,679 (3,330,291) | 3,330,291 (227,455) |
| (d) Office equipment | | | | | | |
| Owned (Previous year) | 7,352,998 (5,089,842) | 2,170,423 (2,294,881) | - (31,725) | 9,523,421 (7,352,998) | 3,953,246 (3,084,386) | 3,084,386 (2,871,355) |
| Total (Previous year) | 14,761,593 (13,438,666) | 6,202,569 (4,751,727) | 30,695 (3,428,800) | 20,933,467 (14,761,593) | 14,176,119 (8,747,471) | 8,747,471 (5,293,610) |

Note 10B Fixed Assets - Intangible

| Particulars | Gross block | | | Balance as at 31 March, 2015 (Rs) |
|----------------------------------|----------------------------------|------------------|----------------|-----------------------------------|
| | Balance as at 1 April, 2014 (Rs) | Additions (Rs) | Disposals (Rs) | |
| Internally generated | | | | |
| (a) Computer software | 4,664,650 | 1,123,000 | - | 5,787,650 |
| (Previous year) | (4,563,527) | (101,123) | - | (4,664,650) |
| Total - Intangible assets | 4,664,650 | 1,123,000 | - | 5,787,650 |
| (Previous year) | (4,563,527) | (101,123) | - | (4,664,650) |

| Particulars | Accumulated depreciation and Impairment | | | Net block | |
|----------------------------------|---|--|---------------------------------------|-----------------------------------|-----------------------------------|
| | Balance as at 1 April, 2014 (Rs) | Amortisation expense for the year (Rs) | Eliminated on disposal of assets (Rs) | Balance as at 31 March, 2015 (Rs) | Balance as at 31 March, 2014 (Rs) |
| Internally generated | | | | | |
| (a) Computer software | 3,870,167 | 1,019,808 | - | 4,889,975 | 897,675 |
| (Previous year) | (2,626,785) | (1,243,382) | - | (3,870,167) | (794,483) |
| Total - Intangible assets | 3,870,167 | 1,019,808 | - | 4,889,975 | 897,675 |
| (Previous year) | (2,626,785) | (1,243,382) | - | (3,870,167) | (794,483) |

Note 11 Deferred Tax (Liabilities) / Asset

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|---------------------|---------------------|
| | Rs. | Rs. |
| Deferred Tax (Liabilities) / Asset | | |
| Tax effect of items constituting deferred tax liabilities : | | |
| Deferred tax liability on Special Reserve created under section 36(1)(viii) of the Income Tax Act,1961 during the current year | (10,831,952) | |
| Deferred tax liability on opening balance of Special Reserve created under section 36(1)(viii) of the Income Tax Act. 1961 | (8,273,414) | |
| Tax effect of Items constituting deferred tax liabilities | (19,105,366) | |
| Tax effect of items constituting deferred tax assets : | | |
| Provision for compensated absences, gratuity and other employee benefits | 1,495,003 | 1,049,626 |
| Provision for doubtful debts / advances | 5,315,765 | 4,080,340 |
| On Difference between written down value of Fixed Assets as per books and as per Section 32 of Income Tax, 1961. | 1,826,034 | 1,733,297 |
| Others | 46,251 | 165,078 |
| Tax effect of items constituting deferred tax assets | 8,683,053 | 7,028,341 |
| Deferred tax (liabilities / assets (net)) | (10,422,313) | 7,028,341 |
| Reconciliation of Deferred Tax: | | |
| Net Deferred Tax Asset as at the beginning of the year | 7,028,341 | 4,506,765 |
| Less: Deferred Tax liability on opening balance of Special Reserve created under section 36(1)(viii) of the Income Tax Act, 1961 adjusted in the Surplus balance in the Statement of Profit and Loss (Refer Note 4). | (8,273,414) | - |
| Add / (Less): Deferred tax asset credited to / expense recognized in Statement of profit and loss. | (9,177,240) | 2,521,576 |
| Net Deferred Tax Asset / (liability) as at the end of the year | (10,422,313) | 7,028,341 |

Note 12 Long-term loans and advances

| Particulars | As at 31 March 2015 (Rs.) | As at 31 March 2014 (Rs.) |
|---|---------------------------|---------------------------|
| (a) Capital advances | | |
| Secured, considered good | - | 449,996 |
| (b) Security deposits (Telephone & Rental Deposit) | | |
| Secured, considered good | 7,854,770 | 6,632,270 |
| (c) Loans and advances to employees | | |
| Secured, considered good | - | 92,810 |
| (d) Advance income tax (Net of provisions Rs.66,693,000) (Previous year - Rs. 24,723,000) | 4,810,970 | 4,208,075 |
| Total | 12,665,740 | 11,383,151 |

Note 13 Long term receivables under financing activities

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|----------------------|----------------------|
| | Rs. | Rs. |
| Receivables under Financing Activities (Secured) (Represents Installments after one year from the year end) | | |
| Housing Loans | 2,453,228,342 | 1,939,499,195 |
| Non - Housing Loans | | |
| - Loans against property | 701,854,233 | 452,748,608 |
| Total | 3,155,082,575 | 2,392,247,803 |

Note: The housing loans and non housing loans are secured by deposit of original title deeds of immovable properties with the Company or registered mortgage of title deeds.

| Particulars | As at 31 Mar 2015 | |
|-----------------------------------|----------------------|------------------------------|
| | Housing Loan (Rs.) | Loans against property (Rs.) |
| Standard Assets - Considered good | 2,447,570,167 | 699,283,617 |
| Substandard assets | 3,253,548 | 2,055,852 |
| Doubtful Assets | 2,404,627 | 514,764 |
| Total | 2,453,228,342 | 701,854, 233 |

| Particulars | As at 31 Mar 2014 | |
|-----------------------------------|----------------------|------------------------------|
| | Housing Loan (Rs.) | Loans against property (Rs.) |
| Standard Assets - Considered good | 1,932,406,310 | 448,996,645 |
| Substandard assets | 4,647,378 | 3,751,963 |
| Doubtful Assets | 2,445,507 | - |
| Total | 1,939,499,195 | 452,748,608 |

Note 14 Other Non Current Assets

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|---------------------|---------------------|
| | Rs. | Rs. |
| (a) Balances held as margin money against securitisation | 9,175,294 | - |
| Total | 9,175,294 | - |

Note 13 Short term receivables under financing activities

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| Receivables under Financing Activities (Secured) (Represents Installments & other dues within one year from the year end) | | |
| Housing Loans | 84,551,970 | 63,766,601 |
| Non - Housing Loans | | |
| - Loans against property | 107,704,046 | 65,090,895 |
| | 192,256,016 | 128,857,496 |
| Less : Provision for doubtful trade receivables | - | - |
| Total | 192,256,016 | 128,857,496 |
| Amounts overdue on standard assets (Refer Note 2) | | |
| - Housing Loan | 1,416,004 | 714,985 |
| - Loans against property | 295,310 | 214,200 |
| | 1,711,314 | 929,185 |
| Total | 193,967,330 | 129,786,681 |

Note 1: The housing loans and non housing loans are secured by deposit of original title deeds of immovable properties with the Company or registered mortgage of title deeds.

| Particulars | As at 31 Mar 2015 | |
|-----------------------------------|--------------------|------------------------------|
| | Housing Loan (Rs.) | Loans against property (Rs.) |
| Standard Assets - Considered good | 84,356,958 | 107,309,590 |
| Substandard assets | 112,135 | 315,463 |
| Doubtful Assets | 82,877 | 78,993 |
| Total | 84,551,970 | 107,704,046 |

| Particulars | As at 31 Mar 2014 | |
|-----------------------------------|--------------------|------------------------------|
| | Housing Loan (Rs.) | Loans against property (Rs.) |
| Standard Assets - Considered good | 63,636,514 | 64,618,127 |
| Substandard assets | 88,090 | 472,768 |
| Doubtful Assets | 41,997 | - |
| Total | 63,766,601 | 65,090,895 |

Note 2

Amount overdue on standard assets outstanding for a period exceeding six months from the date they were due for payment

Other amounts overdue on standard assets

Total

-

1,711,314

1,711,314

-

929,185

929,185

Note 16 Cash and cash equivalents

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|--|---------------------|---------------------|
| | Rs. | Rs. |
| (a) Cash on Hand | 737,088 | 1,482,711 |
| (b) Cheques on Hand | 301,025 | 1,877,143 |
| (c) Balances with banks (Refer Note (i) below) | | |
| (i) In current accounts | 26,946,474 | 68,986,817 |
| (ii) In other deposit accounts | 3,135,861 | 3,046,728 |
| (iii) In earmarked accounts | - | - |
| Total | 31,120,448 | 75,393,399 |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is | 27,984,587 | 72,346,671 |

Note : (i) Balances with banks include Rs.31,35,861 (Previous year- Rs.30,46,728) which have an original maturity of more than twelve months

Note 17 Short-term loans and advances (Unsecured, considered good)

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| (a) Loans and advances to employees | 11,994 | 248,752 |
| (b) Balances with government authorities: | | |
| Service Tax credit receivable | 275,535 | 23,812 |
| (c) Other deposits and advance | 2,516,083 | 513,000 |
| Total | 2,803,612 | 785,564 |

Note 18 Other current assets

| Particulars | As at 31 March 2015 | As at 31 March 2014 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| Interest accrued on fixed deposits with banks | 518,153 | 264,999 |
| Total | 518,153 | 264,999 |

Note 19 Revenue from operations

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|------------------------------|---|---|
| (a) Interest income | | |
| On housing loans | 357,030,185 | 260,749,343 |
| On Non - housing loans | | |
| Loan against property | 153,911,999 | 92,975,002 |
| (b) Other financial services | | |
| Processing fees | 33,113,541 | 26,206,139 |
| (c) Other operating Income | 9,592,255 | 5,138,800 |
| | 553,647,980 | 385,069,284 |

Note 20 Other Income

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|--|---|---|
| Interest income (Refer Note (i) below) | 8,961,777 | 2,990,241 |
| Dividend income from current investments | 4,075,163 | 6,184,046 |
| Provision for sub standard assets written back (net) | 483,477 | - |
| | 13,520,417 | 9,174,287 |

Note : (i)

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---------------------------------|---|---|
| Interest income comprises : | | |
| Interest from banks on deposits | 8,961,777 | 2,990,241 |
| Total Interest Income | 8,961,777 | 2,990,241 |

Note 20 Other Income (contd.)

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---|---|---|
| Other Non Operating Income | 2,682,172 | 2,160,160 |
| Total - Other non-operating income | 2,682,172 | 2,160,160 |
| Total | 16,202,589 | 11,334,447 |

Note 21 Employee benefits expense

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---|---|---|
| Salaries and wages | 104,616,719 | 80,635,274 |
| Contributions to provident and other fund (Refer Note 27.1) | 5,818,006 | 3,914,380 |
| Gratuity expense (Refer Note 27.1b) | 666,154 | 1,009,111 |
| Staff welfare expenses | 3,562,295 | 3,344,862 |
| Total | 114,663,174 | 88,903,627 |

Note 22 Finance costs

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---------------------------|---|---|
| (a) Interest expense on: | | |
| (i) Borrowings | 226,688,082 | 162,423,052 |
| (ii) Other borrowing cost | 16,262,909 | 12,054,352 |
| Total | 242,950,991 | 174,477,404 |

Note 23 Depreciation

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|--|---|---|
| Depreciation and amortisation for the year on tangible assets as per Note 10.A | 6,202,569 | 4,751,727 |
| Amortisation for the year on intangible assets as per Note 10.B | 1,019,808 | 1,243,382 |
| Depreciation and amortisation for the year | 7,222,377 | 5,995,109 |

Note 24 Other expenses

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---|---|---|
| Rent including lease rentals | 9,712,383 | 7,892,842 |
| Repairs and maintenance | | |
| - Computers | 417,792 | 193,594 |
| - Others | 622,867 | 633,299 |
| Insurance | 372,513 | 165,122 |
| Software expenses | 1,327,240 | 859,377 |
| Rates and taxes | 1,242,794 | 49,531 |
| Communication | 3,158,408 | 2,476,848 |
| Travelling and conveyance | 7,937,348 | 6,874,831 |
| Office expenses | 2,979,262 | 2,070,346 |
| Printing and stationery | 1,421,224 | 1,153,268 |
| Registration and other charges | - | 15,372 |
| Sitting fees to non-whole time directors | 556,182 | 300,000 |
| Rating Fee | 811,140 | 382,248 |
| Electricity Charges | 883,767 | 805,604 |
| Provision for standard assets (net) | 3,317,526 | 3,705,700 |
| Provision for sub standard assets (net) | - | 821,463 |
| Provision for doubtful assets (net) | 521,564 | 621,876 |
| Bank charges | 1,155,411 | 866,362 |
| Business promotion | 10,314,556 | 9,879,013 |
| Legal and professional | 5,016,356 | 1,842,142 |
| Payments to auditors (Refer Note (i) below) | 1,758,370 | 1,898,824 |
| Miscellaneous expenses | 2,302,167 | 1,237,219 |
| Total | 55,828,870 | 44,744,881 |

Note 24 Other expenses (contd.)

Notes :

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---|---|---|
| (i) Payments to the auditors comprise (net of service tax input credit, where applicable): | | |
| (a) To statutory auditors | | |
| For audit | 1,400,000 | 1,400,000 |
| For taxation matters | 100,000 | 100,000 |
| For other services | 230,000 | 390,004 |
| Reimbursement of expenses | 28,370 | 8,820 |
| | 1,758,370 | 1,898,824 |

Notes forming part of the financial statements

Note 25 Additional Information to the financial statements

| Particulars | As at 31 March 2015 (Rs.) | As at 31 March 2014 (Rs.) | |
|---|---|----------------------------------|---|
| 25.1 Commitments | | | |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Improvement to Leasehold premises and advance given for mobile receipting solution | - | 862,585 | |
| (b) Loans sanctioned to Borrowers pending disbursement | 98,329,182 | 126,753,649 | |
| | 98,329,182 | 127,616,234 | |
| 25.2 Micro, Small and Medium Enterprises | | | |
| Based on the extent of information available with the management, there are no transactions with Micro and Small Enterprises. This has been relied upon by the auditors. | | | |
| 25.3 Loan Portfolio and Provision for Standard and Non Performing Assets | | | |
| 25.3.a Current year | | | |
| Asset Classification | Loan Outstanding as at 31 March 2015 (Gross) | Provision as at 31 March 2015 | Loan Outstanding as at 31 March 2015 (Net) |
| A. Housing Finance Activities | | | |
| Standard Assets | 2,531,927,125 | 10,129,567 | 2,521,797,558 |
| Sub standard Assets | 3,365,683 | 504,852 | 2,860,831 |
| Doubtful Assets | 2,487,504 | 995,002 | 1,492,502 |
| Sub total (A) | 2,537,780,312 | 11,629,421 | 2,526,150,891 |
| B. Non Housing Finance Activities | | | |
| (i) Loans Against Property | | | |
| Standard Assets | 806,593,207 | 3,226,372 | 803,366,835 |
| Sub standard Assets | 2,371,315 | 355,701 | 2,015,614 |
| Doubtful Assets | 593,757 | 148,438 | 445,319 |
| Sub total (B) | 809,558,279 | 3,730,511 | 805,827,768 |
| Grand total (A+B) | 3,347,338,591 | 15,359,932 | 3,331,978,659 |
| The Company has created provision for standard receivables under financing activities @ 0.4% in accordance with NHB.HFC.DIR.3/CMD/2011 Notification dated 05 August 2011. | | | |

Contd.

25.3.b Previous year

| Asset Classification | Loan Outstanding as at 31 March 2014 (Gross) | Provision as at 31 March 2014 | Loan Outstanding as at 31 March 2014 (Net) |
|--|---|----------------------------------|---|
| A. Housing Finance Activities | | | |
| Standard Assets | 1,996,042,824 | 7,984,171 | 1,988,058,653 |
| Sub standard Assets | 4,735,468 | 710,321 | 4,025,147 |
| Doubtful Assets | 2,487,504 | 621,876 | 1,865,628 |
| Sub total (A) | 2,003,265,796 | 9,316,368 | 1,993,949,428 |
| B. Non Housing Finance Activities | | | |
| (i) Loans Against Property | | | |
| Standard Assets | 513,614,772 | 2,054,460 | 511,560,312 |
| Sub standard Assets | 4,224,731 | 633,709 | 3,591,022 |
| Sub total (B) | 517,839,503 | 2,688,169 | 515,151,334 |
| Grand total (A+B) | 2,521,105,299 | 12,004,537 | 2,509,100,762 |

The Company has created provision for standard receivables under financing activities @ 0.4% in accordance with NHB.H FC.DIR.3/CMD/2011 Notification dated 5 August 2011.

Notes forming part of the financial statements

25.4 Disclosure pursuant to National Housing Bank circular NHB/ND/DRS/Pol-No.35/2010-11 dated 11 October 2010

a. Capital to Risk Assets Ratio (CRAR)

| Particulars | As at 31 March 2015 (Rs.) | As at 31 March 2014 (Rs.) |
|--|------------------------------|------------------------------|
| Tier I Capital | 1,952,713,338 | 902,829,576 |
| Tier II Capital | 13,355,939 | 12,004,537 |
| Total Capital | 1,966,069,277 | 914,834,114 |
| Total Risk Assets | 2,161,346,873 | 1,600,309,756 |
| Capital Ratios | | |
| Tier I Capital as a percentage of Total Risk Assets (%) | 90.35% | 56.42% |
| Tier II Capital as a percentage of Total Risk Assets (%) | 0.62% | 0.75% |
| Total Capital (%) | 90.97% | 57.17% |

b. Exposure to Real Estate Sector

Direct Exposure

(i) Residential Mortgages

Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;

| | | |
|------------------------|----------------------|----------------------|
| Upto Rs. 15 Lakhs | 2,886,323,777 | 2,145,133,384 |
| More than Rs. 15 Lakhs | 461,014,814 | 375,971,915 |
| Total | 3,347,338,591 | 2,521,105,299 |

(ii) Commercial Real Estate

Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) Limits

- -

(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures

a. Residential

- -

b. Commercial Real Estate

- -

Indirect Exposure

Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)

- -

Notes forming part of the financial statements

25.4 Disclosure pursuant to National Housing Bank circular NHB/ND/DRS/Pol-No.35/2010-11 dated 11 October 2010

c. Asset Liability Management

Maturity Pattern certain items of Assets and Liabilities as at 31 March 2015 :

| Particulars | 1 day to 30-31 days (One month) | Over one month to 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 7 years | Over 7 years to 10 years | Over 10 years | Total | In Rupees | | |
|--|---------------------------------|----------------------------|-----------------------------|-----------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|---------------|-----------|--|--|
| | | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | |
| Borrowings from Bank* (Incl. from NHB) | 26,209,476 | 22,667,890 | 43,387,556 | 94,973,336 | 190,146,672 | 680,686,663 | 232,154,014 | 91,472,804 | 31,976,072 | 10,992,000 | 1,424,666,483 | | | |
| Market Borrowings | - | - | - | - | - | - | - | - | - | - | - | | | |
| Assets | | | | | | | | | | | | | | |
| Advances | 14,805,547 | 14,983,349 | 15,232,262 | 47,171,321 | 107,248,255 | 198,040,273 | 578,064,723 | 597,196,346 | 819,674,352 | 954,922,163 | 3,347,338,591 | | | |
| Investments | - | - | - | - | - | - | - | - | - | - | - | | | |

*The above borrowings excludes interest payable on borrowings from banks

Maturity Pattern certain items of Assets and Liabilities as at 31 March 2014 :

| Particulars | 1 day to 30-31 days (One month) | Over one month to 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years to 7 years | Over 7 years to 10 years | Over 10 years | Total | In Rupees | |
|--|---------------------------------|----------------------------|-----------------------------|-----------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|---------------|---------------|-----------|--|
| | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | |
| Borrowings from Bank* (Incl. from NHB) | 30,386,347 | 26,645,681 | 29,337,112 | 91,525,411 | 167,859,336 | 679,144,927 | 485,789,739 | 96,790,951 | 49,975,984 | 16,050,591 | 1,673,506,080 | | |
| Market Borrowings | - | - | - | - | - | - | - | - | - | - | - | | |
| Assets | | | | | | | | | | | | | |
| Advances | 9,554,794 | 9,712,231 | 9,860,107 | 31,455,507 | 67,699,936 | 339,541,455 | 349,095,758 | 366,732,456 | 529,289,430 | 808,163,625 | 2,521,105,299 | | |
| Investments | - | - | - | - | - | - | - | - | - | - | - | | |

*The above borrowings excludes interest payable on borrowings from banks

In case of Housing loans, where the loan is not completely disbursed and It is in Pre-EMI stage, the Company has estimated the EMI commencement date based on the technical evaluation and other Information available as on date. Accordingly the maturity Pattern for such loans has been considered based on the estimated EMI commencement date.

d. During the year ended 31 March 2015 and 31 March 2014

- there are no penalties imposed on the Company by NHB.
- the Company has not received any adverse comments in writing by NHB on regulatory compliances, with a specific communication to disclose the same to the public.

Notes forming part of the financial statements

26 Disclosures on Employee share based payments

a) Employee Stock Option Scheme

In the extraordinary general meeting held on 29th July 2010, the shareholders approved the issue of up to 32,00,000 options under the Scheme titled "APTUS Employees Stock Option Scheme 2010" (hereinafter referred to as the Scheme or APTUS ESOS, 2010)

The Scheme allows the issue of options to employees of the Company. Each option comprises one underlying equity share.

As per the Scheme, the Nomination and Remuneration Committee ("The Committee") grants the options to the employees deemed eligible, shall be as defined in the Scheme and as decided by the Committee from time to time. The options granted vest over a period of 3 years from the date of the grant in proportions specified in the Scheme. The exercise price of each option shall be as defined in the Scheme and as decided by the Committee from time to time.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing stock compensation expense is expensed over the vesting period.

b) Employee stock options details as on the Balance Sheet date are as follows :

| Particulars | Grant 1 | Grant 2 | Grant 3 | Grant 4 | Grant 5 | Grant 6 | Total |
|---|-----------|----------|----------|-----------|----------|-----------|---------|
| Date of Grant | 26-Aug-10 | 3-Dec-10 | 9-May-11 | 19-May-12 | 3-Aug-12 | 12-Feb-13 | |
| Exercise price per option | 10.00 | 10.00 | 10.00 | 10.00 | 20.00 | 20.00 | |
| Intrinsic Value per option | 7.33 | 7.32 | 7.25 | 10.25 | 10.34 | 20.91 | |
| Total options granted and outstanding as at 31 March 2014 | 219,060 | 219,030 | 193,400 | 25,000 | 150,000 | 75,000 | 881,490 |
| Add: Options granted during the year | - | - | - | - | - | - | - |
| Less: Options forfeited/lapsed during the year | 2,310 | - | - | 8,500 | - | 16,750 | 27,560 |
| Less: Options exercised during the year | 216,750 | 151,030 | 193,400 | 16,500 | 100,000 | 24,750 | 702,430 |
| Options outstanding as at 31 March 2015 | | | | | | | |
| - Vested | - | 68,000 | - | - | 50,000 | 16,500 | 134,500 |
| - Yet to vest | - | - | - | - | - | 17,000 | 17,000 |

c) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under :

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|---|--|--|
| Profit / (Loss) (as reported) | 98,037,917 | 62,594,286 |
| Add / (less): stock based employee compensation (intrinsic value) | 107,900 | 362,320 |
| Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note (f) below) | - | - |
| Net Profit/ (Loss) (proforma) | 97,930,017 | 62,231,966 |
| Basic earnings per share (as reported) | 1.83 | 1.32 |
| Basic earnings per share (proforma) | 1.83 | 1.31 |
| Diluted earnings per share (as reported) | 1.83 | 1.30 |
| Diluted earnings per share (proforma) | 1.82 | 1.29 |

d) During the financial year 2014-15, no grant was made to employees under the ESOP scheme. The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an external firm of Chartered Accountants for the financial year 2012-13. The key assumptions used in the model for calculating fair value are as below:

| Assumptions | Date of Grant | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|----------|-------------------|
| | 26-Aug-10 | 3-Dec-10 | 9-May-11 | 19-May-12 | 3-Aug-12 | 12-Feb-13 |
| Risk Free Interest Rate | 7.13% to 7.78% | 7.07% to 7.58% | 7.87% to 7.93% | 7.83% to 7.91% | 7.83% | 7.69% to 7.74% |
| Expected Life | 1.58 to 3.58 | 1.25 to 3.25 | 1.83 to 3.83 | 1.83 to 3.83 | 1.67 | 2.17 to 4.17 |
| Expected Annual Volatility of Shares | 38% to 44% | 31% to 41% | 35% to 42% | 34% to 53% | 33% | 27% to 36% |
| Expected Dividend Yield | 0% | 0% | 0% | 0% | 0% | 0% |
| Price of Underlying share at the time of the Option Grant | 7.33 | 7.32 | 7.25 | 10.25 | 10.34 | 20.91 |
| Fair Value of the Option (Rs.) | | | | | | |
| 1st Stage | 1.07 | 0.43 | 0.88 | 3.50 | 0.29 | 6.22 |
| 2nd Stage | 1.62 | 1.13 | 1.49 | 3.50 | 0.53 | 6.64 |
| 3rd Stage | 1.96 | 1.93 | 2.25 | 3.97 | - | 9.42 |

Notes forming part of the financial statements

Note 27 Disclosures under Accounting Standards

27.1 Employee benefit plans

27.1a Defined contribution plans

The Company makes Provident Fund contributions for qualifying employees to the Regional Provident Fund Commissioner. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.5,818,006 (Previous year Rs.3,914,380) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Company are at rates specified in the rules of the scheme.

27.1.b Defined benefit plans

The Company does not have a funded gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|--|--|--|
| Change in defined benefit obligations during the year | | |
| Present value of obligation as at beginning of the year | 1,801,624 | 792,513 |
| Current service cost | 435,715 | 406,816 |
| Interest cost | 158,543 | 61,816 |
| Benefits paid | - | - |
| Actuarial (gains) / losses | 71,896 | 540,479 |
| Present value of obligation at end of the year | 2,467,778 | 1,801,624 |
| Change in Fair value of assets during the year | | |
| Plan Assets at the beginning of the year | - | - |
| Expected Return on Plan Assets | - | - |
| Actual Company Contributions | - | - |
| Actuarial (gains) / losses | - | - |
| Plan Assets at the end of the year | - | - |
| Liability recognised in the Balance Sheet | | |
| Present value of obligation | 2,467,778 | 1,801,624 |
| Fair value of Plan Assets | - | - |
| Net Liability recognised in the Balance Sheet | 2,467,778 | 1,801,624 |
| Cost of Defined Benefit Plan for the year | | |
| Current service cost | 435,715 | 406,816 |
| Interest cost | 158,543 | 61,816 |
| Actuarial (gains) / losses | 71,896 | 540,479 |
| Net cost recognised in the statement of Profit and Loss | 666,154 | 1,009,111 |
| Actual return on Plan Assets | - | - |

Contd.

Notes forming part of the financial statements

The key assumptions used in the actuarial as provided by independent actuary are as follows :

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|------------------------|--|-------------------------------------|
| Discount Rate | 7.80% | 8.80% |
| Future Salary increase | 5% | 5% |
| Mortality | Indian Assured Lives(2006.08) Ultimate table | LIC 1994-96 Ultimate |

Notes:

1. The estimate of the future salary increase takes into account Inflation, seniority, promotion and other relevant factors.
2. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
3. Experience adjustments (Details disclosed to the extent available)

| Particulars | For the year ended 31 March 2015 (Rs.) | For the year ended 31 March 2014 (Rs.) |
|--|--|--|
| Projected Benefit Obligation | 2,467,778 | 1,801,624 |
| Fair Value of Plan Assets | - | - |
| Surplus / (Deficit) | (2,467,778) | (1,801,624) |
| Experience Adjustments on Plan Liabilities | (112,483) | (634,150) |

27.1.c Compensated absences

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|------------------------|-------------------------------------|-------------------------------------|
| Discount Rate | 7.80% | 8.80% |
| Future Salary Increase | 5.00% | 5.00% |

27.2 Segment Reporting :

The Company is primarily engaged in the business of housing finance. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS 17 "Segment Reporting".



Notes forming part of the financial statements

27.3 Related party transactions

27.3a Details of related parties :

| Description of relationship | Names of related parties |
|---|--|
| Key Management Personnel (KMP) | Mr. M. Anandan, Chairman & Managing Director |
| Key Management Personnel (KMP) | Mr. P. Balaji, Chief Financial Officer |
| Key Management Personnel (KMP) | Mr. R. Madhusudhan, Company Secretary |
| Individuals Holding Substantial Interest | Mr. M. Anandan, Chairman & Managing Director |
| Entities in which Key Management Personnel Exercise Significant Influence | None |

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

27.3b Details of related party transactions for the year

| Transactions | Names of related parties | Year ended 31 March 2015 (Rs.) | Year ended 31 March 2014 (Rs.) |
|--------------|-------------------------------------|--------------------------------------|--------------------------------------|
| Remuneration | Mr. M. Anandan - Salary | 10,200,000 | 7,200,000 |
| | - Commission | 2,500,000 | - |
| | - Others | 153,550 | 201,624 |
| Remuneration | Mr. P. Balaji - Salary | 4,004,124 | 3,681,163 |
| | - Stock Option | 7,507,500 | - |
| Remuneration | Mr. R. Madhusudhan - Salary | 420,000 | - |
| | Mr. G S Lakshmi Narasimhan - Salary | - | 163,450 |

27.4 Operating Lease

The Company has operating lease agreement primarily for office premises at various places. The lease is for a period of 3 to 5 years. An amount of Rs. 9,712,383 (Previous Year - Rs. 7,892,842) was debited to the Statement of Profit and Loss towards lease rentals and other charges for the office premises during the current year. The future minimum lease payments under operating leases are as follows :

| Particulars | Year ended 31 March 2015 (Rs.) | Year ended 31 March 2014 (Rs.) |
|--|--------------------------------------|--------------------------------------|
| Not later 1 year | 9,658,376 | 9,514,378 |
| Later than 1 year but not later than 5 years | 9,474,013 | 19,132,389 |
| Total | 19,132,389 | 28,646,767 |

Notes forming part of the financial statements

27.5 Earnings per share

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|--|-------------------------------------|-------------------------------------|
| Basic & Diluted | | |
| Profit/(Loss) After Tax (Rs.) | 98,037,917 | 62,594,286 |
| Weighted Average Number of Equity Shares (Face Value Rs, 10 Each) - Basic | 53,532,160 | 47,419,411 |
| Earnings Per Share - Basic (Rs.) | 1.83 | 1.32 |
| Weighted Average Number of Equity Shares (Face Value Rs. 10 Each) - Diluted | 53,683,660 | 48,300,901 |
| Earnings Per Share - Diluted (Rs.) | 1.83 | 1.30 |

27.6 Corporate Social Responsibility expenditure :

As per Section 135 of Companies Act, 2013, the company is required to spend Rs. 891,834/- towards CSR activities. The company has not spent any amount during the year since the management is in the process of Identifying suitable projects and programme which can be identified and which would complement the businesses of the company.

27.7 Assets De-Recognised on Securitisation

| Particulars | For the year ended 31 March 2015 | For the year ended 31 March 2014 |
|--|-------------------------------------|-------------------------------------|
| Numer of assignment transactions | 2 | - |
| Outstanding Assignment Assets | 233,166,744 | - |
| On Balance sheet Expousure - Cash collateral | - | - |
| Book value of assets sold | 279,577,869 | - |

27.8 Details of Provision

In Rupees

| Particulars | As at 1 April 2014 | Additions | Utilisation / Reversals | As at 31 March 2015 |
|-----------------------------------|---------------------------|--------------------------|----------------------------|----------------------------|
| Provision for Standard Assets | 10,038,631 (6,332,931) | 4,319,637 (5,651,425) | 1,002,329 (1,945,725) | 13,355,939 (10,038,631) |
| Provision for Sub standard Assets | 1,344,030 (522,567) | 860,553 (1,344,030) | 1,344,030 (522,567) | 860,553 (1,344,030) |
| Provision for doubtful assets | 621,876 - | 521,564 (621,876) | - - | 1,143,440 (621,876) |

Previous year figures are given in brackets.

28. Previous year's Figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

M. Anandan
Chairman & Managing Director

K.M. Mohandass
Director

P. Balaji
Chief Financial Officer

R. Madhusudhan
Company Secretary

Place : Chennai
Date : 12th May, 2015

NOTES





APTUS VALUE HOUSING FINANCE INDIA LIMITED

8B, Doshi Towers, 205, Poonamallee High Road
Kilpauk, Chennai 600 010

Ph: 044 - 45650000. www.aptusindia.com