HINDUJA HOUSING FINANCE

Growing happy homes and happy Customers

Seeds of faith are always within US

ANNUAL REPORT
2020 - 2021

CORPORATE INFORMATION

CORPORATE IDENTITY NUMBER

U65922TN2015PLC100093

BOARD OF DIRECTORS

Mr. S Nagarajan, *Chairman*

Mr. Sachin Pillai, *Managing Director*

Mr. Gopal Mahadevan, *Director*

Ms. Bhumika Batra, *Director*

Mr. G S Sundararajan, *Director*

AUDIT COMMITTEE

Mr. G S Sundararajan, *Chairman*

Ms. Bhumika Batra, *Member*

Mr. Gopal Mahadevan, *Member*

RISK MANAGEMENT COMMITTEE

Mr. Gopal Mahadevan, *Chairman*

Mr. S Nagarajan, *Member*

Mr. G S Sundararajan, *Member*

IT STRATEGY COMMITTEE

Mr. G S Sundararajan, *Chairman*

Mr. Sachin Pillai, *Member*

Mr. Venkatesan J *(Head IT), Member*

NOMINATION AND REMUNERATION COMMITTEE

Ms. Bhumika Batra, *Chairperson*

Mr. G S Sundararajan, *Member*

Mr. Gopal Mahadevan, *Member*

Mr. Sachin Pillai, *Member*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. S Nagarajan, *Chairman*

Ms. Bhumika Batra, *Member*

Mr. Sachin Pillai, *Member*

ASSET LIABILITY MANAGEMENT COMMITTEE

Mr. Sachin Pillai, *Chairman*

Mr. S Nagarajan, *Member*

Mr. Vivek Kannan *(COO), Member*

Mr. Prateek Parekh *(CFO), Member*

Mr. Kishore Lodha *(CFO HLF Limited), Member*

SENIOR MANAGEMENT

Mr. Prateek Parekh,
Chief Financial Officer (KMP)

Mr. Srinivas Rangarajan,
Company Secretary & Compliance Officer (KMP)

REGISTERED OFFICE

No.27-A, Developed Industrial Estate,
Guindy, Chennai – 600032.

Email - compliance@hindujahousingfinance.com

Website - www.hindujahousingfinance.com

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Prestige Trade Tower, Level 19, 46, Palace Road,
High Grounds, Bengaluru – 560 001.

BANKERS

Axis Bank

Bank of India

Bank of Baroda

Canara Bank

Central Bank of India

DCB Bank

Federal Bank

HDFC Bank

ICICI Bank

Indian Bank

Punjab National Bank

State Bank of India

Union Bank of India

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DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 6th Annual Report of the Company, together with the audited financial statements, for the financial year ended 31st March, 2021.

Financial Results

The summarised financial results of the Company are given hereunder:

(Rs. Lakhs)

Particulars	Year ended 31st March, 2021 IND AS	Year ended 31st March, 2020 IND AS
Revenue from Operations	27,847.27	20,893.16
Less: Total Expenditure	19,776.46	16,869.86
Profit Before Tax and Exceptional Items	8,070.81	4,023.30
Exceptional Items	-	-
Profit Before Tax	8,070.81	4,023.30
Profit After Tax	6,236.94	3,367.84
Surplus / (Shortfall) brought forward	6,071.63	3,377.36
Amount available for appropriation	12,308.57	6,745.20
Appropriations have been made as under:		
Transfers to: - Statutory Reserve	1,247.39	673.57
Surplus / (Shortfall) carried forward after appropriation	11,061.18	6,071.63

Operating and Financial Performance

During the year under review, your Company registered a total disbursement of Rs. 1,193 crores as against Rs. 678 crores during the previous year. We are pleased to inform that the Assets under management have grown to Rs. 2,585 crores from Rs. 1,667 crores, an increase of 55% over previous year. Your Company's net profit was Rs. 62 crores and net worth of the Company is Rs. 353 crores as at 31st March, 2021.

Share Capital

During the year under review, as per the terms of letter of offer issued to the existing shareholders, your Company had allotted 2,50,00,000 equity shares at a face value of Rs. 10 per share on 18th February 2021.

Bank Borrowings

During the year, the Company has availed loans aggregating to Rs. 900 crore and received sanctions for term loans and cash credit facilities from banks amounting to Rs. 785 crores during the financial year ended 31st March, 2021.

Dividend

In order to augment capital required for supporting growth of your Company, through retention of internal accruals, your Board of Directors have not recommended any dividend for the year.

Transfer to Reserves

During the year under review, Rs. 12.47 crores was transferred to the Statutory Reserve created under Section 29C of the National Housing Bank Act, 1987 read with section 36(1)(viii) of Income Tax Act, 1961.

Deposits

During the year under review, your Company has not accepted any public deposits within the meaning of the Companies Act, 2013 and the Rules made there under including NHB Directions 2010, as the Company is registered as Housing Finance Institution without accepting public deposits.

Credit Rating

The credit ratings for the Company's borrowings are provided below:

Nature of borrowings	Rating / Outlook	
	CARE	CRISIL
Long-term Bank Facilities	AA-; Stable	-
Short-term Bank Facilities	A1+	-
Commercial papers	A1+	A1+
NCDs	-	AA-; Stable

Capital Adequacy

As required under Housing Finance Companies (NHB) Directions, 2010 ('NHB Directions'), your Company is presently required to maintain a minimum capital adequacy of 14.00% on a standalone basis. The Capital Adequacy Ratio (CRAR) of the Company as on 31st March, 2021, was 19.88% (21.51 % as on 31st March, 2020)

In addition, the NHB Directions, 2010 also requires that your Company transfers minimum 20% of its annual profits to a reserve fund, which the Company has duly complied with.

Compliance with Directions/Guidelines of National Housing Bank (NHB)/Reserve Bank of India and other statutes

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010 and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, as prescribed by NHB/RBI and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB)/Reserve Bank of India from time to time. The Circulars and the Notifications issued by NHB/RBI are also placed before the Audit Committee / Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same.

Corporate Governance

In accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, issued by the National Housing Bank vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, your Company has framed internal Corporate Governance guidelines, in order to enable adoption of best practices and great transparency in the business operations. A report on corporate governance forms part of this report (Annexure - A).

The said Report covers, in detail, the Corporate Governance Philosophy of the Company, Board Diversity, Directors appointment and remuneration, declaration by Independent Directors, Board evaluation, familiarisation programme, vigil mechanism, etc.

Code of Conduct

The Company has a duly approved Code of Conduct for the Board of Directors and Senior Management Personnel ["Code"] of the Company in place in terms of the internal Corporate Governance guidelines. The subject Code identifies and lists out various elements of commitment, duties and responsibilities that serves as a basis for taking ethical decision-making in the conduct of day-to-day professional work. The Code requires the Directors and employees to act honestly, ethically and with integrity and in a professional and respectful manner. The Board of Directors and Senior management personnel have provided their affirmation to the compliance with this code.

Directors & Key Managerial Personnel

The Board of Directors made the following appointments / re-appointments based on the recommendations of the Nomination and Remuneration Committee:

Reappointment of Directors

In terms of Section 152 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. S Nagarajan (DIN 00009236) retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Your directors, recommend the re-appointment of Mr. S Nagarajan, as a director. The agenda relating to re-appointment of Mr. S Nagarajan, Director forms part of the notice convening the ensuing Annual General Meeting.

Further, the term of appointment of Ms. Bhumika Batra (DIN: 03502004), Independent Director is getting completed on 17th July, 2021. Your Board of Directors has recommended re-appointment of Ms. Bhumika Batra (DIN: 03502004) for a further term of five years at their Meeting held on 24th May, 2021. Subsequently, the Shareholders have approved reappointment of Ms. Bhumika Batra as Independent Director of the Company in the Extra-Ordinary General Meeting held on 15th July, 2021 for a further term of five years with effect from 18th July, 2021.

Independent Directors

The Independent Directors have given declarations to the

Company in terms of Section 149(7) and 149(8) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Key Management Personnel

Pursuant to the provisions of Section 203 of the Act read with the Rules made there under, the whole-time key managerial personnel of the Company are Mr. Sachin Pillai, Managing Director, Mr. Prateek Parekh, Chief Financial Officer and Mr. Srinivas Rangarajan, Company Secretary.

Mr. Prateek Parekh, was appointed as the Chief Financial Officer of the Company vide Board resolution dated 24th May, 2021. Ms. Roopa Sampath Kumar had held the office of the Chief Financial Officer of the Company till 14th May, 2021.

Statutory Auditors

Pursuant to the provisions of Sections 139 and 141 and all other applicable provisions of the Companies Act, 2013, M/s. Deloitte Haskins & Sells, Chartered Accountants, Bengaluru, (Firm Registration No. 008072S), Chartered accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting (AGM) to be held in the year 2024, at such remuneration and out-of-pocket expenses, as may be decided by the Board of Directors of the Company.

The Auditors' Report for FY 2020-21 does not contain any qualification, reservation or adverse remarks. The Auditors' Report is enclosed with the financial statements in this Annual Report.

The Reserve Bank of India vide their circular dated 27th April, 2021 had issued guidelines for Appointment of Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). As per this circular, HFCs should appoint the SAs for a continuous period of three years. Also, an audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure. Further, RBI has restricted the number of statutory audits to a maximum of eight NBFCs (including HFCs) during a particular year by an audit firm. Based on the above-mentioned regulation and the ceiling on audit specified therein, the current statutory auditor, M/s. Deloitte Haskins & Sells have expressed their inability to continue as statutory auditor of our Company, as their continuing the office would be beyond the prescribed ceiling by RBI for audit of NBFCs.

In view of the above, the Audit Committee and the Board of Directors of HHF have recommended the appointment of M/s. Sharp & Tannan Associates, Chartered Accountants, (Firm Regn. No. 109983W) as their Statutory Auditors, subject to the approval of the share holders. The appointment, if made, would be for the first term of three years from the conclusion of the Sixth AGM till the conclusion of Ninth AGM to be held in the year 2024 and within the limits mentioned under the provisions of Section 141 of the Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and above-mentioned circular issued by RBI.

Secretarial Audit

As required under section 204 of the Companies Act, 2013 and Rules thereof, the Board had appointed M/s. G Ramachandran & Associates, Company Secretaries, to undertake the secretarial audit of the Company for the financial year 2020-21. Their Secretarial audit report forms part of this annual report (Annexure – B) and does not contain any qualification.

Compliance under Companies Act, 2013

Your Company has complied with the requirements of the applicable provisions of the Companies Act, 2013 and related Rules during the financial year 2020-21. In terms of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

Directors' Responsibility Statement

To the best of our knowledge and belief and on the basis of the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

a) in the preparation of the annual financial statements for the year ended 31st March, 2021, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

b) for the financial year ended 31st March, 2021, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the year ended 31st March, 2021.

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) the annual financial statements have been prepared on a going concern basis.

e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.

f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT- 9 is annexed to this Report. (Annexure – C)

Related Party Transactions

All transactions entered by the Company with Related parties were in the ordinary course of business and at Arm's Length pricing basis. There were no materially significant related parties' transactions, pecuniary transactions or relationships between the Company and its Directors during the financial year 2020-21 that may have potential conflict with the interest of the Company. Suitable disclosures as required under INDAS-24 have been made in Note 28 of the Notes to the financial statements.

Form AOC-2, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, forms part of this Board's Report (Annexure - D).

Pursuant to Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the Related Party Transaction Policy of the Company forms part of this Board's report as "Annexure - E". The said policy is available on the website of the Company at URL www.hindujahousingfinance.com

Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2021 and 6th August, 2021 (date of the Report)

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (31st March, 2021) and the date of the Report (6th August, 2021).

Risk Management Policy

The company's business activities expose it to a variety of risks including credit risk, operational risk and interest rate risk. Risk management forms an integral part of company's business. The objective of the Company's risk management system is to measure and monitor various risks and to implement policies and procedures to mitigate such risks.

The Company manages credit risk through stringent credit norms aided by a robust in-house developed IT infrastructure. Liquidity risk and interest rate risk arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles. Operational risks arising from inadequate or failed internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. Standard Operating Procedures are well documented to ensure enhanced control over processes and regulatory compliance.

Internal Control Systems and their Adequacy

The Company has well defined and adequate internal financial controls and procedures, commensurate with the size and nature of its operations. These internal control and systems are devised as part of the principles of good governance; and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organisation, which provides assurance about safeguarding the assets, reliability of financial and operational information, compliance with applicable statues, execution of transactions as per the authorisation and compliance with the internal policies of the Company.

Internal Audit

At the beginning of each financial year, an annual Internal audit plan is rolled out after receiving approval from the Audit Committee. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and compliance with laws and regulations.

Based on the reports of internal audit, functional process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of Board. The Audit Committee regularly reviews the annual audit plan status, audit findings as well as the adequacy and effectiveness of the internal control measures.

Corporate Social Responsibility Committee

The Company has in place a Corporate Social Responsibility policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended and the policy is hosted on the website of the Company. This being the third year of

CSR requirement, we have, so far, put in place necessary measures and processes of identifying worthy causes as well as to monitor their progress with a view to ensuring that they are consistent with our policy, serving large public good and are sustainable over an extended period. Particulars of CSR activities and details of amount spent during the financial year and the details relating to composition of CSR Committee form part of corporate governance report, enclosed as an Annexure F to this report.

Remuneration Policy of the Company

The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in section 178 of the Act. The policy is made available on the website of the Company at URL www.hindujahousingfinance.com

Meetings of the Board

During the Financial year 2020-21, 5 (five) meetings of the Board of Directors were held and the related details, including that of various committees constituted by the Board, are made available in the Report of Directors on Corporate Governance forming part of the annual report placed before the members. Your Company has complied with all the requirements as applicable under Companies Act, 2013 and related rules thereon, HFCs Corporate Governance (NHB) Directions, 2016 and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, in relation to the Board of Directors and the Committees of the Board.

Committees of the Board

Currently the Board has six Committees viz. the Audit Committee, the Nomination & Remuneration Committee, the Risk Management Committee, the Asset Liability Management Committee, the Corporate Social Responsibility Committee and the IT Strategy Committee.

A detailed note on the composition of the Board and its Committees and other related particulars are provided in the Report of Directors on Corporate Governance forming part of this Annual Report.

Secretarial Standards

During the financial year 2020-21, the company has complied with the applicable Secretarial Standards.

Board Evaluation

Pursuant to the provisions of Section 134(3)(p) of the Act read with Rule 8(4) of Companies (Accounts) Rules, 2014, the Board, its Committees and the Directors have carried out annual evaluation / annual performance evaluation, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the Independent Directors was carried out by the entire Board. This has resulted in assessment of Board effectiveness, performance of Committees and Directors' feedback.

Significant and material orders

There has been no penalty imposed by NHB, RBI or other Regulators during the year ended 31st March 2021.

Conservation of energy, technology absorption, foreign exchange earnings and outgo

Since your Company is a housing finance Company and does not own any manufacturing facility, the requirement relating to providing the particulars relating to conservation of energy and technology absorption as per Sec 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014, are not applicable. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year, your Company did not earn any income or incur any expenditure in foreign currency/exchange.

Management Discussion and Analysis

Indian Economy Overview:

Indian economy's growth trajectory had dipped during fiscal year 2021 due to the COVID-19 pandemic, which followed an already slowing growth rate during the previous financial year. The first half of fiscal year 2021 saw sweeping lockdowns implemented to combat the spread of COVID-19, leading to wide-spread disruption of manufacturing, construction and retail demand. Only the agricultural sector and allied services had sustained during the first half of the fiscal on the back of a strong rabi and horticulture crops during previous fiscal year.

GDP contracted by 23.9% during Q1 of fiscal 2021. Supply chain pressures due to the pandemic and rising fuel prices had pushed consumer price inflation up to 6.7% by August 2020. The central agencies had intervened swiftly with focussed steps taken to revive economic activity in the form of increased government expenditure and reduction of Repo rate by RBI. With the gradual unlocking of geographies from June/July of 2020, economic activities recovered to stable levels by the end of September. Recovery in domestic demand in Q2 was driven by a robust rural demand, some rebound in urban consumption.

The economic activities showed as strong resurgence across a wide spectrum of sectors during the second half of the fiscal. The recovery was supported by continued government expenditure and revival of private consumption. Rural demand saw a swift recovery on the back of a strong kharif production and sustained employment under government schemes. However, urban demand, which had been more severely impacted, saw a slower recovery due to loss of employment. Employment levels recovered sharply across manufacturing and services sectors during Q3 and Q4 of fiscal 2021 across both rural and urban areas. Inflation receded to 5.0% level by February 2021 on the back of correction in food prices.

The country was again engulfed in the second wave of COVID-19 infections spreading in April 2021. However, the implementation of vaccination drives and swift containment measures by administrative bodies have minimized impact on the country's human capital and economic recovery. Growth in rural areas is expected to be more resilient whereas urban demand is expected to recover with increasing penetration of the vaccination drive.

Financial Sector:

The financial markets saw an abundance of liquidity inflows due to the expansionary measures taken by regulators abroad. RBI also had implemented wide-spread measures to augment liquidity in the financial markets and the banking system. The most significant measures taken by RBI included reduction of CRR requirement of banks by 100 bps, Targeted Long Term Repo Operations (TLTRO), purchase of government securities under OMOs and Special refinance facility for through NABARD, SIDBI, NHB and EXIM Bank to meet sectoral credit needs. These measures ensured stability in the financial markets and institutions. The RBI also introduced measures to improve the transmission of policy rates by mandating new floating rates loans in certain products to be linked to external benchmarks.

Despite abundant liquidity, the off take of Bank credit was slow during first half of fiscal 2021 due to weak demand and uncertainty arising out of the pandemic. However, momentum in credit off take picked up H2 driven by demand from agricultural and services sectors. Growth in credit off take by the housing sector during fiscal 2021 softened to 7.6% in comparison to 14.6% in fiscal 2020. However, the housing sector still remained one of the fastest growing segments in terms of credit off take.

Affordable housing finance segment saw increasing competition from banks and HFCs with residential mortgage being the most stable asset class. Low interest rate offerings on home loans from competing banks has increased margin pressures for housing finance companies.

Real Estate Industry & Affordable Housing

The Indian real estate sector has been undergoing constant metamorphosis since the turn of the century. This transition has been for the better and the accomplishments so far have been remarkable. The results are quite visible today as the sector has become better organized, compliant, accountable, and transparent compared to what it was during the last decade of the 20th century. A slew of systematic structural reforms and policy changes led to the elimination of weaker players, large-scale consolidation.

While COVID-19 pandemic has impacted businesses across the world and the Indian residential real estate sector has also felt the heat, a few trends indicate that the sector is likely to emerge stronger in the years to come.

The residential real-estate sector started off with a very muted Q1 in the fiscal 2021, with lockdowns and sluggish consumer sentiment pulling down the sales and new launches of housing units, leading to increase in inventory. The off take of housing units picked up from Q3, driven by the reviving demand in the affordable segment and low interest rates. The sales were further supported by softening inflation in real estate and reduction of stamp duties by many states.

The property price inflation in Tier-1 cities has been subdued whereas the same in Tier – 2 and Tier – 3 cities has been growing more consistently due to strong demands in the affordable segments. Anarock report finds that property prices across top 10 cities has grown at 1% per annum between 2017 to 2020 whereas NHB residex for top 50 cities has grown by 3% p.a. during the same period. With the wage inflation being higher than the asset price inflation, the affordability of houses have been steadily increasing over the years. According to industry estimates, affordability (Home Loan Payment / Income Ratio) for a mid-income apartment in Indian city is estimated at 27% in fiscal 2021 which has reduced from 40% in fiscal 2017, which is among the best in the last two decades. The developers are cognizant of the changing market conditions and have effectively controlled launches to not create an over supply situation. This adaptability and agility to respond as per the market conditions will go a long way for the sector's growth and stronger emergence in the years to come. Further the reduction of stamp duty by certain states like Maharashtra, Karnataka post the covid lockdown has caught the attention of buyers and has generated an upswing in transactions post the reduction in rates.

Regulatory changes

During the year, a few major regulatory changes were made. The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India and was published in the Official Gazette on 9th August, 2019, wherein HFCs would get treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. NHB will continue to carry out supervision of HFCs including Grievance Redressal Mechanism. Reserve Bank of India vide RBI/2020-21/100 -DOR.FIN.HFC.CC.No.120/03.10.136/ 2020-21 dated 17th February, 2021 has issued Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 which came into effect immediately.

Outlook for FY 2021-22

With the rapid vaccination drive, large pent-up demand, resumption of supply chain across almost all sectors and steady government expenditure, a strong demand recovery is expected in fiscal 2022. While new virus mutants remain a lingering risk to the global economic recovery, ongoing medical advancements and vaccination rollouts have proven to be the path to progress globally.

The housing sector is presently one of the most secure asset classes getting abundant funding from lenders and investors. While there is rising competition among banks and HFCs amidst a low interest rate environment, the affordable housing sector has an enormous unmet demand for housing units among the economically weak segments and the low income groups of our society. Anarock Research estimates the urban housing shortage at 10 million housing units. Rapid urbanization during the last two decades has been increasing the gap between demand and supply of housing units in urban areas. On the other hand, rising disposable income among both salaried and business communities have resulted rising finance penetration in the urban areas. CRISIL Research estimates that the Housing finance portfolio will continue to grow at 8-10% during fiscal 2022.

The affordable housing sector is at the crux of a strong growth, with asset prices at attractive levels and demand recovery falling in place. Recovery of the economy have brought back the confidence of first time home buyers, bring the sector at the foot of a impending upswing.

Acknowledgement

Your directors would like to thank Hinduja Leyland Finance Limited, the promoter, for their continuous support.

Your Directors acknowledge and appreciate the guidance and support extended by all the Regulatory authorities including National Housing Bank (NHB), Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA), Registrar of Companies - Chennai.

Your Directors wish to place on record their gratitude to the Company's customers, Bankers, Financial Institutions and vendors for their continued support and faith reposed in the Company. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels.

On behalf of the Board of Directors

Place: Chennai
Date: 6th August, 2021

S Nagarajan
Chairman

Annexure A

REPORT ON CORPORATE GOVERNANCE

National Housing Bank (NHB) Directions on Corporate Governance

In view of public interest and for the purpose of enabling better regulation over the housing finance Companies, the NHB has issued Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 on 9th February, 2017. In pursuance to the aforesaid directions, the Company has framed the following internal Guidelines on Corporate Governance.

Company's Philosophy on Corporate Governance

The Company recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. Being a part of Hinduja Group and a subsidiary of Hinduja Leyland Finance Limited, the Company's philosophy on Corporate Governance and the Company's corporate governance standards demonstrate strong commitment to values, ethics and business conduct.

Board Of Directors

As at 31st March, 2021, the Board consists of 5 (Five) members with an optimum combination of executive, non-executive directors and independent directors including 1 woman director. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and corporate governance directions issued by National Housing Bank.

Composition and category of Directors

Name of the Director	Category	DIN	No. of shares held by the Directors as at 31st March, 2021
Mr. S Nagarajan	Chairman, Non-Executive	00009236	1#
Mr. Sachin Pillai	Managing Director, Executive	06400793	1#
Mr. Gopal Mahadevan	Non-Executive / Non-Independent	01746102	1#
Ms. Bhumika Batra	Non-Executive / Independent	03502004	Nil
Mr. G S Sundararajan	Non-Executive / Independent	00361030	Nil

#Shares held as nominee of Hinduja Leyland Finance Limited

Meetings of the Board

The meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of four months between any two consecutive meetings. During the year, the Board duly met 5 (Five) times on the following dates:

FY 2020-21	Meeting Dates
April'20– June'20 (Q1)	18th June, 2020
July'20 – September'20 (Q2)	7th August, 2020, 9th September, 2020
October'20 – December'20 (Q3)	2nd November, 2020
January'21 – March'21 (Q4)	1st February, 2021

The necessary quorum was present at all the meetings. Each Director informs the Company on an annual basis about the Board and Board Committee positions he occupies in other companies including Chairmanships and notifies changes during the term of their directorship in the Company.

Attendance during the financial year 2020-21 of each Director at the Board Meetings and last Annual General Meeting

Name	No. of meetings attended / held during the year	
	Board	AGM
Mr. S Nagarajan	4/5	1/1
Mr. Sachin Pillai	5/5	1/1
Mr. Gopal Mahadevan	4/5	0/1
Ms. Bhumika Batra	5/5	0/1
Mr. G S Sundararajan	5/5	1/1

Meeting(s) of the Independent Directors

During the year under review, in line with the requirement under Section 149(8) and Schedule IV of the Companies Act, 2013, the Independent Directors had a separate meeting on

18th June, 2020, without the presence of Non-Independent Directors and members of management, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board. All the Independent Directors were present at the Meeting and no adverse feedback emanated from the meeting.

Code of conduct

For the year under review, all the Directors and Senior Management Personnel have affirmed compliance with the provisions of their Code of Conduct. In terms of the Code of Conduct of Independent Directors as per Schedule IV of the Companies Act, 2013, the Board has adopted the said Code and all the Independent Directors have affirmed that they shall abide by the said Code. In terms of the HFCs Corporate Governance (NHB) Directions, 2016, all the Directors have executed the Declaration-cum undertaking as well as the Deed of Covenants with the Company.

Committees of the Board

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted the following set of Committees with specific terms of reference / scope. The Committees are operating as empowered agents of the Board as per their Charter / terms of reference.

Audit Committee

The Board of Directors of the Company, vide their resolution dated 31st March, 2017, had constituted and entrusted the Audit Committee with the responsibility to supervise internal controls and financial reporting processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

Composition of Audit Committee of the Board is as follows:

Members	No. of meetings attended / held during the year	Meeting Dates
Mr. G S Sundararajan Chairman, Independent / Non-executive	4/4	18th June, 2020 7th August, 2020 2nd November, 2020 1st February, 2021
Ms. Bhumika Batra Independent / Non-executive	4/4	
Mr. Gopal Mahadevan Non-independent / Non-executive	4/4	

Nomination and Remuneration Committee

The Board of Directors of the Company, vide their resolution dated 31st March, 2017, had constituted the Nomination and Remuneration Committee in pursuant to the provisions of the Companies Act, 2013. The terms of reference of the Committee inter alia cover evaluation of performance and compensation and benefits for Executive Director(s), Non-Executive Director(s), KMPs and their reportees. The Committee also recommends candidates for appointment to the Board and is responsible for framing of policies.

Composition of the Nomination and Remuneration Committee is as follows:

Members	No. of meetings attended / held during the year	Meeting Dates
Ms. Bhumika Batra Chairperson, Independent / Non-executive	2/2	18th June, 2020 2nd November, 2020
Mr. G S Sundararajan Independent / Non-executive	2/2	
Mr. Gopal Mahadevan Non-independent / Non-executive	1/2	
Mr. Sachin Pillai Non-independent / Executive	2/2	

Risk Management Committee and Asset Liability Management Committee

The Risk Management Committee (RMC) and the Asset Liability Management Committee (ALCO), are formed in accordance with Directions issued by the National Housing Bank.

Composition of Risk Management Committee and Asset Liability Management Committees are as follows:

Risk Management Committee

Members	No. of meetings attended / held during the year	Meeting Dates
Mr. Gopal Mahadevan Chairman, Non-independent / Non-executive	1/2	18th June, 2020 2nd November, 2020
Mr. G S Sundararajan Independent / Non-executive	2/2	
Mr. S Nagarajan Non-independent / Non-executive	2/2	

Asset Liability Management Committee Composition		
Members	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. Sachin Pillai, Managing Director, Chairman	4/4	13th June, 2020 6th August, 2020 30th October, 2020 30th January, 2021
Mr. S. Nagarajan, Director, Member	4/4	
Mr. Kishore Kumar Lodha, CFO, Hinduja Leyland Finance Limited (parent company) Member	4/4	
Ms. Roopa Sampath Kumar	4/4	
Mr. Prateek Parekh, CFO - Member	0/0	
Mr. Vivek Kannan, COO - Member	0/0	

*Asset Liability Management Committee was reconstituted on 6th August, 2021

IT Strategy Committee

The Board of Directors of the Company, vide their resolution dated 11th February, 2019, had constituted the IT Strategy Committee in pursuant to National Housing Bank (NHB) Circular "NHB/ND/DR5/Policy Circular No.90/2017-18" dated 15th June, 2018.

Composition of IT strategy Committee is as follows:

IT Strategy Committee Composition		
Name & Designation	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. G S Sundararajan Chairman, Independent / Non-executive	2/2	18th June, 2020 2nd November, 2020
Mr. Sachin Pillai Non-independent / Executive	2/2	
Mr. Venkatesan J Chief Manager, IT	2/2	

Corporate Social Responsibility Committee

The Board of Directors of the Company, vide their resolution dated 11th February, 2019, had constituted the Corporate Social Responsibility Committee in pursuant to the requirements of Section 135 of the Companies Act.

Composition of CSR strategy Committee is as follows:

CSR Committee Composition		
Name & Designation	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. S Nagarajan Chairman, Non-executive	2/2	18th June, 2020 2nd November, 2020
Mr. Sachin Pillai Non-independent / Executive	2/2	
Ms. Bhumika Batra Independent / Non-executive	2/2	

The Independent Directors are not paid any fee/ remuneration apart from the sitting fee for attending the meetings.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors of the Company had approved the Policy on Vigil Mechanism/Whistle Blower for the Directors, employees and other stakeholders to enable them to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Company affirms that the mechanism provides adequate safeguards against victimisation of Director(s)/employee(s) who use the mechanism, provides for direct access to the Chairman of the Audit Committee and also affirms that no complaints were received during the year.

Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work place

Your Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. In terms of the policy, an Internal committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During financial year 2020-21 there were no referrals received by the Internal Committee.

On behalf of the Board of Directors

Place: Chennai
Date: 6th August, 2021

S Nagarajan
Chairman

Annexure B

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To,
The Members,
M/s. Hinduja Housing Finance Limited
CIN# U65922TN2015PLC100093
No. 27A, Developed Industrial Estate
Guindy, Chennai - 600032

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Hinduja Housing Finance Limited (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial ended 31st March, 2021 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 M/s. Hinduja Housing Finance Limited for the financial year ended on 31st March, 2021 according to the provisions of:

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

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

(v) National Housing Bank Act, 1987 read with applicable rules and regulations relating to the (as may be amended from time to time);

(a) Master circular – The Housing Finance Companies (NHB) Directions, 2010

(b) Master circular – Miscellaneous instructions to all the Housing Finance Companies

(c) Master circular – Housing Finance Companies – Corporate Governance (National Housing Bank), Directions, 2016.

(vi) Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ('Master Directions') (w.e.f 17th February, 2021)

The Reserve Bank of India (RBI) has issued the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 vide its circular dated 17th February, 2021, to every Housing Finance Companies (HFCs) in supersession of the regulations/ directions as given in the Chapter XVII of Master Directions. The said Master Directions are applicable to every HFCs registered under Section 29A of the National Housing Bank Act, 1987.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

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

We report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period under review;

1) The Company has issued 2,50,00,000 equity shares of Rs.10/- each on 18th February, 2021 to its Equity Shareholders on right basis during the year under review.
2) The Company has transferred an amount Rs. 65,18,400 remaining unspent pursuant to ongoing projects to a separate bank account on 30th April, 2021 as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
3) The Company has amended clause 77 of its Articles of association, pertaining to common seal of the Company, at the Annual General Meeting held on 25th June, 2020.

We further report that for the purpose of issuing this secretarial audit report, we have conducted online verification & examination of certain records and documents, as facilitated by the Company, as we could not verify such details physically, in view of COVID-19 and subsequent lockdown restrictions imposed by the Government.

For **M/s. G Ramachandran & Associates**
Company Secretaries

Place: Chennai
Date: 24th May, 2021
UDIN:F009687C000359949

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP. No.3056

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

ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
M/s. Hinduja Housing Finance Limited
CIN# U65922TN2015PLC100093
No. 27A, Developed Industrial Estate
Guindy, Chennai - 600032

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

1. Maintenance of Secretarial record is the responsibility of the management of the company.Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management.Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. G Ramachandran & Associates**
Company Secretaries

Place: Chennai
Date: 24th May, 2021
UDIN:F009687C000359949

G. RAMACHANDRAN
Proprietor
FCS No.9687 CoP. No.3056

Annexue C

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended 31st March, 2021

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

I. REGISTRATION & OTHER DETAILS

S. No.	Particulars	Details
1	CIN	U65922TN2015PLC100093
2	Registration Date	15.04.2015
3	Name of the Company	HINDUJA HOUSING FINANCE LIMITED
4	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
5	Address of the Registered office & contact details	No. 27A, Developed Industrial Estate, Guindy, Chennai TN 600032. Ph : 044 22427555
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Managment Services Private Limited 2nd Floor, Kences Towers, No.1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Email: yuvraj@integratedindia.in

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 Activities	65922	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hinduja Leyland Finance Limited	U65993TN2008PLC069837	Holding	100.00	2(46)

IV. SHAREHOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual*/ HUF	-	6	6	0.00%	-	6	6	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp. *	18,99,99,994	-	18,99,99,994	100.00%	21,49,99,994	-	21,49,99,994	100.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	**18,99,99,994**	**6**	**19,00,00,000**	**100.00%**	**21,49,99,994**	**6**	**21,50,00,000**	**100.00%**	**0.00%**
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
TOTAL (A)	**18,99,99,994**	**6**	**19,00,00,000**	**100.00%**	**21,49,99,994**	**6**	**21,50,00,000**	**100.00%**	**0.00%**

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian -	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts -	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
Total Public (B)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	**18,99,99,994**	**6**	**19,00,00,000**	**100.00%**	**21,49,99,994**	**6**	**21,50,00,000**	**100.00%**	

* 6 individual shareholders with beneficiary interest being held by Hinduja Leyland Finance Limited

(ii) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Hinduja Leyland Finance Limited	18,99,99,994	100.00%	0%	21,49,99,994	100.00%	0%	0.00%
2	Nagarajan Srinivasan *	1	0.00%	0%	1	0.00%	0%	0.00%
3	Sachin Pillai *	1	0.00%	0%	1	0.00%	0%	0.00%
4	Gopal Mahadevan *	1	0.00%	0%	1	0.00%	0%	0.00%
5	J Ganesh *	1	0.00%	0%	-	0.00%	0%	0.00%
6	G Vijayakumar *	1	0.00%	0%	-	0.00%	0%	0.00%
7	Venkatesh Kannappan *	1	0.00%	0%	-	0.00%	0%	0.00%
8	Vamsi Kumar *	-	0.00%	0%	1	0.00%	0%	0.00%
9	Kishore Kumar Lodha *	-	0.00%	0%	1	0.00%	0%	0.00%
10	B Shanmugasundaram *	-	0.00%	0%	1	0.00%	0%	0.00%
		19,00,00,000	**100.00%**	**0%**	**21,50,00,000**	**100.00%**	**0%**	

*Beneficiary interest in 6 equity shares are held by M/s. Hinduja Leyland Finance Limited

(iii) Change in Promoters' Shareholding

S. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Hinduja Leyland Finance Limited ***						
	At the beginning of the year			18,99,99,994	100.00%	18,99,99,994	100.00%
	Changes during the year	18-Feb-21	Rights issue	2,15,00,000	100.00%	21,14,99,994	100.00%
	At the end of the year					21,14,99,994	100.00%
2	**Nagarajan Srinivasan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year			-		1	0.00%
3	**Sachin Pillai ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year			-		1	0.00%
4	**Gopal Mahadevan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year			-		1	0.00%
5	**J Ganesh ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year	18-Jun-20	Transfer of Shares	(1)	0.00%	-	0.00%
	At the end of the year			-		-	0.00%
6	**G Vijayakumar ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year	18-Jun-20	Transfer of Shares	(1)	0.00%	-	0.00%
	At the end of the year			-		-	0.00%
7	**Venkatesh Kannappan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year	18-Jun-20	Transfer of Shares	(1)	0.00%	-	0.00%
	At the end of the year			-		-	0.00%
8	**Vamsi Kumar ***						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	18-Jun-20	Transfer of Shares	1	0.00%	1	0.00%
	At the end of the year			-		1	0.00%

S. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
9	**Kishore Kumar Lodha ***						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	18-Jun-20	Transfer of Shares	1	0.00%	1	0.00%
	At the end of the year			-		1	0.00%
10	**B Shanmugasundaram ***						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	18-Jun-20	Transfer of Shares	1	0.00%	1	0.00%
	At the end of the year			-		1	0.00%

*Beneficiary interest in 6 equity shares are held by M/s. Hinduja Leyland Finance Limited

(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	Reason	Date	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 Changes during the year At the end of the year			Not Applicable		Not Applicable	

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	For Each of the Directors and KMP	Reason	Date	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
	Directors						
1	**Mr. S. Nagarajan, Director***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%

S. No.	For Each of the Directors and KMP	Reason	Date	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
2	**Mr. Sachin Pillai, Managing Director***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
3	**Mr. Gopal Mahadevan, Director***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
	Other KMPs						
1	**Ms. Roopa Sampathkumar, Chief Financial Officer***						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
2	**Mr. Prateek Parekh, Chief Financial Officer****						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
3	**Mr. Srinivas Rangarajan, Company Secretary**						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%

*Beneficiary interest in 6 equity shares are held by M/s. Hinduja Leyland Finance Limited

* Ceased to be the Chief Financial Officer w.e.f 14th May, 2021

** Appointed as Chief Financial Officer w.e.f 24th May, 2021

V. INDEBTEDNESS

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

Rs. in Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,42,007.60	-	-	1,42,007.60
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	385.12	-	-	385.12
Total (i+ii+iii)	**1,42,392.72**	**-**	**-**	**1,42,392.72**
Change in Indebtedness during the financial year				
* Addition	1,04,972.81	-	-	1,04,972.81
* Reduction	30,338.35	-	-	30,338.35
Net Change	**74,634.46**	**-**	**-**	**74,634.46**
Indebtedness at the end of the financial year				
i) Principal Amount	2,16,719.25	-	-	2,16,719.25
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	307.93	-	-	307.93
Total (i+ii+iii)	**2,17,027.18**	**-**	**-**	**2,17,027.18**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Rs. in Lakhs

S. No.	Particulars of Remuneration		Total Amount
	Name	**Sachin Pillai**	**-**
	Designation	**Managing Director**	
		Nil	

Note: All the KMPs except Mr. Srinivas Rangarajan, Company Secretary and Mr. Prateek Parekh, Chief FInancial Officer appointed w.e.f 24th May, 2021 have been nominated by Hinduja Leyland Finance Limited, the Holding Company and no remuneration is borne by this Company

B. Remuneration to other directors:

Rs. in Lakhs

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
	Independent Directors	Mr. Bhumika Batra	Mr. G S Sundararajan	
	- Fee for attending board / committee meetings	3,30,000	4,50,000	7,80,000
	- Commission			
	- Others, please pecify			
	Total			

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

Rs. in Lakhs

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	Ms. Roopa Sampathkumar*	Mr. Prateek Parekh**	Mr. Srinivas Rangarajan	
	Designation	CFO	CFO	CS	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961			9,32,736	932,736
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-	-
	(c) Profits in lieu of salary u/s 17(3) Income- tax Act, 1961			-	-
2	Stock Option	NIL	NIL	-	-
3	Sweat Equity			-	-
4	Commission			-	-
	- as % of profit			-	-
	- others, specify			-	-
5	Others, please specify			-	-
	Total			**9,32,736**	**9,32,736**

* Ceased to be the Chief Financial Officer w.e.f 14th May, 2021

** Appointed as Chief Financial Officer w.e.f 24th May, 2021

Note: Ms. Roopa Sampath Kumar, Chief FInancial Officer has been nominated by Hinduja Leyland Finance Limited, the Holding Company and no remuneration is borne by this Company

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Rs. in Lakhs

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			Nil		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			Nil		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			Nil		
Compounding					

Annexure - D

Form No. AOC-2

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

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

   All transactions entered into by the Company during the year with related parties were on an arm's length basis.

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

   The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature.

On behalf of the Board of Directors

Place: Chennai
Date: 6th August, 2021

S Nagarajan
Chairman

Annexure - E

Related Party Transaction Policy

1. Introduction

Hinduja Housing Finance Limited (the "Company") is committed to upholding the highest standards of professional and ethical conduct in fulfilling its responsibilities and recognizes that related party transactions can present potential or actual conflicts of interest of Directors, Key Managerial Personnel, Senior Management, etc. with the interest of the Company.

In order to ensure that the transactions entered into with related parties (as defined below) are in the best interests of the Company and the shareholders, the Board of Directors of the Company adopts this policy regarding review and approval of Related Party Transactions and to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

2. Policy Objectives

This policy is framed pursuant to the provisions of the Companies Act, 2013 including any statutory modifications or re-enactment thereof.

Provisions of this policy are designed to ensure transparency in the approval process and reporting and disclosure requirements, in terms of the applicable laws.

3. Definitions

3.1 Applicable Law

Applicable law means the Companies Act, 2013, and such other secretarial and accounting standards as may be applicable including any statutory modifications or re-enactment thereof.

3.2 Arms' length basis

Arm's length basis means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determining Arm's Length Basis, guidance may be taken from the transfer pricing provisions under the Income Tax Act, 1961.

3.3 Employees

Employees mean the employees and office-bearers of the Company, including but not limited to Whole-Time Directors.

3.4 Material Related Party Transaction

Material Related Party Transaction means a transaction with a Related Party as defined in the Companies Act, 2013, the rules made there under including any statutory modifications or re-enactment thereof.

3.5 Ordinary Course of business (existing definition removed and new definition inserted with more clarity)

Ordinary Course of Business means: -

a) all such acts and transactions undertaken by the Company in the normal routine to conduct its business operations and activities and includes all such activities which the Company can undertake as per the Objects clause of the Memorandum of Association of the Company. The Company should take into account the frequency of the activity and its continuity carried out in a normal organized manner for determining what is in the Ordinary Course Business.

b) On occasions, the nature of the business carried out and industry practice in accordance with well settled customs and usages would help determining whether an activity is in the 'ordinary course of business' or not.

c) Activities in the ordinary course of business are likely to have a well-established precedence in the company history. If an activity is being conducted for the first time, it is likely not part of the ordinary course of business.

d) Regular and frequently occurring activities will typically be considered to be unremarkable and in the ordinary course of business. Transactions which are infrequent and occur only once in a while are not to be classified as 'ordinary'. We are assuming periodicity to be once every 18 months.

e) Activities where the quantum of transactions are consistent with past history

f) the following activities will generally not be considered as part of the ordinary course of business:

(i) Corporate Restructurings and Schemes of Arrangement between related entities

(ii) Slump Sales or Hive-Offs to related entities

(iii) Purchase of securities of related entities (other than for pure investment companies)

(iv) Royalty fees paid or received from related entities

(v) Providing capital support to group entities (other than wholly-owned subsidiaries)

Point (b) to (f) are based on the guidance provided in the report titled "A Framework to define Ordinary course of business" by Institutional Investor Advisory Services – A Proxy Advisory Firm.

3.6 Related Party Transactions

Related Party Transactions means as defined in the Companies Act, 2013, including any statutory modifications or re-enactment thereof.

All other words and expressions used but not defined in this Policy, but defined in the Companies Act, 2013 shall have the same meaning as respectively assigned to them in such Acts, Rules or Regulations or any statutory modification or re-enactment thereto, as the case may be and as the context may require. (broadly in line with AL)

4. Related Party Transactions

All related party transactions and material related party transactions of the Company shall be carried out in accordance with the norms specified under the Companies Act, 2013, including any statutory modifications or re-enactment thereof.

5. Related Party Transactions, which shall not require the approval

The following transactions shall not require separate approval under this Policy:

(i) Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel, in accordance with the provisions of the statutory laws stated herein this policy in connection with his or her duties to the Company or any of its Subsidiaries or Associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business;

(ii) Indemnification and advancement of expenses made pursuant to any agreement or by-laws of the Company;

(iii) Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;

(iv) Any transaction which is in the Ordinary Course of Business and on an Arm's Length Basis as determined in terms of this Policy;

(v) Any transaction entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval;

(vi) Transactions that have been approved by the Board under the specific provisions of the Act, e.g. inter-corporate deposits, borrowings, investments with or in wholly owned subsidiaries or other Related Parties;

(vii) Payment of Dividend;

(viii) Transactions involving corporate restructuring, such as buy-back of shares, capital reduction, merger, demerger, approved by the Board and carried out in accordance with the specific provisions of the Act or the Listing Agreement;

(ix) Contribution to Corporate Social Responsibility, subject to approval of Corporate Social Responsibility Committee and within the overall limits approved by the Board of the Company;

(x) Any other exception which is consistent with the Applicable Law, including any Rules or Regulations made there under, and must be approved in advance by the Audit Committee.

6. Related Party Transactions not previously approved

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy and shall take any such action it deems appropriate.

Further, if the Related Party Transaction is not ratified within three months from the date on which such contract or arrangement is entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

The Company may proceed against a director or any other employee who had entered into such contract or arrangement in contravention of this Policy for recovery of any loss sustained by it as a result of such contract or arrangement and shall take any such action, it deems appropriate.

7. Disclosures

All related party transactions during the quarter shall be reported to the Audit Committee during its quarterly / annual meetings considering unaudited / audited financial statements of the Company.

Such other disclosures as may be required under the statutory laws referred in this policy.

8. Power to amend the policy

The Board of Directors reserves the power to review and amend this policy from time to time as and when necessary.

Annexure - F

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

(i) CSR Policy of the Company

CSR Policy of the Company specifies the activities to be undertaken by the Company as recommended by the CSR Committee and approved by the Board of Directors in such projects or programs relating to activities specified in Schedule VII of the Act. The Company's CSR Policy has been uploaded on the website of the Company under the web-link: www.hindujahousingfinance.com.

(ii) Composition of CSR Committee

S. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1	Mr. S. Nagarajan – Chairman	Chairman	2	2
2	Mr. Sachin Pillai– Member	Managing Director	2	2
3	Ms. Bhumika Batra – Member	Independent Director	2	2

(iii) The Web-link: http://www.hindujahousingfinance.com/documents/governance

(iv) Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules 2014, if applicable: **Not Applicable**

(v) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules 2014 and amount required to set off for the financial year, if any: **NIL**

(vi) Average Net Profit of the Company as per Section 135 (5): **Rs. 3,306.54 Lakhs**

(vii) (a) Two percent of average net profit of the Company as per Section 135 (5): **Rs 66.13 Lakhs**

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial year - **Nil**

(c) Amount required to be set off for the financial year, if any – **Nil**

(d) Total CSR obligation for the financial year (7a+7b-7c): **Rs. 113.86 Lakhs***

*Total CSR obligation of Rs.113.86 Lakhs (including the CSR unspent portion of Rs. 47.73 lakhs for FY 2019-20).

(viii) (a) CSR amount spent or unspent for the Financial Year (Rs. In Lakhs):

Total Amount Spent for the Financial Year	Amount unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second provison to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
48.71	65.15	30.04.2021	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

Rs. in Lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
S.No.	**Name of the Project**	**Item from the list of Schedule VII to the Act.**	**Local area (Yes/No)**	**Location of the Project**	**Project duration**	**Amount allocated for the project**	**Amount spent in the current Financial Year**	**Amount transferred to Unspent CSR Account as per Section 135(6)**	**Mode of Implementation – Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency**
1	Lake Restoration	Conservation of natural resources	Yes	Vallakottai Village, Kanchipuram District, TN	6 months	125.00	48.71	41.18	No	Environmentalist Foundation of India
2	Road to School	Children Education	Yes	Pudhuchatiram, Tiruvallur Districts, TN	15 months	35.00	-	23.97	No	Learning Links Foundation
	Total					**160.00**	**48.71**	**65.15**		

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year (Rs. In lakhs):

Rs. in Lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
S.No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No)**	**Location of the Project**	**Amount spent for the Project**	**Mode of Implementation – Direct (Yes/No)**	**Mode of Implementation - Through Implementing Agency**	
							Name	**CSR Regn No.**
NIL								

(d) Amount spent in Administrative Overheads **NIL**

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total Amount spent for the Financial Year (8b + 8c+8d +8e) **Rs.48.71Lakhs**

(g) Excess amount for set off, if any: **NIL**

Rs. in Lakhs

S.No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	
(ii)	Total Amount spent for the Financial Year	
(iii)	Excess amount spent for the Financial Year [(ii) – (i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial year if any.	
(v)	Amount available for set off in succeeding years [(iii) – (iv)]	

(ix) (a) Details of Unspent CSR amount for the preceding three financial years:

Rs. in Lakhs

S.No.	Preceding Financial Year	Amount transferred to unspent CSR Account under Section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial year
				Name of the Fund	Amount	Date of transfer	
NIL							

(b) Detail of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

Rs. in Lakhs

S.No.	Project ID	Name of the Project	FY in which the project commenced	Project Duration	Total Amount allocated for the Project	Total Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the Project – Completed / Ongoing
1		Road to School	2019-20	15 months	35	-	11.03*	Ongoing

*Unspent CSR amount has been transferred to separate Bank account on 30th April, 2021

(x) In case of creation of acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year
NOT APPLICABLE

(Asset wise details)

(a) Details of creation or acquisition of the capital asset: **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset: **Not Applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital Asset is registered, their address if any: **Not Applicable**

(d) Provide details of the capital assets created or acquired (including complete address and location of the capital asset): **Not Applicable**

(xi) Specify the reasons, if the company has failed to spend two per cent of the average net profit as per Section 135(5):
The unspent amount on identified projects amounting to Rs. 65.15 Lakhs pertains to ongoing CSR Projects as indicated in clause (viii).
Hence, such unspent amount has been transferred to unspent CSR account and will be spent on the ongoing projects.

Place: Chennai Date: 6th August, 2021	**S Nagarajan** *Chairman*	**Sachin Pillai** *Managing Director*

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To The Members of Hinduja Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Hinduja Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note 38 to the financial statements in which describe the potential impact of the COVID-19 pandemic on the Company's financial statements and particularly the impairment provisions are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company does not have an employee covered section 197 of the Act.

h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts, as at the year-end for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN:21109839AAAAGA8419

Place: Mumbai
Date: 24th May, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Hinduja Housing Finance Limited** ("the Company") as of 31st March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

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

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN:21109839AAAAGA8419

Place: Mumbai
Date: 24th May, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

(i) In respect of fixed assets

a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has a regular programme of physical verification of its fixed assets and accordingly all the fixed assets are verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under this clause is not applicable.

(ii) As explained to us, the Company does not have inventory. Accordingly, the provisions of Clause 3(ii) of the Order are not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3(iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company.

(vi) According to the information and explanations given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) 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, Goods and Services Tax and applicable cess applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax and applicable cess in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax and Goods and Services Tax as on 31st March, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken loans or borrowings from government and financial institutions. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further, in respect of moneys borrowed through term loans, in our opinion and accordingly to information and explanation given to us, the Company has utilized the money for the purpose for which they were borrowed.

(x) 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 by its officers or employees has been noticed or reported during the year.

(xi) The Company does not have any employee covered under section 197 of the Act and hence reporting under clause 3(xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with the directors and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN:21109839AAAAGA8419

Place: Mumbai
Date: 24th May, 2021

Balance sheet as at 31st March, 2021

(INR in Lakh)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
ASSETS			
Financial assets			
Cash and cash equivalents	5	1,032.80	1,390.02
Loans	6	2,44,761.31	1,62,174.06
Investments	7	4,388.17	4,392.31
Receivables	8	550.71	392.94
Other financial assets	9	1,823.95	244.06
		2,52,556.94	**1,68,593.39**
Non-financial assets			
Current tax assets (net)	10	341.40	495.47
Deferred tax assets (net)	10	274.78	363.29
Property, plant and equipment	11	136.41	187.87
Intangible assets	11A	2.09	3.29
Other non-financial assets	12	43.65	40.62
		798.33	**1,090.54**
TOTAL ASSETS		**2,53,355.27**	**1,69,683.93**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade Payables			
(i) total outstanding dues of micro and small enterprises	13	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises	13	264.61	182.39
Borrowings	14	2,16,415.22	1,42,221.71
Other financial liabilities	15	930.56	454.25
		2,17,610.39	**1,42,858.35**
Non-financial liabilities			
Provisions	16	181.95	131.65
Other non-financial liabilities	17	223.37	103.04
		405.32	**234.69**
EQUITY			
Equity share capital	18	21,500.00	19,000.00
Other equity	19	13,839.56	7,590.89
		35,339.56	**26,590.89**
TOTAL LIABILITIES AND EQUITY		**2,53,355.27**	**1,69,683.93**

Significant accounting policies 2, 3 & 4

The notes referred to above form an integral part of these financial statements.

As per our report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

G.K.Subramaniam
Partner

Place : Mumbai
Date : 24th May, 2021

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
CIN No: U65922TN2015PLC100093

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 24th May, 2021

Statement of Profit and Loss for the year ended 31st March, 2021

(INR in Lakh)

Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
Revenue from operations			
Interest income	20	24,542.16	18,963.04
Fees and commission income	20	85.18	150.12
Net Gain on Derecognition of Financial Instruments	20	1,365.05	-
Other operating income	20	1,854.88	1,780.00
Total Revenue from operations		**27,847.27**	**20,893.16**
Expenses			
Finance costs	21	13,857.88	11,148.01
Impairment on financial assets	22	1,678.05	1,439.32
Employee benefits expenses	23	2,861.33	2,895.40
Depreciation and amortization	24	105.27	109.41
Other expenses	25	1,273.93	1,277.72
Total Expenses		**19,776.46**	**16,869.86**
Profit before tax		**8,070.81**	**4,023.30**
Tax expense:	**26**		
Current tax		1,749.30	1,077.51
Deferred tax		84.57	(185.88)
Tax adjustment for earlier years		-	(236.17)
		1,833.87	**655.46**
Profit for the year		**6,236.94**	**3,367.84**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		15.67	(8.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.94)	2.17
Total other comprehensive income		**11.73**	**(6.46)**
Total comprehensive Income		**6,248.67**	**3,361.38**
Earnings per equity share (face value Rs.10 each)	**27**		
- Basic (in Rs.)		3.23	1.95
- Diluted (in Rs.)		3.23	1.95

Significant accounting policies 2, 3 & 4

The notes referred to above form an integral part of these financial statements.

As per our report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

G.K.Subramaniam
Partner

Place : Mumbai
Date : 24th May, 2021

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
CIN No: U65922TN2015PLC100093

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 24th May, 2021

Cash Flow Statement for the year ended 31st March, 2021

(INR in Lakh)

Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
A. Cash flow from operating activities			
Net profit before tax		**8,070.81**	**4,023.30**
Adjustments:			
Depreciation and amortization		105.27	109.41
Impairment on financial assets		1,678.05	1,439.32
Finance cost		13,857.88	11,148.01
Interest on security deposit		(13.37)	(19.19)
Rent expense		14.52	22.04
Gratuity and Leave Encashment		42.94	74.01
Operating cash flow before working capital changes		**23,756.10**	**16,796.90**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Loans		(84,265.31)	(40,557.51)
Other financial assets		(1,724.29)	(451.86)
Other non- financial assets		(17.55)	(42.45)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		82.22	139.73
Other financial liabilities		476.31	(40.45)
Provisions		(42.93)	(74.01)
Other non financial liabilities		186.29	185.60
Net cash (used in) operations		**(61,549.15)**	**(24,044.05)**
Finance cost paid		(13,857.88)	(11,148.01)
Taxes paid (net)		(1,595.24)	(1,304.38)
Net cash (used in) operating activities (A)		**(77,002.27)**	**(36,496.44)**
B. Cash flow from investing activities			
Investment in pass through securities (net)		4.14	922.77
Purchase of fixed assets (tangible and intangible assets)		(52.60)	(90.97)
Net cash generated (used in) investing activities (B)		**(48.46)**	**831.80**
C. Cash flow from financing activities			
Proceeds from issue of equity shares including securities premium (net)		2,500.00	4,000.00
Proceeds from borrowings (net)		74,193.51	31,927.35
Net cash from financing activities (C)		**76,693.51**	**35,927.35**
Net increase in cash and cash equivalents (A+B+C)		(357.22)	262.71
Cash and cash equivalents at the beginning of the year		**1,390.02**	**1,127.31**
Cash and cash equivalents at the end of the year		**1,032.80**	**1,390.02**

(INR in Lakh)

Particulars	Note No.	Year ended 31st March 2021	Year ended 31st March 2020
Components of cash and cash equivalents			
Cash and cheques on hand	5	46.45	2.55
Balances with banks			
- In current accounts	5	986.35	1,387.47
		1,032.80	**1,390.02**

Significant accounting policies 2, 3 & 4

The notes referred to above form an integral part of these financial statements.

As per our report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

G.K.Subramaniam
Partner

Place : Mumbai
Date : 24th May, 2021

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
CIN No: U65922TN2015PLC100093

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 24th May, 2021

Statement of Changes in Equity for the year ended 31st March, 2021

(INR in Lakh)

Particulars	Number of shares	Amount
A Equity Share Capital		
Balance as at 1st April, 2019	**15,00,00,000**	**15,000.00**
Add: Issued during the year	4,00,00,000	4,000.00
Balance as at 31st March, 2020	**19,00,00,000**	**19,000.00**
Balance as at 1st April, 2020	**19,00,00,000**	**19,000.00**
Add: Issued during the year	2,50,00,000	2,500.00
Balance as at 31st March, 2021	**21,50,00,000**	**21,500.00**

	Reserves and Surplus		Total
	Statutory Reserves	Retained Earnings	
B. Other equity			
Balance as at 1st April, 2019	**850.75**	**3,378.75**	**4,229.51**
Profit for the year	-	3,367.84	3,367.84
Transfer to reserve	673.57	(673.57)	-
Total other comprehensive income (net of tax)	-	(6.46)	(6.46)
Balance as at 31st March, 2020	**1,524.32**	**6,066.57**	**7,590.89**
Balance as at 1st April, 2020	**1,524.32**	**6,066.57**	**7,590.89**
Profit for the year	-	6,236.94	6,236.94
Transfer to reserve	1,247.39	(1,247.39)	-
Total other comprehensive income (net of tax)	-	11.73	11.73
Balance as at 31st March, 2021	**2,771.71**	**11,067.85**	**13,839.56**

Significant accounting policies 2, 3 & 4

The notes referred to above form an integral part of these financial statements.

As per our report of even date

for **Deloitte Haskins & Sells**
Chartered Accountants

G.K.Subramaniam
Partner

Place : Mumbai
Date : 24th May, 2021

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
CIN No: U65922TN2015PLC100093

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 24th May, 2021

Notes to financial statements for the year ended 31st March, 2021

1 Reporting entity

Hinduja Housing Finance Limited (the Company), incorporated on 15th April, 2015 and headquartered in Chennai, India. The Company is registered with National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987 with effect from 30th September, 2015. The Company is primarily engaged in the business of providing loans for the purchase or construction of residential houses.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS"). These financial statements were authorised for issue by the Company's Board of Directors on 24th May, 2021.

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented separately.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

(i) The normal course of business

(ii) The event of default

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs and at two decimal places, unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognized prospectively. 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 recognized in the periods in which the results are known / materialize.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost which are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.

b) Development of ECL models, including the various formulas and the choice of inputs.

c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").

d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iii) Defined Benefit Plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3 Significant accounting policies

3.1 Recognition of Interest Income

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 and there exists reasonable certainty of its recovery.

i) Interest income

Interest income on financial instruments is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

ii) Fee and Commission Income

The Company recognises revenue from contract with customers based on five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

iii) Income from transfer and servicing of Assets

The Company transfers loans through direct assignment transactions. The transferred loans are de-recognized and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognized in the Statement of Profit and Loss.

The Company recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognized at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognized. Corresponding amount is recognized in Statement of Profit and Loss.

iv) Other Income

Other Income represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

3.2 Financial instrument - Initial recognition

i) Date of recognition

Debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model (refer note 3.3A) for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through other comprehensive income (FVTPL), transaction costs are added to, or subtracted from this amount.

iii) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at amortised cost.

3.3 Financial assets and liabilities

A) Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.

b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.

c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

Solely payments of principal and interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial asset to identify whether they meet SPPI test.

Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows;

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVTOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets: Subsequent measurement and gains and losses

i) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

ii) Financial assets carried at amortized cost (AC)

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment lossed. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit and loss. Any gains and losses on derecognition is recognized in statement of profit and loss.

B Financial liability

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31st March, 2021 and 31st March, 2020.

3.5 Derecognition of financial assets and liabilities

Derecognition of financial assets other than due to substantial modification.

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognizes servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

ii) Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the statement of profit and loss.

3.6 Impairment of financial assets

A Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

ii) Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both Life Time ECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognized, the Company recognizes an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest.

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analyzed.

The mechanics of the ECL method are summarized below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination (if financial asset is more than 30 days but upto 90 days past due), the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired (if financial asset is more than 90 days past due), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

B Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

3.7 Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.8 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.9 Determination of fair value

i) Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

ii) Valuation Process

The management of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes. The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

3.10 Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.11 Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognized in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life
Furniture and fittings	8 years
Office equipment	5 years
Computers	3 years
Vehicles	5 years

3.12 Intangible assets

i) Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iii) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer software's	6 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.13 Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.14 Employee benefits

i) Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Company's gratuity plan is unfunded. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. Net interest expense and other expenses related to defined benefit plans are recognized in Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in Statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii) Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service periods. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii) 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 recognized during the year when the employees render the service. These benefits include performance incentive which are expected to occur within twelve months after the end of the year in which the employee renders the related service.

3.15 Provisions, contingent liabilities and contingent assets

i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

ii) Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

iii) Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in the financial statements.

iv) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Uncalled liability on shares and other investments partly paid;

c) Funding related commitment to associate; and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.16 Income tax

Income tax comprises current and deferred tax. It is recognized in Statement of profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is alegally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.17 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. All other borrowings costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

Interest expenses are calculated using the EIR and all other Borrowing costs are recognized in the Statement of profit and loss in the period in which they are incurred.

3.18 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cheques on hand and balances 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.

3.19 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.20 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings PerShare. Basic earnings per equity share is computed by dividing the net profit / loss (before other comprehensive income) attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the net profit / loss (before other comprehensive income) attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.22 Goods and Services Input Tax Credit

Goods and Services tax input credit is recognized for in the books in the period in which the supply of goods or service received is recognized and when there is no uncertainty in availing/utilising the credits.

3.23 Segment Reporting

The Company’s main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate or certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

4 No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year.

(INR in Lakh)

	Particulars	As at 31st March 2021	As at 31st March 2020
5	**Cash and cash equivalents**		
	Cash on hand	46.45	2.55
	Balances with Banks		
	- In current / cash credit accounts	986.35	1,387.47
	Total	**1,032.80**	**1,390.02**
6	**Loans**		
	At amortised cost		
	A. Based on nature		
	Retail Loans	2,22,959.03	1,44,493.74
	Term Loans	24,674.05	19,252.72
	Total gross	**2,47,633.08**	**1,63,746.46**
	Less : Impairment loss allowance	(2,871.77)	(1,572.40)
	Total net	**2,44,761.31**	**1,62,174.06**
	B. Based on security		
	(i) Secured by tangible assets	2,47,633.08	1,63,746.46
	(ii) Unsecured	-	-
	Total gross	**2,47,633.08**	**1,63,746.46**
	Less : Impairment loss allowance	(2,871.77)	(1,572.40)
	Total net	**2,44,761.31**	**1,62,174.06**
	C. Based on region		
	(I) Loans in India		
	(i) Public Sector	-	-
	(ii) Others	2,47,633.08	1,63,746.46
	Total gross	**2,47,633.08**	**1,63,746.46**
	Less : Impairment loss allowance	(2,871.77)	(1,572.40)
	Total net (I)	**2,44,761.31**	**1,62,174.06**
	(II) Loans outside India		
	Loans outside India	-	-
	Total net (II)	**-**	**-**
	Total (I)+(II)	**2,44,761.31**	**1,62,174.06**

Notes :

1. Retail loans are secured exposures that are secured by assets mortgaged to the company.
2. Term loans are secured exposures that are secured by assets/ underlying portfolio hypothecated to the company by the borrower.
3. In line with the methodology issued by IBA, the company has taken a provision for interest on interest of INR 18.30 Lakh on the applicable loan accounts of borrowers in compliance with the Supreme Court order dated 23rd March, 2021.

(INR in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
7 Investments		
At amortised cost		
Investment in Non-convertible debentures (unquoted)		
Muthoot Housing Finance Company Limited	501.87	752.58
Investment in Alternative Investment Fund		
Vivriti Samarath Bond Fund	1,000.66	-
Investment in pass-through certificates (unquoted)		
Aptus Value Housing Finance India Limited	1,435.77	1,506.39
India Shelters Finance Corporation Limited	1,466.11	2,138.38
Gross Investments	**4,404.41**	**4,397.35**
(i) Investments outside India	-	-
(ii) Investments in India	4,404.41	4,397.35
Gross Investments	**4,404.41**	**4,397.35**
Less: Allowance for impairment loss	(16.24)	(5.04)
Net Investments	**4,388.17**	**4,392.31**

8 Receivables

Trade Receivables	550.71	392.94
Total	**550.71**	**392.94**

9 Other financial assets

Employee advances	-	1.00
Security deposits (Refer Note 28)	145.21	141.59
Receivable from assignment of portfolio	1,356.44	-
Others receivables	322.30	101.47
Total	**1,823.95**	**244.06**

10 Tax assets (net)

Current tax assets (net)		
Advance income tax (net of provision)	341.40	495.47
Deferred tax assets (net)		
Deferred tax assets / (liability) (Refer Note 26)	274.78	363.29

11 Property, plant and equipment

(INR in Lakh)

Particulars	Vehicle	Furniture and fixtures	Office equipment	Computers	Total
Cost (gross carrying amount)					
Balance as at 1st April, 2019	**-**	**18.13**	**28.47**	**258.42**	**305.02**
Additions	2.64	2.07	2.83	83.43	90.97
Disposals	-	-	-	-	-
Balance as at 31st March, 2020	**2.64**	**20.20**	**31.30**	**341.85**	**395.99**
Balance as at 1st April, 2020	**2.64**	**20.20**	**31.30**	**341.85**	**395.99**
Additions	-	-	-	52.60	52.60
Disposals	-	-	-	-	-
Balance as at 31st March 2021	**2.64**	**20.20**	**31.30**	**394.45**	**448.59**
Accumulated depreciation					
Balance as at 1st April, 2019	**-**	**3.90**	**13.07**	**82.40**	**99.37**
Depreciation for the year	0.30	2.44	3.58	102.43	108.75
Disposals	-	-	-	-	-
Balance as at 31st March, 2020	**0.30**	**6.34**	**16.64**	**184.83**	**208.11**
Balance as at 1st April 2020	**0.30**	**6.34**	**16.64**	**184.83**	**208.11**
Depreciation for the year	0.53	2.53	5.69	95.33	104.07
Disposals	-	-	-	-	-
Balance as at 31st March, 2021	**0.83**	**8.86**	**22.33**	**280.16**	**312.18**
Carrying amount (net)					
As at 31st March, 2020	2.34	13.86	14.66	157.02	187.87
As at 31st March, 2021	1.81	11.34	8.97	114.29	136.41

11A Intangible assets

(INR in Lakh)

Particulars	Computer Software	Total
Cost (gross carrying amount)		
Balance as at 1st April, 2019	**6.82**	**6.82**
Additions	-	-
Disposals	-	-
Balance as at 31st March, 2020	**6.82**	**6.82**
Balance as at 1st April, 2020	**6.82**	**6.82**
Additions	-	-
Disposals	-	-
Balance as at 31st March, 2021	**6.82**	**6.82**
Accumulated depreciation		
Balance as at 1st April, 2019	**2.87**	**2.87**
Depreciation for the year	0.66	0.66
Disposals	-	-
Balance as at 31st March, 2020	**3.53**	**3.53**
Balance as at 1st April, 2020	**3.53**	**3.53**
Depreciation for the year	1.20	1.20
Disposals	-	-
Balance as at 31st March, 2021	**4.73**	**4.73**
Carrying amount (net)		
As at 31st March, 2020	3.29	3.29
As at 31st March, 2021	2.09	2.09

(INR in Lakh)

	Particulars	As at 31st March 2021	As at 31st March 2020
12	**Other non-financial assets**		
	Prepaid rent	24.90	39.41
	GST Input Tax Credit	10.28	-
	Other advances	8.47	1.21
	Total	**43.65**	**40.62**
13	**Trade payable**		
	(i) Total outstanding dues of micro and small enterprises (Refer Note 33)	-	-
	(ii) Total outstanding dues of creditors other than micro and small enterprises	264.61	182.39
	Total	**264.61**	**182.39**
14	**Borrowings**		
	At amortised cost		
	Secured borrowings		
	Term Loan from banks (Refer Note 14.4)	1,95,768.55	1,35,689.11
	Cash credit and working capital demand loans from banks	20,646.67	6,532.60
	Total	**2,16,415.22**	**1,42,221.71**
	Borrowings in India	2,16,415.22	1,42,221.71
	Borrowings outside India	-	-
	Total	**2,16,415.22**	**1,42,221.71**
	Total	**2,16,415.22**	**1,42,221.71**

Secured borrowing

14.1 Cash credit and working capital demand loans from banks carry interest rates ranging from "MCLR of the respective bank + 0.25% per annum" to "MCLR of the respective bank + 2.10% per annum". These loans are secured by hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates and non-convertible debentures.

14.2 The Company has not defaulted in repayment of borrowings and interest.

14.3 Details of terms of redemption/repayment and security provided in respect of term loans:

(INR in Lakh)

Particulars	Amount	Terms of redemption/repayment	Security
Term loans from banks			
Term loan - 1	14,355.03 (16,857.89)	Repayable in 96 Equal Monthly installments Remaining no. of installments: 69	Exclusive charge on Specific receivables
Term loan - 2	3,684.21 (4,736.84)	Repayable in 57 Equal Monthly installments Remaining no. of installments: 42	Exclusive hypothecation of standard receivables
Term loan - 3	11,288.00 (7,000.00)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the company's receivables
Term loan - 4	6,774.00 (3,500.00)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the priority sector receivables (housing) (created out of loan proceeds)
Term loan - 5	9,283.87 (10,000.00)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 26	Exclusive charge on the receivables
Term loan - 6	8,925.39 (10,000.00)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 25	Exclusive floating charge on specific book debts and future receivables
Term loan - 7	8,212.02 (9,642.85)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 23	Exclusive charge on receivables of the company
Term loan - 8	4,099.33 (4,804.90)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 23	Exclusive Floating charge on specific book debts and future receivables
Term loan - 9	6,409.24 (7.840.94)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 18	Exclusive charge on receivables of the company
Term loan - 10	822.68 (1,016.20)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 17	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 11	6,668.87 (8,329.82)	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 16	Exclusive charge on specific receivables
Term loan - 12	5,000.00 (5,000.00)	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 20	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 13	1,285.00 (1,609.00)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 16	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders

(INR in Lakh)

Particulars	Amount	Terms of redemption/repayment	Security
Term loan - 14	4,372.36 (5,625.00)	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 14	First charge by way of hypothecation of the specific future receivables from the performing loan portfolio, which are identified by the company from time to time
Term loan - 15	1,625.00 (2,125.00)	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 13	Exclusive charge on specific loan receivables
Term loan - 16	13,200.00 (18,000.00)	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 11	Exclusive Charge on Book debts
Term loan - 17	1,500.00 (2,100.00)	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 10	Exclusive charge on Specific receivables
Term loan - 18	5,625.00 (8,125.00)	Repayable in 16 Equal Quarterly installments Remaining no. of installments: 9	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 19	2,083.33 (3,749.99)	Repayable in 12 Equal Quarterly installments Remaining no. of installments: 5	Hypothecation of exclusive charge on specific receivables
Term loan - 20	1,249.91 (2,916.66)	Repayable in 12 Equal Quarterly installments Remaining no. of installments: 3	Hypothecation of exclusive charge on specific receivables
Term loan - 21	1,250.00 (2,500.00)	Repayable in 8 Equal Half-yearly installments Remaining no. of installments: 2	Exclusive charge on specific loan receivables
Term loan - 22	8,886.85 -	Repayable in 72 Equal Monthly installments Remaining no. of installments: 64	Exclusive charge on specific receivables
Term loan - 23	19,986.82 -	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the receivables
Term loan - 24	7,500.00 -	Repayable in 18 Equal Quarterly installments Remaining no. of installments: 18	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 25	12,498.84 -	Repayable in 81 Equal Monthly installments Remaining no. of installments: 81	Exclusive charge on specific receivables
Term loan - 26	7,487.76 -	Repayable in 81 Equal Monthly installments Remaining no. of installments: 81	Exclusive charge on the priority sector receivables (housing)

(INR in Lakh)

Particulars	Amount	Terms of redemption/repayment	Security
Term loan - 27	1,999.43 -	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 28	First charge by way of hypothecation of the specific future receivables from the performing loan portfolio, which are identified by the company from time to time
Term loan - 28	9,999.64 -	Repayable in 26 Equal Quarterly installments Remaining no. of installments: 26	Exclusive charge on the receivables
Term loan - 29	10,000.00 -	Repayable in 60 Equal Monthly installments Remaining no. of installments: 60	Exclusive charge on the priority sector receivables (housing)
Total term loans from banks	**1,96,072.59** **(1,35,480.10)**		

Note:

(i) Figures in bracket represents the figures for FY 2019-20

(ii) Maturity profile above is disclosed at face value which excludes the impact of effective rate of interest and interest accrued amounting to INR 304.04 Lakh (31st March, 2020 - INR 209.02 Lakh)

(INR in Lakh)

	Particulars	As at 31st March 2021	As at 31st March 2020
15	**Other financial liabilities**		
	Accrued employee benefits expenses	255.84	225.91
	Others	674.72	228.34
	Total	**930.56**	**454.25**
16	**Provisions**		
	Provision for gratuity (Refer Note 32)	97.75	64.12
	Provision for compensated absences (Refer Note 32)	55.84	46.54
	Provision for Taxation	28.36	20.99
	Total	**181.95**	**131.65**
17	**Other non-financial liabilities**		
	Statutory remittances	223.37	103.04
	Total	**223.37**	**103.04**

(INR in Lakh)

	Particulars	As at 31st March 2021	As at 31st March 2020
18	**Equity Share Capital**		
	Authorised 30,00,00,000 (31st March, 2020: 30,00,00,000) equity shares of Rs.10/- each	30,000.00	30,000.00
		30,000.00	**30,000.00**
	Issued, Subscribed and fully paid up 21,50,00,000 (31st March, 2020: 19,00,00,000) equity shares of Rs.10/- each	21,500.00	19,000.00
		21,500.00	**19,000.00**

Notes:

a) Reconciliation of the number of equity shares and amount outstanding as at beginning and as at end of the year:

(INR in Lakh)

Particulars	Year ended 31st March 2021		Year ended 31st March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	19,00,00,000	19,000.00	15,00,00,000	15,000.00
Add: Shares issued during the year	2,50,00,000	2,500.00	4,00,00,000	4,000.00
At the end of the year	**21,50,00,000**	**21,500.00**	**19,00,00,000**	**19,000.00**

b) Terms/ rights attached to equity shares

The Company has a single class of equity shares having face value of Rs. 10/- each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of shares	% held	No. of shares	% held
Equity shares				
Hinduja Leyland Finance Limited, holding company and it's nominees	21,50,00,000	100.00%	19,00,00,000	100.00%

d) Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of shares	% held	No. of shares	% held
Equity shares				
Hinduja Leyland Finance Limited, holding company and it's nominees	21,50,00,000	100.00%	19,00,00,000	100.00%

19 Other Equity

(INR in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
a) Special Reserve		
(As per Section 29C of The National Housing Bank Act,1987 read with 36(1)(viii) of Income Tax Act, 1961)		
Balance at the beginning of the year	1,524.32	850.75
Add: Amount transferred from surplus in statement of profit and loss	1,247.39	673.57
Balance at the end of the year	**2,771.71**	**1,524.32**
b) Retained Earnings (Surplus in Statement of Profit and Loss)		
Balance at the beginning of the year	6,071.63	3,377.36
Add: Profit for the year	6,236.94	3,367.84
Less :Transferred to Statutory Reserve	(1,247.39)	(673.57)
Balance at the end of the year	**11,061.18**	**6,071.63**
c) Other comprehensive income		
Balance at the beginning of the year	(5.06)	1.40
Add: Comprehensive Income for the year	11.73	(6.46)
Balance at the end of the year	**6.67**	**(5.06)**
Total	**13,839.56**	**7,590.89**

Nature and purpose of reserve

19.1 Special Reserve

Section 29C (i) of The National Housing Bank (NHB), 1987 defines that every housing finance institution which is a company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the company under section 36(1)(viii) of the Income Tax Act,1961, is considered to be an eligible transfer.

19.2 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

19.3 Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

20 Revenue from operations

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest income on financial assets measured at amortised cost		
- Interest income on loans to customers	23,705.64	18,435.69
- Interest income from investments		
- Interest income on investment in pass through certificates	344.19	413.74
- Interest income on investment in debentures	68.54	94.42
- Interest on CD	410.42	-
- Other interest income on security deposit	13.37	19.19
Total (A)	**24,542.16**	**18,963.04**
Fees and commission income		
- Service charges	37.38	76.45
- Other charges	47.80	73.67
Total (B)	**85.18**	**150.12**
Net Gain on Derecognition of Financial Instruments		
- Income on assignment of loans	1,365.05	-
Total (C)	**1,365.05**	**-**
Other Operating Income		
- Income from other services	1,854.88	1,780.00
Total (D)	**1,854.88**	**1,780.00**
Total (A+B+C+D)	**27,847.27**	**20,893.16**

21 Finance costs

Finance costs on financial liabilities measured at amortised cost		
Interest on borrowings		
- Interest on term loans	13,114.09	10,193.69
- Interest on cash credit and working capital demand loan	743.79	954.32
Total	**13,857.88**	**11,148.01**

22 Impairment on financial assets

On financial assets measured at amortised cost		
Provision for expected credit loss		
- On loans	1,299.37	1,067.36
- On investments	11.20	5.04
Others - Bad debts written off	367.48	366.92
Total	**1,678.05**	**1,439.32**

23 Employee benefits expenses

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Salaries, wages and bonus	2,689.57	2,656.24
Contribution to provident and other funds	127.37	135.46
Staff welfare expenses	1.45	29.69
Gratuity and Compensated Absenses (Refer Note 32)	42.94	74.01
Total	**2,861.33**	**2,895.40**

24 Depreciation and amortization

Depreciation of property, plant and equipment (Refer Note 11)	104.07	108.75
Amortisation of intangible assets (Refer Note 11A)	1.20	0.66
Total	**105.27**	**109.41**

25 Other expenses

Rent	70.31	73.93
Insurance	62.47	25.90
Electricity charges	4.71	5.91
Communication expenses	50.73	57.66
Legal and professional charges	666.12	472.53
Payment to Auditors (Refer Note Below)	32.00	27.00
Rates and taxes	27.90	110.05
Bank charges	60.25	52.06
Printing and stationery	52.50	46.53
Travelling and conveyance	139.13	255.58
Subscription and licensing charges	10.00	12.00
Sitting fees to directors	7.80	7.80
Advertisement and sale promotion	13.18	80.46
CSR Expenditure	66.13	41.10
Miscellaneous expenses	10.70	9.21
Total	**1,273.93**	**1,277.72**

Note: Payment to auditors (excluding goods and service tax)		
Statutory audit	23.00	20.00
Tax audit	1.50	1.50
Certification	4.50	2.50
Limited Review	3.00	3.00
Reimbursement of expenses	-	-
	32.00	**27.00**

26 Income Tax

The components of income tax expense for the years ended 31st March, 2021 and 31st March, 2020 are:

Current tax	1,749.30	1,077.51
Deferred tax	84.57	(422.05)
Total tax charge	**1,833.87**	**655.46**

26.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2021 and 31st March, 2020 is, as follows:-

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Accounting profit before tax	8,070.81	4,023.30
Applicable tax rate	25.17%	25.17%
Computed tax expense	**2,031.26**	**1,012.58**
Tax effect of :		
Deduction under section 36(1)(viii) of Income Tax Act, 1961	(203.97)	(169.63)
Impact on account of change in tax rates	-	57.05
Non deductible items	6.58	(8.37)
Tax expenses	**1,833.87**	**891.63**
Effective tax rate	22.72%	22.72%
Tax Adjustment for earlier period (Deferred Tax)	-	(236.17)
Tax expenses recognised in the statement of profit and loss	**1,833.87**	**655.46**

26.2 Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense

INR in Lakhs

	As at 31st March, 2020	Statement of profit and loss	Other comprehen-sive income	As at 31st March, 2021
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
- Difference between WDV of property, plant and equipment as per books of accounts and income tax records	(5.52)	7.12	-	1.60
- Impairment on financial assets	340.30	237.78	-	578.08
- Provision for employee benefits	27.85	14.75	(3.94)	38.66
- Others	0.66	(0.66)	-	0.00
- Excess Interest Spread upfronting	-	(343.56)	-	(343.56)
Total	**363.29**	**(84.57)**	**(3.94)**	**274.78**

(INR in Lakh)

	As at 31st March, 2019	Statement of profit and loss	Other comprehen-sive income	As at 31st March, 2020
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
- Difference between WDV of property, plant and equipment as per books of accounts and income tax records	(10.18)	4.66	-	(5.52)
- Impairment on financial assets	147.07	193.23	-	340.30
- Provision for employee benefits	37.00	(11.32)	2.17	27.85
- Others	(234.82)	235.48	-	0.66
Total	**(60.93)**	**422.05**	**2.17**	**363.29**

27 Earnings per share ("EPS")

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Net profit after tax attributable to equity shareholders	6,236.94	3,367.84
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS	19,28,76,712	17,31,23,288
Face value per share	10.00	10.00
Earnings per share		
- Basic	3.23	1.95
- Diluted	3.23	1.95

28 Related party disclosure

Name of the related parties and nature of relationship

Holding company / Ultimate holding company	Hinduja Leyland Finance Limited ("HLF") - Holding company of Hinduja Housing Finance Limited
	Ashok Leyland Limited ("ALL") – Holding Company of HLF
	Hinduja Automotive Limited ("HAL") – Holding Company of ALL
	Machen Holdings S.A ("Machen") – Holding Company of HAL
	Machen Development Corporation ("MDC") – Holding Company of Machen
	Amas Holdings S.A. – Holding Company of MDC
Associate of the holding company	HLF Services Limited ("HSL")
Key management personnel ("KMP")	Mr. S Nagarajan, Chairman
	Mr. Sachin Pillai, Managing Director
	Mr. Gopal Mahadevan, Director
	Ms. Bhumika Batra, Independent Director
	Mr. G S Sundararajan, Independent Director

Related party transactions

(INR in Lakh)

	Holding company (HLF)	Associate of the holding company (HSL)	KMP
Allotment of equity shares	2,500.00	-	-
	(4,000.00)	-	-
Reimbursement of expenses incurred on behalf of HHF	125.10	-	-
	(103.84)	-	-
Service provider fees	-	1,378.61	-
	-	(1,298.10)	-
Rental expense	14.52	-	-
	(22.04)	-	-
Interest on security deposit	13.37	-	-
	(19.18)	-	-
Directors sitting fee			
- Ms. Bhumika Batra	-	-	3.30
	-	-	(3.30)
- Mr. G S Sundararajan	-	-	4.50
	-	-	(4.50)

Note: Figures in bracket represents the figures for FY 2019-20

Related party balances

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Hinduja Leyland Finance Limited		
Security deposit (recoverable)	137.11	122.59
Prepaid rent	24.90	39.41

28.1 There are no provisions for doubtful debts / advances or amounts written off or written back for debts due from/ due to related parties.

28.2 The transactions disclosed above are exclusive of GST.

29 Segment reporting

The Company is primarily engaged into business of providing housing & term loans. The company has its operations within India and all revenues are generated within India. As such, there are no separate reportable segments as per the provisions of IND AS 108 on Operating Segments.

30 Contingent liabilities and commitments

a) Contingent liabilities	- There are no contingent liabilities as at 31st March, 2021. (31st March, 2020 : Nil)
b) Commitments	- Sanctioned and undisbursed amounts of loans as at 31st March, 2021 : INR 8,960.25 lakh (31st March, 2020 : INR 4,817.47 Lakh)

31 Corporate Social Responsibility (CSR) expenses

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(a) Gross amount required to be spent by the company during the year as per Section 135 of the Companies Act, 2013 read with schedule VII	66.13	41.10
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	48.71	11.03

The Company has unspent CSR provision of INR 65.15 lakh as on 31st March, 2021 and is in process of utilizing against approved projects.

32 Retirement benefits

(a) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 127.37 lakhs (31st March, 2020 : INR 135.46 lakhs)

(b) Defined benefit plan:

Gratuity plan

Financial assets not measured at fair value

The Company operates a defined benefit plan (the gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk etc. These are discussed as follows:

Interest Rate Risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yields fall, the defined benefit obligation will tend to increase.

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Salary Inflation Risk: The benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The following table sets out the status of the gratuity plan as required under IND AS 19. Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Present value of obligations	97.75	64.12
Fair value of plan assets	-	-
Asset / (Liability) recognised in the Balance Sheet	**(97.75)**	**(64.12)**
Movement in present values of defined benefit obligations		
Defined benefit obligation at the beginning of the year	64.12	20.29
Current service cost	44.74	33.80
Interest cost	4.56	1.39
Actuarial (gains) / losses	(15.67)	8.64
Benefits paid by the plan	-	4
Defined benefit obligation at the end of the year	97.75	64.12
Movement in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Contributions paid into the plan	-	-
Benefits paid by the plan	-	-
Expected return on plan assets	-	-
Actuarial (losses) / gains	-	-
Fair value of plan assets at the end of the year	**-**	**-**

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Expense recognised in the statement of profit or loss		
Current service cost	44.74	33.80
Interest on obligation	4.56	1.39
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	(15.67)	8.64
Total	**33.63**	**43.83**
Remeasurements on the net defined benefit liability		
- Actuarial (gain)/loss from change in demographic assumptions	-	23.72
- Actuarial (gain)/loss from change in financial assumptions	(2.99)	3.23
- Actuarial (gain)/loss from change in experience adjustments	(12.68)	(18.31)
Total amount recognised in other comprehensive income	**(15.67)**	**8.64**

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Actuarial assumptions		
Discount rate	7.11%	6.87%
Estimated rate of return on plan assets	0.00%	0.00%
Attrition rate	18.00%	18.00%
Future salary increases	12.00%	12.00%
Retirement age	58 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five year information

(INR in Lakh)

Gratuity	Year ended 31st March 2021	Year ended 31st March 2020	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017
Defined benefit obligation	97.75	64.12	20.29	3.93	5.98
Fair value of plan assets	-	-	-	-	-
Deficit in plan	97.75	64.12	20.29	3.93	5.98
Experience adjustments on plan liabilities	(15.67)	8.64	2.34	(4.30)	-
Experience adjustments on plan assets	-	-	-	-	-

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Defined benefit obligation (Base)	97.75	64.12

(INR in Lakh)

Particulars	Year ended 31st March 2021		Year ended 31st March 2020	
100 base points increase/decrease	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1%)	86.53	111.10	56.17	73.65
(% change compared to base due to sensitivity)	-11.48%	13.66%	-12.40%	14.88%
Future salary growth (- / + 1%)	109.39	87.45	72.62	56.63
(% change compared to base due to sensitivity)	11.91%	-10.54%	13.27%	-11.67%
Attrition rate (- / + 1%)	92.03	104.18	59.66	69.15
(% change compared to base due to sensitivity)	-5.85%	6.58%	-6.95%	7.85%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

(c) Other long term employee benefits

The liability for compensated absences as at 31st March, 2021 is INR 55.84 lakh (31st March, 2020 - INR 46.54 lakh).

(d) Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity.

The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

33 Micro and small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises.

There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of he accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

34 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of expected repayment behavior as used for estimating the EIR.

(INR in Lakh)

Particulars	As at 31st March 2021			As at 31st March 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,032.80	-	1,032.80	1,390.02	-	1,390.02
Loans	19,724.28	2,25,037.03	2,44,761.31	13,102.81	1,49,071.25	1,62,174.06
Investments	1,366.83	3,021.34	4,388.17	660.53	3,731.78	4,392.31
Receivable	550.71	-	550.71	392.94	-	392.94
Other financial assets	737.45	1,086.50	1,823.95	102.48	141.58	244.06
Non-financial assets						
Current tax assets (net)	341.40	-	341.40	495.47	-	495.47
Deferred tax assets (net)	-	274.78	274.78	-	363.29	363.29
Property, plant and equipment	-	136.41	136.41	-	187.87	187.87
Intangible assets	-	2.09	2.09	-	3.29	3.29
Other non-financial assets	33.27	10.38	43.65	1.21	39.41	40.62
TOTAL ASSETS	**23,786.74**	**2,29,568.53**	**2,53,355.27**	**16,145.45**	**1,53,538.47**	**1,69,683.93**
LIABILITIES						
Financial Liabilities						
Trade payables						
(i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	264.61	-	264.61	182.39	-	182.39
Borrowings	58,882.89	1,57,532.33	2,16,415.22	32,816.03	1,09,405.69	1,42,221.71
Other financial liabilities	930.56	-	930.56	454.25	-	454.25
Non-financial liabilities						
Provisions	28.36	153.59	181.95	-	131.65	131.65
Deferred tax liabilities (net)	-	-	-	-	-	-
Other non-financial liabilities	223.37	-	223.37	103.04	-	103.04
TOTAL LIABILITIES	**60,329.79**	**1,57,685.92**	**2,18,015.71**	**33,555.71**	**1,09,537.34**	**1,43,093.05**
NET	**(36,543.05)**	**71,882.60**	**35,339.56**	**(17,410.26)**	**44,001.13**	**26,590.89**

35 Financial instrument fair value measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31st March, 2021 were as follows:

(INR in Lakh)

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Loans	2,44,761.31	-	-	2,44,761.31	2,44,761.31
Investments	4,388.17	-	-	4,388.17	4,388.17
Receivables	550.71	-	-	550.71	550.71
Other financial assets	1,823.95	-	-	-	-
Total	**2,51,524.14**				
Financial liabilities not measured at fair value*					
Trade payables	264.61	-	-	264.61	264.61
Borrowings	2,16,415.22	-	-	2,16,415.22	2,16,415.22
Other financial liabilities	930.56	-	-	-	-
Total	**2,17,610.39**				

The carrying value and fair value of financial instruments by categories as at 31st March, 2020 were as follows:

(INR in Lakh)

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Loans	1,62,174.06	-	-	1,62,174.06	1,62,174.06
Investments	4,392.31	-	-	4,392.31	4,392.31
Receivables	392.94			392.94	392.94
Other financial assets	244.06	-	-	-	-
Total	**1,67,203.37**				
Financial liabilities not measured at fair value*					
Trade payables	182.39	-	-	-	-
Borrowings	1,42,216.62	-	-	1,42,216.62	1,42,216.62
Other financial liabilities	454.25	-	-	-	-
Total	**1,42,853.26**				

* The Company has not disclosed the fair values for financial instruments which are short term in nature because their carrying amounts are a reasonable approximation of fair value.

Sensitivity analysis

(INR in Lakh)

	Increase	Decrease
For the year ended 31st March, 2021		
Loans		
Interest rates (1% movement)	1,908.87	(1,908.87)
For the year ended 31st March, 2020		
Loans		
Interest rates (1% movement)	1,415.95	(1,415.95)

b. Measurement of fair values

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalent, other financial assets (excluding security deposit), trade payables and other financial liability.

Loans and advances to customers

In case of retail loans and term loans with floating rates, the interest rate represents the market rate. Consequently the carrying amount represents the fair value.

Term loans with fixed rate:- The fair values are estimated by discounted cash flow model that incorporates assumptions for credit risk, probability of default and loss give default estimates.

Investments

The fair values are estimated by discounted cash flow model that incorporates assumptions for credit risk, probability of default and loss give default estimates.

Borrowings

In case of borrowings with floating rates, the interest rate represents the market rate. Consequently the carrying amount represents the fair value.

c. Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The company monitors capital using adjusted net debt (total borrowings net of cash and cash equivalents) to equity ratio.

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Gross Debt	**2,16,415.22**	**1,42,221.71**
Less:		
Cash and Cash equivalent	1,032.80	1,390.02
Other bank deposits	-	-
Adjusted Net Debt	2,15,382.43	1,40,831.70
Total Equity	35,339.56	26,590.89
Adjusted Net Debt to Equity Ratio	**6.09**	**5.30**

The Company is subject to capital adequacy ratio ("CAR") requirements which are prescribed by the NHB. Refer Note 40

36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, cash and cash equivalents, investments and other financial assets that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company’s board of directors has an overall responsibility for the establishment and oversight of the Company’s risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company’s risk management policies. The committee reports regularly to the board of directors on its activities.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

The Company’s risk management committee oversees how management monitors compliance with the Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises primarily from the Company's loans and investments.

The carrying amounts of financial assets represent the maximum credit risk exposure.

A. Loans and advances

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company’s standard payment and delivery terms and conditions are offered. The Company’s review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company’s gross exposure to credit risk for loans and investments by type of counterparty is as follows:

(INR in Lakh)

Particulars	Carrying amount	
	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Retail loans	2,22,959.03	1,44,493.74
Term loans	24,674.05	19,252.72
Investments	4,404.41	4,397.35
	2,52,037.48	**1,68,143.81**

The above exposure is entirely concentrated in India. There are no overseas exposure.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments.

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognisation. Company has staged the assets based on the day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-60 Days	Stage 2	Lifetime Provision
61-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- Housing Loans
- Loan against property
- Investments

Expected credit loss ("ECL"):

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

a. Marginal probability of default ("MPD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in an ensuing period of 12 months. Historical PD is derived from the HFC's internal data calibrated with forward looking macroeconomic factors. Macroeconomic factors having a high correlation with the HFC's internal data are selected as references for estimating future probabilities of default, which are:

1. GDP
2. Domestic Demand

Forecasts of these macro economic factors considered in the ECL model also take into account the estimated effect of the COVID-19 pandemic and based on this, the Company has estimated the future probabilities of default for the HFC's portfolio of assets.

Loss given default ("LGD"):

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

1) Haircut was applied on the value of the collateral (asset cost) as of reporting date.

2) The outstanding amount was adjusted with the haircut adjusted collateral value.

3) LGD has been computed using the outstanding amount in step (2).

Exposure at default ("EAD"):

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the interest on the outstanding exposure for the ensuing 12 months. So discounting was done for computation of expected credit loss.

The Company has provided moratorium for the period April to August 2020 as per the RBI circulars.

The Company has made management overlay for the impact of Covid-19 for the future 12 months uncertainty.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarized below:

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Stage 1	805.59	417.40
Stage 2	853.53	664.23
Stage 3	1,228.89	495.81
Amount of expected credit loss provided for	**2,888.01**	**1,577.44**

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Movement of ECL:

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Opening provision of ECL	**1,577.44**	**505.04**
Addition during the year	1,528.77	1,302.91
Utilization / reversal during the year	(218.20)	(230.51)
Closing provision of ECL	**2,888.01**	**1,577.44**

Reconciliation of ECL balance is given below:

(INR in Lakh)

Particulars	31st March 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**417.40**	**664.23**	**495.81**	**1,577.44**
Assets repaid (excluding write offs)*	(38.56)	(44.66)	(30.51)	(113.72)
Transfers from Stage 1 **	(104.48)	64.18	2.45	(37.85)
Transfers from Stage 2 **	106.95	131.31	63.50	301.76
Transfers from Stage 3 **	3.72	4.52	696.60	704.84
Amounts written off	-	-	-	-
New assets originated	420.57	33.94	1.03	455.55
Gross carrying amount closing balance	**805.60**	**853.53**	**1,228.88**	**2,888.01**

(INR in Lakh)

Particulars	31st March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**30.75**	**179.74**	**294.55**	**505.04**
Assets repaid (excluding write offs)*	224.12	23.18	214.05	461.35
Transfers from Stage 1 **	(4.29)	436.36	59.06	491.13
Transfers from Stage 2 **	2.84	(40.48)	94.63	56.99
Transfers from Stage 3 **	-	1.23	(22.22)	(20.99)
Amounts written off	(12.05)	-	(145.08)	(157.13)
New assets originated	176.03	64.20	0.82	241.05
Gross carrying amount closing balance	**417.40**	**664.23**	**495.81**	**1,577.44**

An analysis of changes in the gross carrying amount:

(INR in Lakh)

Particulars	31st March 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,43,409.15**	**19,714.30**	**3,681.78**	**1,66,805.23**
Assets repaid (excluding write offs)*	(11,599.43)	(1,325.39)	(342.65)	(13,267.47)
Transfers from Stage 1 **	(35,311.91)	19,307.29	736.42	(15,268.19)
Transfers from Stage 2 **	3,174.29	(3,579.42)	1,884.62	1,479.49
Transfers from Stage 3 **	41.75	50.76	399.01	491.53
Amounts written off	-	-	-	-
New assets originated	1,08,612.22	1,415.41	8.74	1,10,036.37
Gross carrying amount closing balance	**2,08,326.08**	**35,582.95**	**6,367.93**	**2,50,276.96**

(INR in Lakh)

Particulars	31st March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,17,564.37**	**7,623.87**	**2,086.56**	**1,27,274.80**
Assets repaid (excluding write offs)*	(18,208.41)	(886.73)	5.81	(19,089.33)
Transfers from Stage 1 **	(13,614.35)	12,951.07	663.28	-
Transfers from Stage 2 **	853.16	(1,915.91)	1,062.75	-
Transfers from Stage 3 **	-	36.46	-	36.46
Amounts written off	(12.05)	-	(145.80)	(157.85)
New assets originated	56,826.43	1,905.53	9.19	58,741.15
Gross carrying amount closing balance	**1,43,409.15**	**19,714.29**	**3,681.79**	**1,66,805.23**

Note: The gross carrying value includes retail loans, term loans and investments.

* Excludes the unamortized component of sourcing cost / income which is adjusted as part of loan balances.

** Represents the balance outstanding as at beginning of the year, net of repayments made during the year, if any. The repayments are forming part of "Assets repaid (excluding write offs)".

B. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. The Company advances loan to maximum extent of 80% of the value of the mortgaged properties.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due. The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement.

The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix. The total cash credit and working capital limit available to the Company is INR 15,500 lakhs spread across 5 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is individual housing loans. The company does not have any off book assets under management.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

(INR in Lakh)

Particulars	As at 31st March 2021			As at 31st March 2020		
	Loans & Investments	Cash and cash equivalent	Other Financial Assets	Loans & Investments	Cash and cash equivalent	Other Financial Assets
1 day to 30/31 days (one month)	7,104.94	1,032.80	737.45	4,558.42	1,390.02	495.42
Over one month to 2 months	3,610.27	-	-	2,377.28	-	-
Over 2 months up to 3 months	3,664.25	-	-	2,434.44	-	-
Over 3 months to 6 months	10,737.44	-	-	7,016.00	-	-
Over 6 months to 1 year	20,601.40	-	-	13,492.00	-	-
Over 1 year to 3 years	70,546.74	-	1,086.50	47,897.03	-	141.58
Over 3 year to 5 years	51,597.51	-	-	36,050.24	-	-
Over 5 years	81,286.93	-	-	52,740.96	-	-
Total	**2,49,149.48**	**1,032.80**	**1,823.95**	**1,66,566.37**	**1,390.02**	**637.00**

(INR in Lakh)

Particulars	As at 31st March 2021			As at 31st March 2020		
	Borrowings	Trade payable	Other Financial Liabilities	Borrowings	Trade payable	Other Financial Liabilities
1 day to 30/31 days (one month)	2,951.59	264.61	930.56	2,170.02	182.39	454.25
Over one month to 2 months	2,104.76	-	-	1,370.79	-	-
Over 2 months up to 3 months	5,453.84	-	-	2,994.32	-	-
Over 3 months to 6 months	9,467.64	-	-	6,539.31	-	-
Over 6 months to 1 year	22,106.18	-	-	14,394.36	-	-
Over 1 year to 3 years	78,841.39	-	-	53,757.01	-	-
Over 3 year to 5 years	58,062.31	-	-	36,915.57	-	-
Over 5 years	37,427.52	-	-	24,080.34	-	-
Total	**2,16,415.22**	**264.61**	**930.56**	**1,42,221.71**	**182.39**	**454.25**

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

The sensitivity analysis have been carried out based on the exposure to interest rates lending and borrowings carried at variable rate.

(INR in Lakh)

Particulars	Year ended 31st March 2021		Year ended 31st March 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Change in interest rates				
Variable rate borrowings				
Impact on profit for the year	(1,781.22)	1,781.22	(1,285.81)	1,285.81

37 Subsequent events

There are no significant subsequent events that have occurred after the reporting period till the date of these financial statements.

38 Note on COVID 19 Pandemic

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The standalone financial statements/results, includes the potential impact of the COVID-19 pandemic on the Company's standalone financial statements/results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered all information available upto the date of approval of these standalone financial statements/results. Accordingly, the Company has made provision for expected credit loss on financial assets as at 31st March, 2021. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will further impact the Company's standalone financial statement/results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial Statements/results and the Company will continue to closely monitor any material changes to future economic conditions.

39 Disclosure required as per Annexure III of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/ 03.10.136./2020-21 issued by RBI

Schedule to Balance sheet

Liabilities Side

(INR in Lakh)

Particulars	As at 31st March, 2021	
	Amount Outstanding	**Amount Overdue**
1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a) Debentures		
- Secured	-	-
- Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	1,95,768.55	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	-	-
(g) Other Loans		
- Cash credit and Working capital demand loans from bank	20,646.67	-
2 Break up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In form of Unsecured debentures	-	-
(b) In form of partly secured debentures	-	-
(c) Other public deposits	-	-

Asset Side

(INR in Lakh)

S. No.	Particulars	As at 31st March, 2021
		Amount Outstanding
3	**Break up of Loans and Advances including bills receivables (other than those included in (4) below):**	
	(a) Secured	2,45,872.56
	(b) Unsecured	-
4	**Break up of Leased Assets and stocks on hire and other assets counting towards asset financing activities**	
	(i) Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	-
	(b) Operating lease	-
	(ii) Stocks on hire including hire charges under sundry debtors	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other loans counting towards asset financing activities	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

(INR in Lakh)

S. No.	Particulars	As at 31st March, 2021 Amount Outstanding
5	**Break-up of Investments**	
	Current Investments	
	(i) Quoted	
	(a) Shares	
	- Equity	-
	- Preference	-
	(b) Debentures and Bond	-
	(c) Units of mutual fund	-
	(d) Government securities	-
	(e) Others	-
	(ii) Unquoted	
	(a) Shares	
	- Equity	-
	- Preference	-
	(b) Debentures and Bond	-
	(c) Units of mutual fund	-
	(d) Government securities	-
	(e) Others	-
	Asset Side	
	Long Term Investments	
	(i) Quoted	
	(a) Shares	
	- Equity	-
	- Preference	-
	(b) Debentures and Bond	-
	(c) Units of mutual fund	-
	(d) Government securities	-
	(e) Others	-
	(ii) Unquoted	
	(a) Shares	
	- Equity	-
	- Preference	-
	(b) Debentures and Bond	501.87
	(c) Units of mutual fund	-
	(d) Government securities	-
	(e) Others	
	- Investment in Alternative Investment Fund	1,000.66
	- Investment in pass-through certificates	2,901.88

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

(INR in Lakh)

Category	Amount net of provision		
	Secured	Unsecured	Total
(i) Related Party			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related party	-	-	-
(ii) Other than related party	2,45,872.56	-	2,45,872.56

7 Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

(INR in Lakh)

Category	Market value/Break up or fair value/NAV	Book Value (net of provision)
(i) Related Party		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related party	-	-
(ii) Other than related party	-	4404.40

8 Other Information

(INR in Lakh)

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	6,367.93
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	5,139.04
(iii) Assets acquired in satisfaction of debt	**-**

40 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI

(i) Capital

(INR in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
CRAR %	19.88%	21.51%
CRAR - Tier I Capital %	19.43%	21.13%
CRAR - Tier II Capital %	0.45%	0.38%
Amount of subordinated debt raised as Tier II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

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

(INR in Lakh)

Statutory reserve	As at 31st March 2021	As at 31st March 2020
Balance at the beginning		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	1,524.32	850.75
c) Total	**1,524.32**	**850.75**
Addition/Appropriation/withdrawals during the year		
Add:		
a) Amount transferred as per section 29C of the National Housing Bank Act, 1987	436.93	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	810.46	673.57
Less:		
a) Amount appropriated as per section 29C of the National Housing Bank Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
Balance as at end of the year		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	436.93	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	2,334.78	1,524.32
c) Total	**2,771.71**	**1,524.32**

(iii) Investments

(INR in Lakh)

S. No.	Particulars	As at 31st March 2021	As at 31st March 2020
1	**Value of investment**		
	(i) Gross value of investment		
	(a) In India	4,388.17	4,392.31
	(b) Outside India	Nil	Nil
	(ii) Provision for depreciation		
	(a) In India	Nil	Nil
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investment		
	(a) In India	4,388.17	4,392.31
	(b) Outside India	Nil	Nil
2	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance (ii) Add: Provisions made during the year (iii) Less: Write off/ write back of excess provisions during the year (iv) Closing balance	Nil	Nil

(iv) Derivatives

There have been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended 31st March, 2021 and 31st March, 2020.

(v) Disclosures relating to securitisation

(i) There have been no securitisation transactions carried out by the Company - Nil

(ii) Details of Financials Assets sold to Securitisation/ Reconstruction company for Asset Reconstruction - Nil

(iii) Details of Assignment transactions undertaken

(INR in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Number of accounts	905	-
Aggregate value (net of provision) of accounts assigned	8,333.39	-
Aggregate consideration	8,333.39	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

(iv) Details of non-performing financial assets purchased/sold - Nil

(vi) Asset Liability Management (ALM)

Maturity pattern of certain items assets and liabilities - As at 31st March, 2021

(INR in Lakh)

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks *	1,519.55	198.48	1,233.56	2,104.76	5,453.84	9,467.64	22,106.18	78,841.39	58,062.31	37,427.52	2,16,415.22
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	4,703.15	580.51	1,723.44	3,523.22	3,513.72	10,401.95	19,905.47	68,521.71	51,597.51	80,290.62	2,44,761.31
Investments	0.66	-	97.18	87.05	150.53	335.48	695.93	2,025.03	-	996.31	4,388.17
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items assets and liabilities - As at 31st March, 2020

INR in Lakhs

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks *	1,281.20	165.27	723.55	1,370.79	2,994.32	6,539.31	14,394.36	53,757.01	36,915.57	24,080.34	1,42,221.71
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,880.95	388.60	1,243.83	2,346.12	2,340.34	6,854.25	13,163.53	45,675.45	34,540.03	52,740.96	1,62,174.06
Investments	-	-	45.04	31.16	94.10	161.76	328.47	2,221.57	1,510.21	-	4,392.31
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

*Cash credit borrowings and working capital demand loan from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating INR 20,646.67 Lakh (31st March, 2020 - INR 6,532.59 Lakh) has been distributed over the same period as the maturity pattern of assets on finance.

41 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/ 03.10.136./2020-21 issued by RBI

A. Exposure to Real Estate Sector

(INR in Lakh)

Category	As at 31st March 2021	As at 31st March 2020
(a) Direct exposure		
(i) Residential Mortgage* Lending fully secured by mortgage on residential property that is or will be occupied by borrower or that is rented	2,21,130.91	1,43,115.46
(ii) Commercial real estate Lending fully secured by mortgage on commercial real estate (Office building or retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial building, industrial or warehouse space, hotels, land acquisitions, developments and constructions, etc.). Exposure would also include Non-Fund Based (NFB) limits.	-	-
(iii) Investment in mortgage back securities (MBS) and Other securitized exposures		
(a) Residential	2,901.88	3,644.77
(b) Commercial Real Estate	-	-
(b) Indirect Exposure		
Fund based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Corporations (HFCs)	26,244.18	20,045.00

* Includes exposures to Non-Housing loans secured by residential mortgages

B. Exposure to capital market

There is no exposure to capital market during the year ended 31st March, 2021 and 31st March, 2020.

C. Details of financing of parent company products

There is no exposure to financing of parent company products during the year ended 31st March, 2021 and 31stMarch, 2020.

D. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

During the year, the company had not exceeded the single borrower limit and group borrower limit as stipulated by the NHB Prudential Norms in respect of loans and advances.

E. Unsecured loans

There is no exposure to unsecured loans during the year ended 31st March, 2021 and 31st March, 2020.

F. Exposure to group companies engaged in real estate business

There is no exposure to group companies engaged in real estate business during the year ended 31st March, 2021 and 31st March, 2020.

42 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/ 03.10.136./2020-21 issued by RBI

(i) Registration/ license/ authorization obtained from other financial sector regulators

Registration/ License	Authority issuing the registration/ license	Registration/ License reference
Certificate of registration	National Housing Bank	09.0129.15

(ii) Disclosure of Penalties imposed by NHB

(INR in Lakh)

Items	As at 31st March 2021	As at 31st March 2020
a) Penalty Penalty if any levied by National Housing Bank	-	-
b) Adverse remarks	-	-
c) Percentage of outstanding loans granted against collateral gold jewellery to their outstanding assets	-	-

(iii) Ratings assigned by credit rating agency and migration of ratings during the year

Facility	Rating agency	As at 31st March 2021	Date of rating
Long-term : Bank borrowings	CARE	AA-/Stable	15th March, 2021
Short-term : Bank borrowings	CARE	A1+	15th March, 2021
Short-term : Commercial paper	CARE	A1+	1st October, 2020
Long-term : Non-convertible debentures	CRISIL	AA-/Stable	6th May, 2021
Short-term : Commercial paper	CRISIL	A1+	6th May, 2021

(iv) Accounting Standard 21 - Consolidated Financial Statements, is not applicable

(v) Related Party Transactions - Refer note no 28 for disclosure relating to related party transactions

(vi) Group Structure - Refer note no 28 for disclosure relating to group structure

(vii) Remuneration to Director

There are no pecuniary relationship or transaction with non-executive directors of the company during the year ended 31st March, 2021 and 31st March, 2020. For Remuneration paid to independent directors as sitting fee refer no 28.

(viii) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have an impact on current year's profit or loss.

(ix) Management - Refer Director's Report for relevant disclosures

(x) Revenue Recognition

There has been no instance in which revenue recognition has been postponed pending the resolution of significant uncertainty.

43 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/ 03.10.136./2020-21 issued by RBI

(i) Provisions and Contingencies

(INR in Lakh)

Particulars	As at 31st March 2021	As at 31st March 2020
Provisions for depreciation on investment	-	-
Provisions made towards income tax	1,749.30	1,077.51
Provisions towards non-performing assets	1,228.89	497.24
Provision for Standard Assets	1,659.12	1,080.20
Other provision and contingencies		
- Provision for Expenses	264.61	157.53
- Provision for Employee Benefits	408.60	340.66

(ii) Break up of loans and advances and provisions thereon

(INR in Lakh)

Particulars	Housing loan as at		Non-housing loan as at	
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Standard assets				
Total outstanding	1,47,877.03	1,00,044.06	96,031.99	63,079.39
Provisions	(1,114.85)	(820.38)	(544.28)	(259.81)
Sub-standard assets				
Total outstanding	2,467.75	1,561.30	493.07	161.14
Provisions	(292.15)	(139.02)	(58.38)	(14.35)
Doubtful assets 1				
Total outstanding	1,285.74	1,745.53	56.70	27.84
Provisions	(152.19)	(155.43)	(6.71)	(2.48)
Doubtful assets 2				
Total outstanding	1,487.18	-	30.61	-
Provisions	(176.04)	-	(3.62)	-
Doubtful assets 3				
Total outstanding	8.04	-	-	-
Provisions	(0.95)	-	-	-
Loss assets				
Total outstanding	504.44	185.97	34.40	-
Provisions	(504.44)	(185.97)	(34.40)	-
Total				
Total outstanding	**1,53,630.19**	**1,03,536.86**	**96,646.77**	**63,268.36**
Provisions	**(2,240.62)**	**(1,300.80)**	**(647.39)**	**(276.64)**

Note: The total outstanding amount mean principal + accrued interest + other charges pertaining to loans without netting off.

(iii) Draw Down from Reserves

There has not been any draw down from the reserves during the year ended 31st March, 2021 and 31st March, 2020.

(iv) Concentration of public deposits, Advances*, exposure# and NPAs

(INR in Lakh)

S. No.	Particulars	Year ended 31st March 2021	Year ended 31st March 2020
1	**Concentration of Public Deposits (for Public Deposit taking/holding HFCs)**	**NA**	**NA**
2	**Concentration of loans & advances**		
	Total advances to twenty largest borrowers	24,051.88	19,452.49
	Percentage of Advances to twenty largest borrowers to Total Advances of the HFC	9.61%	11.66%
3	**Concentration of all Exposures (including off-balance sheet exposures)**		
	Total Exposure to twenty largest borrowers / customers	24,553.75	20,205.07
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	9.81%	12.11%
4	**Concentration of NPAs**		
	Total exposure to top ten NPA accounts	718.97	633.19

* Advances represents the outstanding balances as at the respective year end

Exposure represents the total amount financed as at the respective year end

(v) Sector wise NPA

(INR in Lakh)

Particulars	% of NPAs to total advances in that sector	
	As at 31st March 2021	As at 31st March 2020
A. Housing Loans:		
Individuals	3.74%	3.37%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others (specify)	0.00%	0.00%
B. Non-Housing Loans:		
Individuals	0.64%	0.30%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others (specify)	0.00%	0.00%

(vi) Movement of NPAs

(INR in Lakh)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(i) Net NPAs to Net Advances (%)	2.06%	1.91%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,681.79	2,089.84
(b) Additions during the year	3,138.31	1,946.59
(c) Reductions during the year	(452.16)	(354.64)
(d) Closing balance	6,367.93	3,681.79
(iii) Movement of Net NPAs		
(e) Opening balance	3,184.54	1,637.52
(f) Additions during the year	2,652.50	1,848.83
(g) Reductions during the year	(698.00)	(301.81)
(h) Closing balance	5,139.04	3,184.54
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	497.25	452.32
(b) Provisions made during the year	771.69	306.63
(c) Write-off / write-back of excess provisions	(40.04)	(261.70)
(d) Closing balance	1,228.89	497.25

(vii) Overseas assets

The Company does not have any joint ventures and subsidiaries abroad during the year ended 31st March, 2021 and 31st March, 2020 and hence this disclosure is not applicable.

(viii) Off-balance sheet SPVs sponsored

There were no off-balance sheet SPVs sponsored by the Company during the year ended 31st March, 2021 and 31st March, 2020.

(ix) Customer Complaints*

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(a) No. of complaints pending at the beginning of the year	0	0
(b) No. of complaints received during the year	322	189
(c) No. of complaints redressed during the year	322	189
(d) No. of complaints pending at the end of the year	0	0

* As per the records of the Company

44 Comparison of Provision under IRACP Norms and Impairment Allowance under IND AS 109 as per RBI Guidelines.

For year ending 31st March, 2021

Asset Classification as per RBI Norms	Asset Classification as per INDAS	Gross Carrying amount as per INDAS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	2,08,326.08	805.59	2,07,520.49	680.69	124.90
	Stage 2	35,582.95	853.53	34,729.42	115.78	737.75
Subtotal - Standard		**2,43,909.03**	**1,659.12**	**2,42,249.90**	**796.48**	**862.65**
Non performing assets						
Substandard	Stage 3	2,960.82	350.53	2,610.29	444.12	(93.60)
Doubtful - upto 1 year	Stage 3	1,342.43	158.91	1,183.53	335.61	(176.70)
1 to 3 years	Stage 3	1,517.79	179.66	1,338.13	607.12	(427.46)
More than 3 years	Stage 3	8.04	0.95	7.09	8.04	(7.09)
Subtotal - Doubtful		**2,868.27**	**339.52**	**2,528.75**	**950.77**	**(611.25)**
Loss assets	Stage 3	538.84	538.84	-	538.84	-
Subtotal - NPA		**6,367.93**	**1,228.89**	**5,139.04**	**1,933.73**	**(704.84)**
Total	**Stage 1**	**2,08,326.08**	**805.59**	**2,07,520.49**	**680.69**	**124.90**
	Stage 2	**35,582.95**	**853.53**	**34,729.42**	**115.78**	**737.75**
	Stage 3	**6,367.94**	**1,228.89**	**5,139.04**	**1,933.73**	**(704.84)**
	Total	**2,50,276.96**	**2,888.01**	**2,47,388.94**	**2,730.21**	**157.80**

For year ending 31st March, 2020

Asset Classification as per RBI Norms	Asset Classification as per INDAS	Gross Carrying amount as per INDAS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	1,43,409.15	415.96	1,42,993.19	481.27	(65.31)
	Stage 2	19,714.30	664.23	19,050.06	65.02	599.21
Subtotal - Standard		**1,63,123.45**	**1,080.19**	**1,62,043.25**	**546.29**	**533.90**
Non performing assets						
Substandard	Stage 3	1,722.44	153.37	1,569.07	258.37	(105.00)
Doubtful - upto 1 year	Stage 3	1,773.37	157.90	1,615.47	443.34	(285.44)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal - Doubtful		**1,773.37**	**157.90**	**1,615.47**	**443.34**	**(285.44)**
Loss assets	Stage 3	185.97	185.97	-	185.97	-
Subtotal - NPA		**3,681.78**	**497.25**	**3,184.54**	**887.68**	**(390.43)**
Total	**Stage 1**	**1,43,409.15**	**415.96**	**1,42,993.19**	**481.27**	**(65.31)**
	Stage 2	**19,714.30**	**664.23**	**19,050.06**	**65.02**	**599.22**
	Stage 3	**3,681.78**	**497.25**	**3,184.54**	**887.68**	**(390.43)**
	Total	**1,66,805.23**	**1,577.44**	**1,65,227.79**	**1,433.97**	**143.47**

45 Disclosure regarding Resolution Framework for COVID-19-related stress pursuant to Notification No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

For quarter ending 31st March, 2021

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	0	0	0	0	0
Corporate persons*	0	0	0	0	0
Of which, MSMEs	0	0	0	0	0
Others	0	0	0	0	0
Total	0	0	0	0	0

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

46 Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

For and on behalf of the Board of Directors

S Nagarajan
Chairman
DIN No. 00009236

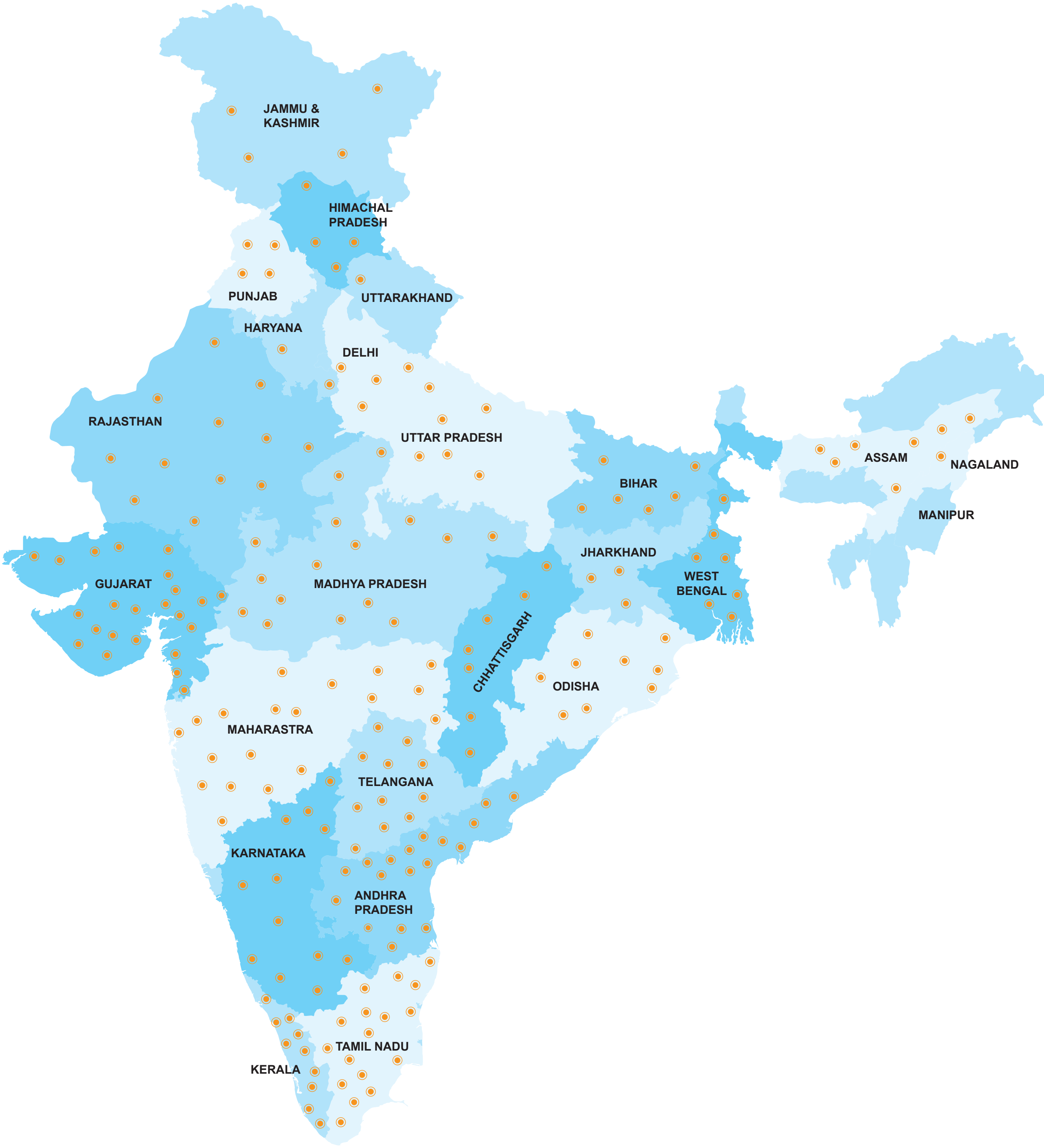
Sachin Pillai
Managing Director
DIN No. 06400793

Place : Chennai
Date : 24th May, 2021

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

NATIONAL NETWORK OF BUSINESS LOCATIONS



Hinduja Housing Finance Limited

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