



HINDUJA HOUSING FINANCE



HINDUJA HOUSING FINANCE

CORPORATE INFORMATION

Corporate Identity Number	U65922TN2015PLC100093
Board of Directors	Mr. Sachin Pillai, Managing Director Mr. S Nagarajan, Director Mr. Gopal Mahadevan, Director Ms. Bhumika Batra, Independent Director Mr. G S Sundararajan, Independent Director
Audit Committee	Mr. G S Sundararajan, Chairman Ms. Bhumika Batra, Member
Nomination and Remuneration Committee	Ms. Bhumika Batra, Chairman Mr. G S Sundararajan, Member Mr. Gopal Mahadevan, Member Mr. Sachin Pillai, Member
Risk Management Committee	Mr. Gopal Mahadevan, Chairman Mr. S Nagarajan, Member Mr. G S Sundararajan, Member
Key Managerial Personnel	Mr. Venkatesh Kannappan, Chief Operating Officer Ms. Roopa Sampath Kumar, Chief Financial Officer Mr. Baalashubramaniyan Ne., Company Secretary
Registered Office	No.27-A, Developed Industrial Estate, Guindy, Chennai – 600032
Email	compliance@hindujahousingfinance.com
Website	www.hindujahousingfinance.com
Statutory Auditors	M/s. B S R & Co., LLP Chartered Accountants KRM Tower, 1 st & 2 nd Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031
Bankers	HDFC Bank Limited, ICICI Bank Limited Axis Bank Limited, State Bank of India DCB Bank Limited, Union Bank of India Indian Bank, Punjab National Bank Vijaya Bank



HINDUJA HOUSING FINANCE

BOARD'S REPORT

To the Members

Your Directors have pleasure in presenting the 3rd Annual Report of the Company, together with the audited financial statements, for the year ended 31st March, 2018.

Financial Results

The summarised financial results of the Company are given hereunder:

(Rs. Lakhs)

Particulars	Year ended 31 st March, 2018	Year ended 31 st March, 2017
Revenue from Operations	8733.34	2479.85
Less: Total Expenditure	6396.67	2177.34
Profit Before Tax	2336.67	302.51
Profit After Tax	1631.22	182.81
Surplus / Shortfall brought forward	151.48	5.23
Amount available for appropriation	1631.22	182.81
Appropriations have been made as under:		
Transfers to:		
- Statutory Reserve	326.24	36.56

Operating and Financial Performance

During the year under review, your Company registered a total disbursement of Rs. 422 crores.

Your Company's net profit was Rs 16.31 crores and net worth of the Company is Rs 138.20 crores as at 31st March, 2018. We are pleased to inform that the Assets under management have grown to Rs 741.01 crores from Rs 452.87 crores.

Your Company has presence in all the states covering over 300 locations with 80 clusters.



Capital Structure

Authorised Capital

In order to meet the business requirements of the Company, the Authorised Capital was increased from Rs. 90 crores to Rs. 200 crores during the financial year.

Paid-up Capital

During the year under review, as per the terms of letter of offer issued to the existing shareholders, your Company had allotted 30,000,000 equity shares at a face value of Rs.10 per share aggregating to Rs.30 crores on 28th December, 2017.

Bank Borrowings

During the year, the Company has received sanctions for term loans and cash credit facilities from banks amounting to Rs. 960 crores of which Company availed loans aggregating to Rs. 195 crores as on 31st March, 2018.

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 326 crores was transferred to the Statutory Reserve created under Section 29C of the National Housing Bank Act, 1987.

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 thereunder including NHB Directions 2010, as the Company is registered as Housing Finance Institution without accepting public deposits.

Credit Rating

The Credit Analysis & Research Limited (CARE) have assigned ratings of A1+ for Short term borrowings and AA- (stable) for Long Term Borrowings of the Company.



Capital Adequacy

The Capital Adequacy Ratio (CAR) of the Company as at 31st March, 2018, was 30.12% (previous year 41.82 %), well above the Regulatory benchmark of 12% prescribed by the National Housing Bank (NHB).

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

National Housing Bank regulates the HFCs and issues Directions / Guidelines on income recognition, asset classifications, provisioning, provisioning for bad and doubtful debts, capital adequacy, accounting and disclosures policies, fair practice code and asset liability management. The Company is in compliance with the applicable regulatory norms and guidelines.

The Company's Board has approved Know your customer and Anti Money Laundering Policy (KYC & AML) and adheres to the said policy. The said policy is in line with the guidelines issued by the National Housing Bank.

The Company has in place a Fair Practice Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organisation's policies vis-à-vis client protection. The FPC captures the spirit of National Housing Bank guidelines on fair practices to be followed by Housing Finance Companies.

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 an internal Corporate Governance guidelines, in order to enable adoption of best practices and great transparency in the business operations. A report on corporate governance is attached and forms part of this report (Annexure - A).

Code of Conduct

In terms of the internal Corporate Governance guidelines the Board has laid down a Code of Conduct to provide guidance to the board members and the senior management to manage the affairs of the company in an ethical manner.

Directors

Appointment

Mr. S Nagarajan (DIN 00009236), was the Managing Director of the Company till 31st March, 2018. With effect from 1st April, 2018, he became the Non-Executive Director of the Company. The Board at its meeting held on



HINDUJA HOUSING FINANCE

29th January, 2018 had appointed of Mr. Sachin Pillai (DIN 06400793), as the Managing Director of the Company for a period of two year effective from 1st April, 2018 till 31st March, 2020.

Reappointment

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. Gopal Mahadevan (DIN: 01746102) retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Resignation

During the year under review, Mr. Venkatesh Srinivasan (DIN 02110770), Nominee Director resigned from the Board effect from January 29, 2018. The Board places on record its deep appreciation for the significant contributions made by Mr. Venkatesh Srinivasan as member of the Board and its Committee during his tenure of office.

Independent Directors

Your Company has received necessary declarations from Independent Directors of the Company, under Section 149(7) of the Act, stating that they meet the criteria of independence as laid down in Section 149(6) of the Act.

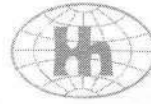
Key Management Personnel

Pursuant to the provisions of Section 203 of the Act read with the Rules made thereunder, the whole-time key managerial personnel of the Company are Mr. Sachin Pillai, Managing Director, Ms. Roopa Sampath Kumar, Chief Financial Officer and Mr. Baalasubramaniyan Ne., Company Secretary.

Statutory Auditors

Pursuant to the provisions of Sections 139 and 141 of the Act, M/s. B S R & Co. LLP, 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 2021, subject to ratification by members at every AGM to be held during their term.

Accordingly, your directors recommend the ratification of appointment of M/s. B S R & Co. LLP, Chartered accountants, as Statutory Auditors of the Company, from the conclusion of third annual general meeting till the conclusion of fourth annual general meeting of the Company. The statutory auditors have confirmed their eligibility for re-appointment.



The Auditors' Report for FY 2017-18 does not contain any qualification, reservation or adverse remarks. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Secretarial Audit

Pursuant to the provisions of the Act and the Rules framed thereunder, your Company appointed M/s. G Ramachandran & Associates, Company Secretaries to undertake the secretarial audit of the Company for FY 2017-18. The audit report is attached and forms part of this report and does not contain any qualification. (Annexure – B)

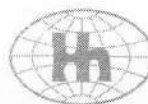
Compliance under Companies Act, 2013

In terms of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, your Company complied with 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, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended 31st March, 2018, 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, 2018.
- 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 2017-18 that may have potential conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note 23 of the Notes to the financial statements.

Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2018 and 12th May, 2018 (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, 2018) and the date of the Report (12th May, 2018).

Risk Management Policy

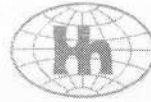
Your Company has constituted a Risk Management Committee with two directors and senior executive of the Company. In terms of Section 134(3)(n) of the Act, your directors wish to state that your Company has drawn and implemented a risk management policy including identification therein of elements of risks, if any, which in the opinion may threaten the existence of your Company. The above policy is being reviewed / re-visited once a year or at such other intervals as deemed necessary for modifications and revisions, if any.

Internal Control Systems and their Adequacy

As part of the effort to evaluate the effectiveness of the internal control systems your Company has appointed M/s. SNB Associates, Chartered Accountants as the internal auditor of the Company to review the internal audit functions and other control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee will be regularly reviewing the audit findings as well as the adequacy and effectiveness of the internal control measures.

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.

Number of meetings of the Board

The Board met 6 (Six) times during the financial year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Act.

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 to deal with instance of fraud and mismanagement, if any and the same was hosted on the website of the Company. This Policy *inter alia* provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

Policy against Sexual harassment

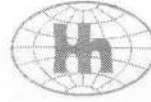
Your Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year ended 31st March, 2018, there were no referrals received by the Internal Committee. The said policy is uploaded on the website of the Company.

Significant and material orders

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

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

The provisions of Section 134 (3) (m) of the Act and the Rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing Company. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there was no foreign earning or expenditure in the Company.



Outlook for 2018-19

On the affordable housing front, there is enormous unmet demand for Housing finance in India. The Government of India has been implementing much needed legislations to boost consumer confidence in the housing industry and increase the supply of affordable homes in the country. Supply of Affordable housing finance is constrained mainly by banks' inability to accurately assess credit risk associated with non-salaried borrowers and lower profit margins; lack of land titles; and uncertainty of repossession. Lending to this segment has been restricted, primarily by:

- High costs of serving on account of small ticket size and lower volumes
- Unknown risks associated with informal segment, wariness of financiers with regard to high delinquencies and uneven payback patterns

The operating strategy of HHF has been planned by keeping in mind market position, average ticket size, geographic segments and product portfolio.

Acknowledgement

Your Directors wish to place on record their gratitude to the National Housing Bank, the Company's customers, Bankers, Financial Institutions, the Holding Company and vendors for the 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.

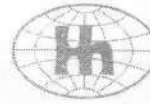
On behalf of the Board of Directors

Sachin Pillai

Managing Director

Place: Chennai

Date: 12th May, 2018



CORPORATE GOVERNANCE REPORT

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. As a part of Hinduja Group and being a subsidiary of Hinduja Leyland Finance Limited, the Company's philosophy on Corporate Governance, the Company's corporate governance standards demonstrate strong commitment to values, ethics and business conduct.

BOARD OF DIRECTORS

As at 31st March, 2018, your Company's Board consists of 5 (Five) members. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and corporate governance directions issued by National Housing Bank.

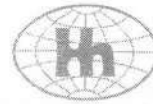
Composition and category of Directors

Name of the Director	Category	Designation
Mr. S Nagarajan *	Executive	Managing Director
Mr. Sachin Pillai**	Non-Executive	Director
Mr. Gopal Mahadevan	Non-Executive	Director
Ms. Bhumika Batra	Non-Executive	Independent Director
Mr. G S Sundararajan	Non-Executive	Independent Director

Note:

* Was designated as Managing Director till 31st March 2018. Became Non-Executive Director w.e.f 1st April 2018

** Appointed as Managing Director with effect from 1st April 2018



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 6 (Six) times on the following dates:

FY 2017 - 18	Meeting Dates
April'17 – June'17 (Q1)	24 th April, 2017 & 22 nd May, 2017
July'17 – September'17 (Q2)	18 th July, 2017 & 29 th August, 2017
October'17 – December'17 (Q3)	6 th November, 2017
January'18 – March'18 (Q4)	29 th January, 2018

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 2017-18 of each Director at the Board Meetings and last Annual General Meeting

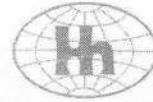
Name	No. of meeting attended / eligible	
	Board	AGM
Mr. S Nagarajan	6/6	1/1
Mr. Sachin Pillai	6/6	1/1
Mr. Gopal Mahadevan	6/6	1/1
Mr. Venkatesh Srinivasan*	5/6	0/1
Ms. Bhumika Batra	6/6	0/1
Mr. G S Sundararajan	4/6	0/1

Note:

*Resigned as Nominee Director at the Board Meeting held on 29th January, 2018

Separate meetings 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 25th January, 2018, without the presence of Non-Independent Directors and Members of Management. All the Independent Directors were present at the Meeting and no adverse feedback emanated from the meeting.



Code of conduct

The Board of Directors of the Company in their meeting held on 24th April, 2017 had approved a code of conduct for all Directors and Senior Management of 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:

Name	Position Held	No. of meetings attended / eligible	Meeting Dates
Mr. G S Sundararajan	Chairman	2/4	22 nd May, 2017 18 th July, 2017
Ms. Bhumika Batra	Member	4/4	6 th November, 2017
Mr. Venkatesh Srinivasan*	Member	4/4	29 th January, 2018

Note:

*Resigned as Nominee Director at the Board Meeting held on 29th January, 2018

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:



HINDUJA HOUSING FINANCE

Name	Position Held	No. of meetings attended / eligible	Meeting Dates
Ms. Bhumika Batra	Chairman	3/3	22 nd May, 2017
Mr. G S Sundararajan	Member	2/3	18 th July, 2017
Mr. Gopal Mahadevan	Member	3/3	25 th January, 2018
Mr. Sachin Pillai	Member	2/3	

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			
Name	Position Held	No. of meetings attended / eligible	Meeting Dates
Mr. Gopal Mahadevan	Chairman	1/1	6 th November, 2017
Mr. G S Sundararajan	Member	1/1	
Mr. S Nagarajan	Member	1/1	
Mr. Venkatesh Srinivasan*	Member	1/1	

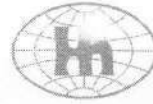
Note:

*Resigned as Nominee Director at the Board Meeting held on 29th January, 2018

Asset Liability Management Committee Composition	
Name	Position Held
Mr. S. Nagarajan	Chairman
Mr. Sachin Pillai	Member
Mr. Venkatesh Kannappan	Member
Ms. Roopa Sampath Kumar	Member
Mr. R Vijay Subramanian	Member
Mr. Prateek Parekh	Member
Mr. Jithin A	Member

Note:

*Asset Liability Management Committee was reconstituted vide Board Resolution dated 6th November, 2017



HINDUJA HOUSING FINANCE

Vigil Mechanism / Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors vide their resolution dated 31st March, 2017 had approved the Whistle Blower Policy of the Company. This Policy *inter alia* provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that there were no complaints received during the year.

On behalf of the Board of Directors

Sachin Pillai

Managing Director

Place: Chennai

Date: 12th May, 2018



G RAMACHANDRAN & ASSOCIATES
COMPANY SECRETARIES

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To,
The Members,
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 provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 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 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Income Tax Act, 1961
- (iii) Employer's Liability Act, 1938;
- (iv) Employees Provident Fund Act, 1952;
- (v) The Employees State Insurance Act, 1948;
- (vi) Payment of Bonus Act, 1965;
- (vii) Payment of Gratuity Act, 1972;
- (viii) Maternity Benefits Act, 1961;
- (ix) Local Shops & Establishment Acts of States;
- (x) Finance Act, 1994 (Service Tax) and rules thereunder up to June 2017 and GST thereafter
- (xi) Indian Contract Act 1872
- (xii) Indian Stamp Act, 1999
- (xiii) Negotiable Instrument Act, 1881
- (xiv) Minimum Wages Act, 1948
- (xv) Payment of Wages Act, 1936 and other applicable labour laws



- (xvi) National Housing Bank Act, 1987 and the Master Circular - The Housing Finance Companies (NHB) Directions, 2010 as applicable to Housing Finance companies not eligible for accepting public deposits.

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 further 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.

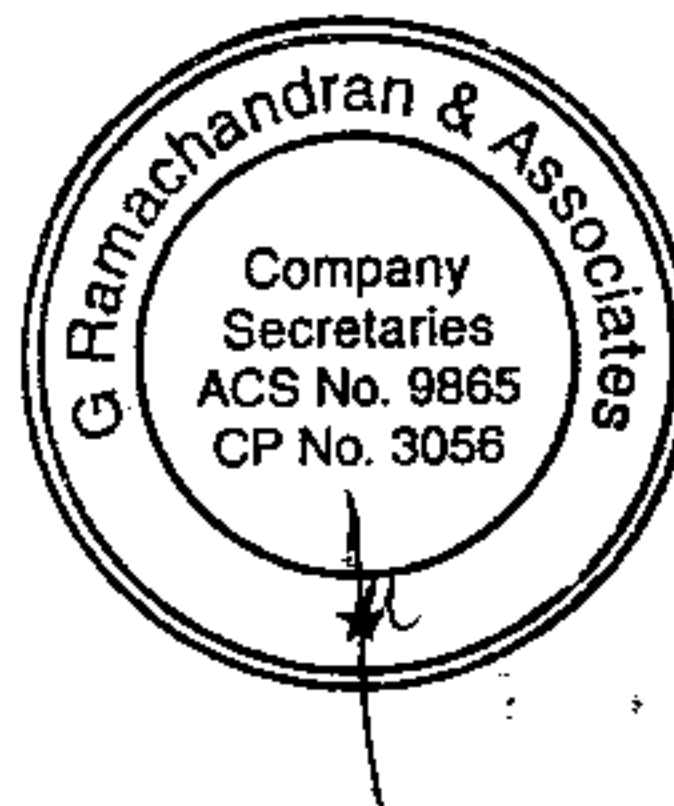
Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 the company has:

1. Issued 3,00,00,000 equity shares of Rs.10/- each at a premium of Rs.10 per share on 28/12/2017 to its Equity Shareholders on right basis.

FOR G RAMACHANDRAN & ASSOCIATES
Company Secretaries



G. Ramachandran
G. RAMACHANDRAN
Proprietor
ACS No.9865 CoP. No.3056

Date: 12th May, 2018
Place: Chennai

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended 31st March, 2018

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:		
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 Chennai TN 600032 Ph : 044 39252555
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

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					
SN	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 beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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. *	-	89,999,994	89,999,994	100.00%	-	119,999,994	119,999,994	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)	-	90,000,000	90,000,000	100.00%	-	120,000,000	120,000,000	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)	-	90,000,000	90,000,000	100.00%	-	120,000,000	120,000,000	100.00%	0.00%
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) FIs	-	-	-	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%

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)	-	90,000,000	90,000,000	100.00%	-	120,000,000	120,000,000	100.00%	

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

(ii) Shareholding of Promoter

SN	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	89,999,994	100.00%	0%	119,999,994	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%	1	0.00%	0%	0.00%
6	G Vijayakumar *	1	0.00%	0%	1	0.00%	0%	0.00%
7	Venkatesh Kannappan *	1	0.00%	0%	1	0.00%	0%	0.00%
		90,000,000	100.00%	0%	120,000,000	100.00%	0%	

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

(iii) Change in Promoters' Shareholding

SN	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			90,000,000	100.00%	90,000,000	100.00%
	Changes during the year	28-Dec-17	Rights issue	30,000,000	100.00%	120,000,000	100.00%
	At the end of the year					120,000,000	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			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
6	G Vijayakumar *						
	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%

7	Venkatesh Kannappan *						
	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%

*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):

SN	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			Not Applicable			
	Changes during the year						
	At the end of the year						

(v) Shareholding of Directors and Key Managerial Personnel:

SN	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, 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%
	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. Baalasubramanian Ne., 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%

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	(Amt. Rs./Lacs)
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	36,258.21	-	-	36,258.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	40.04	-	-	40.04
Total (i+ii+iii)	36,298.25	-	-	36,298.25
Change in Indebtedness during the financial year				
* Addition	36,152.20	19,699.68	-	55,821.88
* Reduction	10,339.76	19,699.68	-	30,009.44
Net Change	25,812.44	-	-	25,812.44
Indebtedness at the end of the financial year				
i) Principal Amount	62,070.65	-	-	62,070.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	133.53	-	-	133.53
Total (i+ii+iii)	62,204.18	-	-	62,204.18

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name	Total Amount (Rs/Lac)
		S. Nagarajan	
		Designation	Managing Director
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-
2	Stock Option		-
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others, please specify		-
	Total (A)		-
	Ceiling as per the Act	5% of the Net Profit	-

Note: Mr. S Nagarajan, appointed as Managing Director without any remuneration in the Company. As a Whole-time Director of Hinduja Leyland Finance Limited, the holding Company draws remuneration in the holding company.

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (Rs/Lac)
		Ms. Roopa Sampathkumar	Mr. Baalasubramanian Ne.	
		CFO	CS	
1	Gross salary			
	(e) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total			-

Note: All the KMPs have been nominated by Hinduja Leyland Finance Limited, the Holding Company and no remuneration is borne by this Company

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

B S R & Co. LLP

Chartered Accountants

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Chennai - 600 031, India.

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Independent Auditor's Report To the Members of Hinduja Housing Finance Limited

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of **Hinduja Housing Finance Limited** ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as "financial statements").

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Companies (Accounting Standard) Rules, 2006 prescribed under Section 133 of the Act.

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

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.

Auditor's responsibility

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

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

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



**Independent Auditor's Report
To the Members of Hinduja Housing Finance Limited
Page 2 of 3**

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

We are also responsible to 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 entity's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Accounting Standard) Rules, 2006;
 - (e) on the basis of written representations received from the directors as on 31 March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;



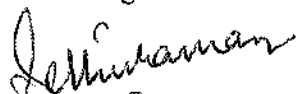
Independent Auditor's Report
To the Members of Hinduja Housing Finance Limited
Page 3 of 3

- (f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i The Company does not have any pending litigations which would impact its financial position as at March 31, 2018;
 - ii The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts, including derivative contracts – Refer note 22 to the financial statements;
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No: 101248W/W-100022



S Sethuraman

Partner

Membership No: 203491

Place: Chennai

Date: 12 May 2018

Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited for the year ended 31 March 2018 (referred to in our report of even date)
Page 1 of 2

- (i) (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 by which all fixed assets are verified over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, some of the fixed assets were verified during the year and as explained to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable properties. Accordingly, the paragraph 3(i)(c) of the order is not applicable to the company.
- (ii) The Company is a housing finance company, primarily engaged in lending activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required to be maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loan, or made investment, or provided any guarantee or security as specified under section 185 and 186(1) of the Act. The remaining provisions of section 186 of the Act do not apply to a housing finance company. Accordingly, paragraph 3(iv) is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits either as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 of the Companies Act, 2013 for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, service tax, income tax and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, duty of excise, value added tax, duty of customs and cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of income tax and service tax that have not been deposited on account of any disputes.



Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited for the year ended 31 March 2018 (referred to in our report of even date)
Page 2 of 2

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution, government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the year, except in respect of housing finance business aggregating to INR 173.67 lakhs as at 31 March 2018, which were identified by the management and reported to National Housing Bank. The above amount has been provided for in the statement of profit and loss for the year ended 31 March 2018.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration. Accordingly, 3 (xi) of the Order is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details as required by the applicable accounting standards has been disclosed in the financial statements.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with such directors. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company, being a housing finance company is registered with National Housing Bank and is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No: 101248W/W-100022


S Sethuraman

Partner

Membership No: 203491

Place: Chennai

Date: 12 May 2018

Annexure B to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited for the year ended 31 March 2018 (referred to in our report of even date)

Page 1 of 2

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of **Hinduja Housing Finance Limited** ("the Company") as of 31 March 2018 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 with reference to financial statements 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, 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 with reference to financial statements.



Annexure B to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited for the year ended 31 March 2018 (referred to in our report of even date)
Page 2 of 2

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

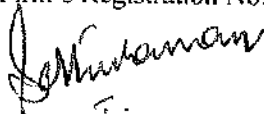
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements 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.

for B S R & Co. LLP

Chartered Accountants

ICAI Firm's Registration No: 101248W/W-100022



S Sethuraman

Partner

Membership No: 203491

Place: Chennai

Date: 12 May 2018



HINDUJA HOUSING FINANCE LIMITED
Balance sheet as at 31 March 2018

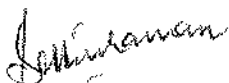
		(INR in lakhs)	
	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	12,000.00	9,000.00
Reserves and surplus	4	1,820.57	189.35
		<u>13,820.57</u>	<u>9,189.35</u>
Non-current liabilities			
Long-term borrowings	5	43,429.80	19,966.06
Other long-term liabilities	6	610.28	307.54
Long-term provisions	7	540.81	185.70
		<u>44,580.89</u>	<u>20,459.30</u>
Current liabilities			
Short-term borrowings	8	15,417.08	13,758.21
Trade payables	9	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		31.61	20.30
Other current liabilities	10	3,659.19	2,826.82
Short-term provisions	7	36.70	65.56
		<u>19,144.58</u>	<u>16,670.89</u>
TOTAL		<u><u>77,546.04</u></u>	<u><u>46,319.54</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	11	100.61	88.69
Intangible assets	12	5.30	6.82
Deferred tax asset	13	55.87	53.92
Non-current investments	14	3,784.78	-
Long-term loans and advances	15	68,165.46	43,668.80
		<u>72,112.02</u>	<u>43,818.23</u>
Current assets			
Current investments	14	69.49	-
Cash and bank balances	16	983.08	202.15
Short-term loans and advances	15	3,406.75	1,734.21
Other current assets	17	974.70	564.95
		<u>5,434.02</u>	<u>2,501.31</u>
TOTAL		<u><u>77,546.04</u></u>	<u><u>46,319.54</u></u>
Significant accounting policies	2		

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

As per our report of even date
for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/ W-100022



S Sethuraman

Partner

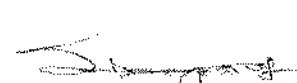
Membership No: 203491

Place : Chennai

Date : 12 May 2018

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


Sachin Pillai
Managing Director
DIN No. 06400793


S Nagarajan
Director
DIN No. 00009236


Roopa Sampath Kumar
Chief Financial Officer


Baalabramanian Ne.
Company Secretary

Place : Chennai

Date : 12 May 2018



HINDUJA HOUSING FINANCE LIMITED
Statement of profit and loss for the year ended 31 March 2018

	Note	For the year ended 31 March 2018	(INR in lakhs) For the year ended 31 March 2017
Revenue			
Revenue from operations			
Total revenue	18	<u>8,733.34</u>	<u>2,479.85</u>
Expenses			
Employee benefits	19	890.89	500.09
Finance costs	20	4,338.33	1,263.65
Depreciation and amortization	21	37.60	7.56
Provisions and write off	22	367.92	146.41
Other expenses	23	761.93	259.63
Total expenses		<u>6,396.67</u>	<u>2,177.34</u>
Profit before tax		2,336.67	302.51
Tax expense:			
Current tax		707.40	160.50
Deferred tax (benefit)		(1.95)	(40.80)
		<u>705.45</u>	<u>119.70</u>
Profit for the year		<u>1,631.22</u>	<u>182.81</u>
Earnings per equity share of Rs. 10 each			
Basic (in Rupees)	25	1.67	0.50
Diluted (in Rupees)		1.67	0.50
Significant accounting policies	2		

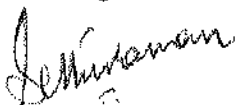
The notes referred to above form an integral part of these financial statements.

As per our report of even date

for **BSR & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/ W-100022


S Sethuraman

Partner


Membership No: 203491

Place : Chennai

Date : 12 May 2018

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


Sachin Pillai
Managing Director
DIN No. 06400793


S Nagarajan
Director
DIN No. 00009236


Roopa Sanpath Kumar
Chief Financial Officer


Baalabramaniyan Ne.
Company Secretary

Place : Chennai

Date : 12 May 2018



HINDUJA HOUSING FINANCE LIMITED
Cash flow statement for the year ended 31 March 2018

(INR in lakhs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
A. Cash flow from operating activities		
Net profit before tax	2,336.67	302.51
Adjustments:		
Depreciation and amortization	37.60	7.56
Interest on income tax	-	5.65
Interest income	-	(1.45)
Contingency provision on standard assets	107.40	146.41
Provision for non-performing assets	260.52	-
Operating cash flow before working capital changes	2,742.19	460.68
(Increase) / decrease in loans and advances	(25,997.74)	(37,007.90)
(Increase) / decrease in other assets	(409.75)	(551.85)
Increase / (decrease) in trade payables, provisions and other current liabilities	(2,074.44)	605.98
Cash generated from operations	(25,739.74)	(36,493.09)
Income taxes (paid) / refunded	(923.44)	(62.23)
Net cash (used) by operating activities (A)	(26,663.18)	(36,555.32)
B. Cash flow from investing activities		
Investment in pass through securities (net)	(2,854.27)	-
Investment in redeemable non-convertible debentures (net)	(1,000.00)	-
Purchase of fixed assets (tangible and intangible assets) including capital work-in-progress and capital advances	(48.00)	(91.42)
Bank deposits	-	442.22
Net cash from/ (used in) investing activities (B)	(3,902.27)	350.80
C. Cash flow from financing activities		
Proceeds from issue of equity shares	3,000.00	7,500.00
Proceeds from borrowings (net)	28,346.38	28,758.21
Net cash from financing activities (C)	31,346.38	36,258.21
Net increase in cash and cash equivalents (A+B+C)	780.93	53.69
Cash and cash equivalents at the beginning of the year	202.15	148.46
Cash and cash equivalents at the end of the year	983.08	202.15

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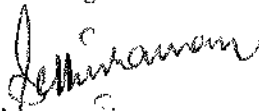
HINDUJA HOUSING FINANCE LIMITED
Cash flow statement for the year ended 31 March 2018

(INR in lakhs)

	Note	As at 31 March 2018	As at 31 March 2017
Components of cash and cash equivalents			
Balances with banks	16		
On current accounts		983.08	202.15
		<u>983.08</u>	<u>202.15</u>

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


As per our report of even date
for **BSR & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 101248W/ W-100022


S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : 12 May 2018

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
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Sachin Pillai
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Chief Financial Officer


Baalabramaniyan Ne.
Company Secretary

Place : Chennai
Date : 12 May 2018



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

1 Company overview

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

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India ("Indian GAAP") and conform to the statutory requirements, circulars, directions and guidelines issued by the National Housing Bank (NHB) from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified under Section 133 of the Companies Act 2013, read with Companies (Accounting Standard) Rules, 2006 to the extent applicable.

The financial statements are presented in Indian rupees rounded-off to the nearest lakh up to two decimal places.

All assets and liabilities have been classified into current and non-current as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ('GAAP') requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Loans to customers

Loan to customers include assets given on finance / loan and amounts paid for acquiring financial assets from other housing finance institutions.

Loans to customers represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due and is net of amounts securitized / assigned and includes advances under such agreements.

2.4 Loans and Advances: Classification and Provisioning

Housing loans are classified as per NHB guidelines, into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines. Additional provisions are made against specific non-performing assets over and above as stated in the NHB guidelines, if in the opinion of the management higher provision is necessary.

The Company maintains general provision for standard assets as stipulated by NHB. Provisions for standard assets are made as per the National Housing Bank (NHB) Directions, 2010. Such provision is disclosed as "contingency provision on standard assets" under the financial statement caption "long term provisions".

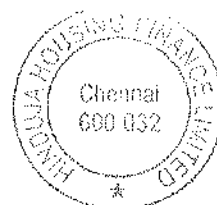
2.5 Revenue recognition

(a) Interest on Housing Loans:

Interest income on loans is recognized on accrual basis except in case of non-performing assets where interest is recognized on realization, as per NHB guidelines. Repayment of housing loan is by way of Equated Monthly Instalment (EMI) comprising principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by borrowers. EMI commences once the entire loan is disbursed. Pending commencement of EMI, Pre-EMI interest is charged every month and is accounted on accrual basis.

(b) Fees, other charges and other interest

Processing fee pertaining to loan origination is amortized over the tenure of the loan.





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(c) Other income

Interest income is recognized on a time proportion basis.

2.6 Property, plant and equipment, intangible assets and capital work-in-progress

Property, plant and equipment are carried at cost less accumulated depreciation. The cost of Property, plant and equipment includes non-refundable taxes, duties, freight and other incidental expenses incurred in relation to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of Property, plant and equipment outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of Property, plant and equipment not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortization.

2.7 Depreciation and amortization

Depreciation on Property, plant and equipment is provided using the straight-line method over the estimated useful life of each asset as determined by the management. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable.

Pursuant to this policy, the useful life of the assets is estimated at:

Category of asset	Estimated useful lives (in years)
Computers	3
Computer server	6
Furniture	8
Office equipment	5

The Company has estimated a Nil residual value at the end of the useful life for all block of assets.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Intangible assets are amortized over their estimated useful lives, not exceeding five periods, on a straight-line basis, commencing from the date the asset is available to the Company for its use.

2.8 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.9 Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the assets or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the period of the lease or as and when the payments are made over the lease term.

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

2.10 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the company in connection with the borrowing of funds. Borrowings costs directly attributable to the acquisition and construction of those Property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Borrowing costs incurred for arrangement of borrowings are recognised over the tenure of the borrowing as per the agreement.

2.11 Loan origination costs

Sourcing expenses, brokerage, commission, service provider incentives etc. paid for loan origination are charged to expense over the tenure of the loan.

2.12 Provision

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. is recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

2.13 Contingent liabilities and contingent assets

A contingent liability exists when there is probable obligation, or present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.14 Foreign currency transactions

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

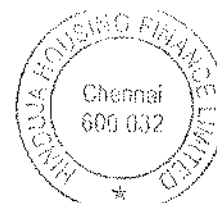
2.15 Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit after tax attributable to the equity shareholders for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

2.16 Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in the statement of profit or loss.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

2.17 Employee benefits

a) Short term benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

b) Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

c) Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

2.18 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.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.20 Segment reporting

The Company is engaged in the business of financing and related activities. Further, the Company does not have any separate geographic segments other than India. There are no separate reportable segments as per AS 17 - Segment Reporting.

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

3 Share capital

	As at 31 March 2018	As at 31 March 2017
<i>Authorized</i> 200,000,000 (31 March 2017 : 90,000,000) equity shares of Rs 10/- each	20,000.00	9,000.00
<i>Issued, subscribed and paid up</i> 120,000,000 (31 March 2017 : 90,000,000) equity shares of Rs 10/- each	20,000.00	9,000.00
	12,000.00	9,000.00
	12,000.00	9,000.00

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

	As at 31 March 2018		As at 31 March 2017	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	90,000,000	9,000.00	15,000,000	1,500.00
Shares issued during the year	30,000,000	3,000.00	75,000,000	7,500.00
At the end of the year	120,000,000	12,000.00	90,000,000	9,000.00

b) Terms / rights, preferences and restrictions 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 show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holder 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

	As at 31 March 2018		As at 31 March 2017	
	Number	% holding	Number	% holding
Equity shares Hinduja Leyland Finance Limited, holding company and it's nominees	120,000,000	100.00%	90,000,000	100.00%

d) Details of shareholders holding more than 5% shares or class of shares

	As at 31 March 2018		As at 31 March 2017	
	Number	% holding	Number	% holding
Equity shares Hinduja Leyland Finance Limited (Holding Company) and it's nominees	120,000,000	100.00%	90,000,000	100.00%

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

	As at 31 March 2018	As at 31 Mar 2017
4 Reserves and surplus		
I. Statutory reserve		
<i>(As per Section 29C of National Housing Bank Act, 1987)</i>		
At the commencement of the year		
Addition during the year	37.87	1.31
Appropriation during the year	326.24	36.56
At the end of the year	-	-
	364.11	37.87
II. Surplus in statement of profit and loss		
At the commencement of the year		
Profit for the year	151.48	5.23
Less: Transfer to statutory reserve	1,631.22	182.81
Net surplus in the statement of profit and loss	(326.24)	(36.56)
Total reserves and surplus	1,456.46	151.48
	1,820.57	189.35

	Non-current portion		Current portion *	
	31 March 2018	31 Mar 2017	31 March 2018	31 Mar 2017
5 Long-term borrowings				
Term loans				
From bank (secured)	43,429.80	19,966.06	3,223.77	2,533.94
	43,429.80	19,966.06	3,223.77	2,533.94

* Amount disclosed under Note 10 'Other current liabilities'.

Terms of repayment of term loans

	Remaining installments		Total amount repayable	
	31 March 2018	31 Mar 2017	31 March 2018	31 Mar 2017
Repayment terms				
Monthly	96	-	5,493.33	-
Quarterly	185	75	36,160.24	17,500.00
Half-yearly	8	8	5,000.00	5,000.00
			46,653.57	22,500.00

The term loans from banks carry interest rates ranging from "Marginal Cost of Funds based Lending Rate (MCLR) of the respective bank" to "MCLR of the respective bank + 0.70% per annum" and the loan period ranges from 5 to 9 years. As at 31 March 2018, the rate of interest across the loans was in the range of 8.15% p.a to 9.00% p.a.

The term loans are secured by a exclusive first charge on the receivables of the Company with an asset cover of 1.05-1.10 times of the facility outstanding.

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

6 Other long-term liabilities	As at 31 March 2018	As at 31 Mar 2017
Income received in advance	610.28	307.54
	<u>610.28</u>	<u>307.54</u>

7 Provisions	Long-term		Short-term	
	31 March 2018	31 Mar 2017	31 March 2018	31 Mar 2017
Contingency provision on standard assets (refer note 27)	275.25	179.72	11.87	-
Provisions for non-performing assets	256.68	-	3.84	-
Provision for taxation (net of advance tax)	-	-	20.98	65.56
Provisions for employee benefits	-	-	-	-
- Gratuity (also refer note 30)	3.92	5.98	0.01	-
- Compensated absences	4.96	-	-	-
	<u>540.81</u>	<u>185.70</u>	<u>36.70</u>	<u>65.56</u>

8 Short-term borrowings	As at 31 March 2018	As at 31 Mar 2017
Secured from banks	15,417.08	13,758.21
Cash credit	<u>15,417.08</u>	<u>13,758.21</u>

The cash credit is availed from banks carry interest rates ranging from "Marginal Cost of Funds based Lending Rate (MCLR) of the respective bank" to "MCLR of the respective bank + 1.15% per annum" and these are repayable on demand. As at 31 March 2018, the rate of interest across the loans was in the range of 8.20% p.a to 10.00% p.a.

The cash credit facilities is secured by a exclusive first charge on the receivables of the Company with an asset cover of 1.05-1.25 times of the facility outstanding.

9 Trade payables	As at 31 March 2018	As at 31 Mar 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 32)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises.	31.61	20.30
	<u>31.61</u>	<u>20.30</u>

10 Other current liabilities	As at 31 March 2018	As at 31 Mar 2017
Current maturities of long-term debt	3,223.77	2,533.94
Payables to related parties	144.01	110.40
Interest accrued but not due on borrowings	133.53	40.04
Capital creditors	-	9.35
Income received in advance	46.53	20.25
Payable to customers	-	4.07
Employee related payables	49.01	35.22
Statutory liabilities	36.81	61.94
Other liabilities	25.53	11.61
	<u>3,659.19</u>	<u>2,826.82</u>





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

<i>(INR in lakhs)</i>				
11 Property, plant and equipment				
	Computers	Furniture	Office equipment	Total
Gross block				
Balance as at 1 April 2016				
Additions	0.23	-	-	0.23
Disposals	72.82	12.19	10.65	95.66
Balance as at 31 March 2017				
Additions	73.05	12.19	10.65	95.89
Disposals	34.08	1.61	14.31	50.00
Balance as at 31 March 2018	104.49	13.80	24.69	142.98
Accumulated depreciation				
Balance as at 1 April 2016				
Additions	0.01	-	-	0.01
Disposals	6.38	0.29	0.52	7.19
Balance as at 31 March 2017				
Additions	6.39	0.29	0.52	7.20
Disposals	30.66	1.63	3.79	36.08
Balance as at 31 March 2018	0.88	-	0.03	0.91
Net block As at 31 March 2017	36.17	1.92	4.28	42.37
Net block As at 31 March 2018	66.66	11.90	10.13	88.69
	68.32	11.88	20.41	100.61

12 Intangible assets

	Software	Total
Gross block		
Balance as at 1 April 2016		
Additions	-	-
Disposals	-	-
Balance as at 31 March 2017	7.19	7.19
Additions	-	-
Disposals	7.19	7.19
Balance as at 31 March 2018	-	-
Accumulated amortisation		
Balance as at 1 Apr 2016	7.19	7.19
Additions	-	-
Disposals	-	-
Balance as at 31 March 2017	0.37	0.37
Additions	-	-
Disposals	0.37	0.37
Balance as at 31 March 2018	1.52	1.52
Net block As at 31 Mar 2017	1.89	1.89
Net block As at 31 Mar 2018	6.82	6.82
	5.30	5.30

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

13 Deferred tax asset (net)

	As at 31 March 2018	As at 31 March 2017
Deferred tax liabilities		
Reserve created u/s 36(1)(viii) of Income-tax Act, 1961	106.17	12.52
Depreciation	5.68	7.68
Gross deferred tax liabilities	<u>111.85</u>	<u>20.20</u>
Deferred tax assets		
Contingency provision for standard assets	82.81	59.42
Employee related liabilities	13.24	1.65
Provision for non performing assets	69.41	-
Others	2.26	13.05
Gross deferred tax assets	<u>167.72</u>	<u>74.12</u>
Net deferred tax asset	<u>55.87</u>	<u>53.92</u>

14 Investments

(Valued at cost, unless stated otherwise)

Trade investments, unquoted:

Investment in pass through securities (refer note 34)
Investment in non convertible debentures (refer note 34)

	Non-current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	2,784.78	-	69.49	-
	1,000.00	-	-	-
	<u>3,784.78</u>	<u>-</u>	<u>69.49</u>	<u>-</u>
Aggregate book value of unquoted investment	3,784.78	-	69.49	-

15 Loans and advances

To related parties

Security deposits (Unsecured and considered good)

	Long-term		Short-term	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	162.00	162.00	-	-
To parties other than related parties				
Loans to customers (Considered good unless otherwise stated)				
Secured, considered good	66,295.11	43,274.04	3,289.48	1,652.57
Secured, considered doubtful	547.03	-	16.23	-
Unsecured and considered good				
Security deposits	10.00	10.00	-	-
Service tax credit receivable	-	-	-	21.75
Prepaid expenses	979.86	222.76	95.22	56.71
Advance tax recoverable (net of provision for tax)	171.46	-	2.75	-
Advance to employees	-	-	3.07	3.18
Other advances	-	-	-	-
	<u>68,165.46</u>	<u>43,668.80</u>	<u>3,406.75</u>	<u>1,734.21</u>

16 Cash and bank balances

Cash and cheques on hand

Balances with banks

On current accounts

Other bank balances

	As at 31 March 2018	As at 31 March 2017
	6.65	-
	976.43	202.15
	<u>983.08</u>	<u>202.15</u>
	976.43	202.15
	-	-

Details of bank balances/deposits

Bank balances on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'

Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'

Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'

17 Other current assets

Interest accrued

Accrued income from other services

Insurance recoverable

Other receivables

	As at 31 March 2018	As at 31 March 2017
	662.00	360.44
	312.70	95.80
	-	23.78
	-	84.93
	<u>974.70</u>	<u>564.95</u>





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
18 Revenue from operations		
Interest income		
- on loans to customers	7,542.23	2,168.14
- on investment in pass (through securities)	211.71	-
- on investment in debentures	3.45	-
Other operating income		
Loan processing fees		
Interest on fixed deposits with banks	77.26	117.28
Interest on income tax refund	-	1.57
Income from other services	876.57	189.56
Miscellaneous income	22.12	1.85
	<u>8,733.34</u>	<u>2,479.85</u>
19 Employee benefits		
Salaries, wages and bonus	847.85	472.95
Contribution to provident and other funds	34.88	25.48
Staff welfare expenses	8.16	1.66
	<u>890.89</u>	<u>500.09</u>
20 Finance cost		
Interest on		
- Term loans	3,366.66	1,157.48
- Cash credit	569.39	89.44
Amortisation of discount on commercial paper		
Other finance charges	330.32	-
- Processing fees		
- Other finance cost	70.86	11.08
	1.10	5.65
	<u>4,338.33</u>	<u>1,263.65</u>
21 Depreciation and amortization expense		
Depreciation on tangible assets (refer note 11)	36.08	7.19
Amortization of intangible assets (refer note 12)	1.52	0.37
	<u>37.60</u>	<u>7.56</u>
22 Provisions and write off		
Contingency provision against standard assets (refer note 27)	107.40	146.41
Provisions for non-performing assets (refer note 27)	260.52	-
	<u>367.92</u>	<u>146.41</u>





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
23 Other expenses		
Service provider fee	76.97	2.46
Director sitting fees	5.70	-
Power and fuel	4.32	4.46
Rates and taxes	107.19	61.67
Legal and professional charges (see note below)	181.11	116.16
Office maintenance	4.31	5.99
Insurance	29.35	2.29
Communication expenses	32.48	11.12
Printing and stationery	37.90	13.99
Bank charges	107.66	4.40
Advertisement and sale promotion	43.47	12.63
Rent expenses	16.83	4.31
Repairs and maintenance	1.52	0.05
Subscription and licensing charges	16.48	2.49
Travelling and conveyance	96.64	17.61
	<u>761.93</u>	<u>259.63</u>
Note: payment to auditor (excluding service tax)		
As auditor		
Statutory audit		
Tax audit	12.00	7.00
Group reporting	1.00	1.00
Certification	2.50	-
	<u>2.00</u>	<u>2.00</u>
	<u>17.50</u>	<u>10.00</u>

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

24 Related party disclosure

(INR in lakhs)

Name of the related parties and nature of relationship

Holding company / Ultimate holding company

Hinduja Leyland Finance Limited
(holding company of Hinduja Housing Finance Limited)

Ashok Leyland Limited
(holding company of Hinduja Leyland Finance Limited)

Hinduja Automotive Limited
(holding company of Ashok Leyland Limited)

Machen Holdings S.A
(holding company of Hinduja Automotive Limited)

Machen Development Corporation, Panama
(holding company of Machen Holdings S.A.)

Amas Holdings S.A.
(holding company of Machen Development Corporation)

Fellow subsidiary

HLF Services Limited

Key management personnel

Mr. S. Nagarajan, Managing Director (upto 31 March 2018)

Related party transactions

	Hinduja Leyland Finance Limited	HLF Services Limited
Security deposit paid by Hinduja Housing Finance Limited	-	-
Allotment of equity shares	(162.00)	-
Inter-corporate deposits / advances received	3,000.00 (7,500.00)	-
Inter-corporate deposits / advances repaid	-	-
Reimbursement of expenses incurred on our behalf	(667.00)	-
Liability transferred towards employees gratuity	326.69 (161.20)	-
Service provider fees	-	-
Income from other services	(1.00)	677.74
	-	(130.02)
	-	162.72
	-	(93.75)

Related party balances

	As at 31 March 2018	As at 31 March 2017
Hinduja Leyland Finance Limited		
Payables		
Security deposit (recoverable)	26.32	88.78
HLF Services Limited		
Payables	162.00	162.00
	117.69	21.62





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

25 Earnings per share

	As at 31 March 2018	As at 31 March 2017
Profit after tax	1,631.22	182.81
Net profit attributable to equity shareholders for calculation of basic / diluted EPS	1,631.22	182.81
Equity shares (nominal value of INR 10/- each)		
Weighted average number of equity shares outstanding for calculation of basic and diluted EPS	97,726,027	36,369,863
Weighted average number of equity shares outstanding (Nos.)	97,726,027	36,369,863
Earnings per share (Rs. 10/- each)		
- Basic	1.67	0.50
- Diluted	1.67	0.50

26 Segment reporting

The Company is engaged in the business of financing residential houses and related activities. Further, the Company does not have any separate geographic segments other than India. There are no separate reportable segments as per AS 17 (Segment reporting).

27 Disclosure relating to certain provisions

Particulars	Provision on non-performing assets	Provision on standard assets
As at 1 April 2016	-	33.31
Additional provision	-	146.41
Utilization / reversal	-	-
As at 31 March 2017	-	179.72
As at 1 April 2017	-	179.72
Additional provision	260.52	107.40
Utilization / reversal	-	-
As at 31 March 2018	260.52	287.12

28 Contingent liabilities and commitments

- a) Contingent liabilities - There are no contingent liabilities as at the year end. (31 March 2017: Nil)
- b) Commitments - There are no significant capital commitments as at the year end. (31 March 2017: Nil)

29 Outstanding lease obligations

The Company has taken its corporate office on a non-interest bearing cancellable operating leases arrangement with immediate holding which are renewable at the option of the Company. Total rental expense under cancellable leases amounted to INR 16.83 (31 March 2017: INR 4.31).

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

30 Retirement benefits

Gratuity plan

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005). Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	As at 31 March 2018	As at 31 March 2017
Change in present value of obligation		
Projected benefit obligations at the beginning of the year	5.98	-
Service cost	(2.05)	4.98
Transfer of liability	-	1.00
Actuarial (gain) / loss	-	-
Projected benefit obligations at the end of the year	3.93	5.98
Components of net gratuity costs		
Service cost	(2.05)	4.98
Net gratuity costs	(2.05)	4.98
Actuarial assumptions		
Discount rate	7.08%	7.64%
Long term rate of compensation increase	10.00%	6.00%
Attrition rate	25.00%	5.00%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Note: The gratuity expenses have been recognised in 'Contribution to provident and other funds' under note 19.

Five year information

Amounts for the current and previous years are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017	As at 31 Mar 2016
Defined benefit obligation	3.93	5.98	-
Fair value of plan assets	-	-	-
(Surplus) / deficit in the plan	3.93	5.98	-
Experience adjustments arising on plan liabilities	-	-	-
Experience adjustments arising on plan assets	-	-	-

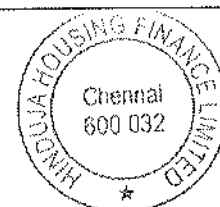
Defined contribution plans

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 34.88 (Previous year : INR 25.48)

31 Utilisation of the proceeds of rights issue

The Company raised a sum of INR 3,000 (31 March 2017 - INR 7,500) through rights issue of equity shares to finance the business of lending loans to customers. The proceeds have been utilised as follows:

	31 March 2018	31 March 2017
Proceeds from rights issue	3,000.00	7,500.00
Utilisation during the year		
Loans to customer	(3,000.00)	(7,500.00)
Unutilised amount at the end of the year	-	-





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

32 Micro and small enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2018 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	31 March 2018	31 March 2017
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises	-	-

33 Disclosure on Specified Bank Notes (SBN)

During the previous year ended 31 March 2017, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below

Particulars	SBN *	Other denomination notes	Total
Closing cash in hand as on 8 November 2016 #	-	-	-
(+) Permitted receipts **	0.22	1.24	1.46
(+) Permitted payments	-	-	-
(-) Amount deposited in banks	(0.22)	(1.24)	(1.46)
Closing cash in hand as on 30 December 2016 #	-	-	-

Based on the daily cash register and petty cash summary statement maintained across the branches.

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November, 2016.

** Includes direct cash deposits made by the customers in Company's bank accounts vide RBI Circular No. DCM (Plg) No. 1226/10.27.00/2016-17 dated 08 November 2016 under Section 3(e)(v). Also includes withdrawal from bank.

The disclosures regarding details of specified bank notes held and transacted during the year ended 31 March 2018 has not been made since the disclosure requirement does not pertain to financial year ended 31 March 2018.

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HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2018

(INR in Lakhs)

Face value (In Lakhs)	As at 31 March 2018		As at 31 March 2017		Total	Units	Total	Units	Non-current	Current	Total	
	Units	Non-current	Current	Non-current								Current
34 Details of investments												
A. Pass-through securities												
ELBE SBI IFMR Capital SR-A1 PTC 30JUL17	290,442.600	2,784.78	69.49	2,854.27	-	-	-	-	-	-	-	-
		2,784.78	69.49	2,854.27								
B. Non convertible debentures												
Muthoot Housing Finance Company Limited SR-1 11 XIRR NCD	10	1,000.00	-	1,000.00	-	-	-	-	-	-	-	-
20MDR23 FVRS10LAC		1,000.00	-	1,000.00								
Total (A+B)		3,784.78	69.49	3,854.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Total (A+B)

Note 1: The investments in pass through certificates redeemable over the next 12 months from the balance sheet date have been classified as current investments. The balance amount has been presented as non-current investments.

Note 2: To the extent that the debentures are redeemable within 12 months of the reporting date, the amount has been presented as part of current investments. The balance has been presented as non-current investments. The tenure of these debentures is 60 months. The interest rate on the investment in debentures is 10.25%

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

35 Disclosure required as per Annexure 4 of the Notification No. NHB.HFC.CG.DIR./MID&CEO/2016 dated February 9, 2017 issued by NHB.

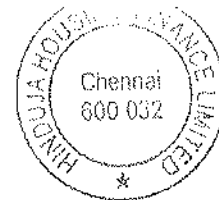
(i) Capital

Particulars	31 March 2018	31 March 2017
CRAR %		
CRAR - Tier I Capital %	30.21%	41.57%
CRAR - Tier II Capital %	29.54%	40.74%
Amount of subordinated debt raised as Tier II Capital	0.67%	0.83%
Amount raised by issue of perpetual debt instruments	-	-
	-	-

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

Statutory reserve	As at 31 March 2018	As at 31 March 2017
Balance at the beginning		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	37.87	1.31
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	-	-
c) Total	37.87	1.31
Addition/Appropriation/withdrawals during the year		
Add:		
a) Amount transferred as per section 29C of the National Housing Bank Act, 1987	326.24	36.56
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	-	-
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	-	-
Balance as at end of the year		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	364.11	37.87
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	-	-
c) Total	364.11	37.87

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

(iii) Investments

SI No	Particulars	31 March 2018	31 March 2017
1	Value of investment		
	(i) Gross value of investment		
	(a) In India	3,854.27	Nil
	(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	3,854.27	Nil
	(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 31 March 2018 and 31 March 2017.

(v) Disclosures relating to securitisation

There have been no securitisation transactions carried out by the Company during the year ended 31 March 2018 and 31 March 2017.

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HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

(vi) Asset Liability Management (ALM)

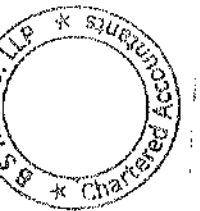
Maturity pattern of certain items assets and liabilities - As at 31 March 2018

Particulars	1 day to 30-31 days (one month)	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 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks *	768.67	54.28	128.31	281.05	2,667.29	21,193.84	18,791.28	7,593.38	3,758.93	6,833.62	62,070.65
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	484.04	255.11	221.58	711.02	1,633.96	7,201.75	7,894.21	7,374.44	11,669.50	32,702.24	70,147.85
Investments	5.37	5.45	5.51	16.98	36.17	680.52	1,455.77	1,558.41	90.09	-	3,854.27
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items assets and liabilities - As at 31 March 2017

Particulars	1 day to 30-31 days (one month)	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 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks *	-	10.00	416.75	517.40	1,619.79	8,478.88	9,075.47	5,767.90	2,076.03	8,295.98	36,258.20
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	290.99	135.49	137.43	411.65	821.65	3,664.65	3,836.94	4,055.87	5,508.76	26,063.18	44,926.61
Investments	-	-	-	-	-	-	-	-	-	-	-
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 and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating INR 15,417.08 (31 March 2017 - INR 13,738.21) has been distributed over the same period as the maturity of assets on finance. Borrowings includes INR 3,223.77 (31 March 2017 - INR 2,533.94), which has been disclosed as 'Current maturities of long-term debt in note 10.





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

36 Disclosure required as per Annexure 4 of the Notification No. NHB.HFC.CG.DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB.

A. Exposure to Real Estate Sector

Category	As at 31 March 2018	As at 31 March 2017
(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		
Housing loan upto Rs. 15 lakhs	18,535.01	19,773.61
Housing loan more than Rs. 15 lakhs	42,090.01	25,153.00
(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	2,854.27	-
(a) Commercial Real Estate	-	-
(b) Indirect Exposure		
Fund based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Corporations (HFCs)		
	4,464.29	-

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

B. Exposure to capital market

There is no exposure to capital market during the year ended 31 March 2018 and 31 March 2017.

C. Details of financing of parent company products

There is no exposure to financing of parent company products during the year ended 31 March 2018 and 31 March 2017

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

The Company has not exceeded the prudential exposure limits during the year ended 31 March 2018 and 31 March 2017.

E. Unsecured loans

There is no exposure to capital market during the year ended 31 March 2018 and 31 March 2017.

37 Disclosure required as per Annexure 4 of the Notification No. NHB.HFC.CG.DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB.

(i) Registration/ licence/ 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 and other regulators

Items	As at 31 March 2018	As at 31 March 2017
a) Penalty		
Penalty if any levied by National Housing Bank	-	-
b) Adverse remarks		
Adverse remarks if any given by National Housing Bank	-	-





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

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

Facility	Rating agency	31 March 2018	Date of rating
Long-term : Bank borrowings	CARE	AA-(stable)	05-Jul-17
Short-term : Bank borrowings	CARE	A1+	05-Jul-17
Short-term : Commercial paper	CARE	A1+	28-Aug-17

38 Disclosure pursuant to Notification No, NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB

(i) Provisions and Contingencies

Particulars	31 March 2018	31 March 2017
Provisions for depreciation on investment	-	-
Provisions made towards income tax	20.98	65.56
Provisions towards non-performing assets	260.52	-
Provision for Standard Assets	287.12	179.72
Other provision and contingencies	8.89	5.98

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

Particulars	Housing loan		Non-housing loan	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Standard assets				
Total outstanding	60,656.59	44,926.61	9,575.44	-
Provisions	(230.96)	(179.72)	(40.75)	-
Sub-standard assets				
Total outstanding	286.24	-	-	-
Provisions	(43.49)	-	-	-
Doubtful assets category - I				
Total outstanding	80.00	-	-	-
Provisions	(20.00)	-	-	-
Loss assets				
Total outstanding	197.02	-	-	-
Provisions	(197.02)	-	-	-
Total				
Total outstanding	61,219.85	44,926.61	9,575.44	-
Provisions	(491.47)	(179.72)	(40.75)	-

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

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

S.No	Particulars	31 March 2018	31 March 2017
1	Concentration of Public Deposits (for Public Deposit taking/holding HFCs)	NA	NA
2	Concentration of loans & advances		
	Total advances to twenty largest borrowers	5,430.88	1,066.56
	Percentage of Advances to twenty largest borrowers to Total Advances of the HFC	7.74%	2.37%
3	Concentration of all Exposures (including off-balance sheet exposures)		
	Total Exposure to twenty largest borrowers / customers	6,167.84	1,085.89
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.79%	2.41%
4	Concentration of NPAs		
	Total exposure to top ten NPA accounts	354.03	Nil

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

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





HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

(iv) Sector wise NPA

Particulars	% of NPAs to total advances in that sector
A. Housing Loans:	
Individuals	0.93%
Builders/Project Loans	0.00%
Corporates	0.00%
Others (specify)	0.00%
A. Non-Housing Loans:	
Individuals	0.00%
Builders/Project Loans	0.00%
Corporates	0.00%
Others (specify)	0.00%

(v) Movement of NPAs

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(i) Net NPAs to Net Advances (%)	0.43%	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	563.26	-
(c) Reductions during the year	-	-
(d) Closing balance	563.26	-
(iii) Movement of Net NPAs		
(e) Opening balance	-	-
(f) Additions during the year	302.74	-
(g) Reductions during the year	-	-
(h) Closing balance	302.74	-
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	-	-
(b) Provisions made during the year	260.52	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	260.52	-

(vi) Overseas assets

The Company does not have any joint ventures and subsidiaries abroad during the year ended 31 March 2018 and 31 March 2017 and hence this disclosure is not applicable.

(vii) Off-balance sheet SPVs sponsored

There were no off-balance sheet SPVs sponsored by the Company during the year ended 31 March 2018 and 31 March

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HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2018

(INR in lakhs)

39 Disclosure pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for customer complaints
Customer compliants*

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	38	-
(c) No. of complaints redressed during the year	38	-
(d) No. of complaints pending at the end of the year	-	-

* As per the records of the Company

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

As per our report of even date

for B S R & Co. LLP

Chartered Accountants

ICAI Firm's registration number: 101248W/ W-100022

S Sethuraman

Partner

Membership No: 203491

Place : Chennai

Date : 12 May 2018

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited

CIN No: U65922TN2015PLC100093

Sachin Pillai

Managing Director

DIN No. 06400793

S Nagarajan

Director

DIN No. 00009236

Roopa Sampath Kumar

Chief Financial Officer

Baalsubramanian Ne.

Company Secretary

Place : Chennai

Date : 12 May 2018