HINDUJA HOUSING FINANCE

CORPORATE IDENTITY NUMBER

U65922TN2015PLC100093

BOARD OF DIRECTORS

Mr. S Nagarajan, *Chairman*

Mr. Sachin Pillai, *Managing Director*

Mr. Gopal Mahadevan, *Director*

Ms. Bhumika Batra, *Director*

Mr. G S Sundararajan, *Director*

AUDIT COMMITTEE

Mr. G S Sundararajan, *Chairman*

Mr. Gopal Mahadevan, *Member*

Ms. Bhumika Batra, *Member*

NOMINATION AND REMUNERATION COMMITTEE

Ms. Bhumika Batra, *Chairperson*

Mr. G S Sundararajan, *Member*

Mr. Gopal Mahadevan, *Member*

Mr. Sachin Pillai, *Member*

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. S Nagarajan, *Chairman*

Ms. Bhumika Batra, *Member*

Mr. Sachin Pillai, *Member*

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. Baalasubramaniyan Ne.,
Company Secretary & Compliance Officer

REGISTERED OFFICE

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

E-MAIL & WEBSITE

compliance@hindujahousingfinance.com
www.hindujahousingfinance.com

STATUTORY AUDITORS

M/s. B S R & Co., LLP
Chartered Accountants
KRM Tower, 1st & 2nd Floor,
No. 1, Harrington Road, Chetpet,
Chennai - 600 031

BANKERS

Allahabad Bank

Axis Bank Limited

DCB Bank

HDFC Bank Limited

ICICI Bank Limited

Indian Bank

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

Union Bank of India

Vijaya Bank

Contents	Page

< This space has been intentionally left blank >

To the Members

Your Directors have pleasure in presenting the 4th Annual Report of the Company, together with the audited financial statements, for the financial year ended 31st March, 2019.

Financial Results

The summarised financial results of the Company are given hereunder (₹ in Lakhs)

Particulars	Year ended 31st March, 2019 IND AS	Year ended 31st March, 2018 IND AS
Revenue from Operations	14,022.70	7,785.36
Less: Total Expenditure	10,491.28	6,418.21
Profit Before Tax	3,531.42	2,243.72
Profit After Tax	2,500.52	1,565.89
Total comprehensive income	2,498.86	15,66.96
Surplus / Shortfall brought forward	-	-
Amount available for appropriation	2,500.52	1,565.89
Appropriations have been made as under:		
Transfers to:		
- Statutory Reserve	500.10	313.18

Operating and Financial Performance

During the year under review, your Company registered a total disbursement of ₹ 809 crores.

Your Company's net profit was ₹ 25 crores and net worth of the Company is ₹ 192.30 crores as at 31st March, 2019. We are pleased to inform that the Assets under management have grown to ₹ 1307 crores from ₹ 764 crores.

Capital Structure

Authorised Capital

During the financial year, there was no change in the authorised capital of the Company. As at 31st March, 2019, the authorised Capital of the Company was ₹ 200 crores.

Paid-up Capital

During the financial 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 ₹10 per share aggregating to ₹30 crores on 31st December, 2018. Post allotment the paid up capital of the Company was ₹ 150 Crores as on 31st March, 2019.

Bank Borrowings

During the financial year, the Company had availed loans aggregating to ₹ 626 crore and received sanctions for term loans and cash credit facilities from banks amounting to ₹ 50 crores as on 31st March, 2019.

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 financial year under review, ₹ 5 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 following table sets forth certain information with respect to credit ratings of Hinduja Housing Finance Limited as of 31st March, 2019;

Facility	Rating
Long-term Bank Facilities	CARE AA- (Stable)
Short-term Bank Facilities	CARE A1+
Commercial papers	CARE A1+ / CRISIL A1+
Non-convertible Debentures	CRISIL AA- (Stable)

Capital Adequacy

As required under Housing Finance Companies (NHB) Directions, 2010 ('NHB Directions'), your Company is presently required to maintain a minimum capital adequacy of 12% on a standalone basis. The Capital Adequacy Ratio (CAR) of the Company as on 31st March, 2019, was 19.87% (previous year 30.21%), as compared to the regulatory requirement of 12%.

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

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

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

Corporate Governance

In accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, issued by the National Housing Bank vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017, your Company has framed 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).

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

Code of Conduct

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

Awards and Accolades

The year proved to be a milestone year in terms of recognition. In an industry space that is increasingly competitive with aspirational customers, at Hinduja Housing our operations and processes have enabled us to stand out and be recognized as among the best, which is reflected by the awards won by the Company during the Financial Year 2018-19, at various award forums:

- Your Company was awarded the **Best Housing Finance Company** of the year by ET NOW BFSI Awards (2019)
- Your Company was awarded the **Outstanding Company in Housing Finance** by EPC World (2019)

Directors & Key Managerial Personnel

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

Retirement by rotation

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

Independent Directors

The Independent Directors have given declarations to the Company in terms of Section 149(7) and 149(8) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Key Management Personnel

Pursuant to the provisions of Section 203 of the Act read with the Rules made 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

As per the provisions of Sections 139 and 141 and all other applicable provisions of the Companies Act, 2013 (Act, 2013), M/s. B S R & Co. LLP (ICAI Firm Registration No. 101248W/W-100022), 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, at such remuneration and out-of-pocket expenses, as may be decided by the Board of Directors of the Company.

The requirement of placing the matter relating to such appointment for ratification by members at every annual general meeting has been dispensed with due to omission of the first proviso to Section 139(1) by the Companies (Amendment) Act, 2017 effective from May 07, 2018 as per the Notification issued by Ministry of Corporate Affairs, Govt. of India (File No.1/1/2018-CL.I dated May 07, 2018).

Our Company being a wholly owned subsidiary of Hinduja Leyland Finance Limited('HLF'), had appointed BSR & CO. LLP., ('BSR') as our Statutory auditors since inception (FY 2015-16). In view of expiry of BSR's tenure as statutory auditors of HLF, the Audit Committee and the Board of Directors of HLF have recommended the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Bengaluru (ICAI Firm Registration No.008072S) as their Statutory Auditors, subject to the approval of the shareholders.

In view of above and to align the auditors with the auditors proposed to be appointed by HLF, the Audit Committee and Board of our Company is considering appointment of Deloitte as our statutory auditors. The appointment, if made, would be for the first term of five years from the conclusion of the Fourth AGM till the conclusion of Ninth AGM to be held in the year 2024 and within the limits mentioned under the provisions of Section 141 of the Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report for FY 2018-19 issued by BSR & Co. LLP., does not contain any qualification, reservation or adverse remarks. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Secretarial Audit

As required under section 204 of the Companies Act, 2013 and Rules thereof, the Board appointed M/s. G Ramachandran & Associates, Company Secretaries, to undertake the secretarial audit of the Company for the financial year 2018-19. In terms of Section 204(3) of the Companies Act, 2013, your Directors draw your attention to the remark in the secretarial audit report regarding a penalty of Rs. 15,000 and GST thereon imposed by NHB vide their letter NHB (ND)/HFC/DRS/Sup./A-2718/2019 dated 25th March, 2019 for non-compliance of credit concentration norms as required under para 32 of Housing finance Companies Directions, 2010. The said penalty was paid subsequent to the financial year ended 31st March, 2019. The secretarial audit report is attached and forms part of this annual report and does not contain any qualification (Annexure - B).

Compliance under Companies Act, 2013

Your Company has complied with the requirements of the applicable provisions of the Companies Act, 2013 and related Rules during the financial year 2018-19. In terms of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

Directors' Responsibility Statement

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

a) in the preparation of the annual financial statements for the year ended 31st March, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

b) for the financial year ended 31st March, 2019, 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, 2019.

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 2018-19 that may have potential conflict with the interest of the Company. Suitable disclosures as required under INDAS-24 have been made in Note 27 of the Notes to the financial statements.

All the transactions entered into by the Company with any of the related parties during the year were in the ordinary course of business and on an arm's length basis. Form AOC-2, as required under Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules 2014, is annexed as part of this Board's Report (Annexure - D).

Further, pursuant to Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Related Party Transaction Policy of the Company forms part of this Board's Report (Annexure - E). The said policy is available on the website of the Company.

Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2019 and 20th May, 2019 (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, 2019) and the date of the Report (20th May, 2019).

Risk Management Policy

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

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

Internal Control Systems and their Adequacy

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

Internal Audit

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 to recommend improvements, wherever appropriate. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Corporate Social Responsibility Committee

During the financial year 2018-19, the Corporate Social Responsibility (CSR) Committee was constituted by the Board at their meeting held on 11th February, 2019, in compliance with the requirements of Section 135 of the Companies Act, 2013. The Company has in place a Corporate Social Responsibility policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. The composition of the CSR Committee and its terms of reference are given in the Report on Corporate Governance forming part of this Annual Report. The Annual Report on CSR activities forms part of this Board's Report (Annexure - F).

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 enabled in assessment of Board effectiveness, performance of Committees and Directors' feedback.

Meetings of the Board

During the Financial year 2018-19, 4 (four) meetings of the Board of Directors were held and the related details, including that of various committees constituted by the Board, are made available in the Report of Directors on Corporate Governance forming part of the annual report placed before the members. Your Company has complied with all the requirements as applicable under Companies Act, 2013 and related rules thereon and HFCs Corporate Governance (NHB) Directions, 2016, in relation to the Board of Directors and the Committees of the Board.

Committees of the Board:

Currently the Board has six Committees viz. the Audit Committee, the Nomination & Remuneration Committee, the Risk Management Committee, the Asset Liability Management Committee, the Corporate Social Responsibility Committee and the IT Strategy Committee. The Corporate Social Responsibility Committee and IT Strategy Committee were constituted during the financial year 2018-19.

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

Disclosure Under Paragraph 29 of the Housing Finance Companies (NHB) Directions, 2010

The Company has complied with requirements Housing Finance Companies (NHB) Directions 2010 except for one instance detailed below:

In terms of paragraph 32(1) (i) of the Housing Finance Companies Directions, 2010, no Housing Finance Company shall lend to any single borrower exceeding fifteen percent of its owned fund. In this regard, NHB vide its letter NHB (ND)/HFC/DRS/Sup./A-2718/2019 dated 25th March, 2019 had imposed a penalty of ₹ 15000 and GST thereon for non-compliance of credit concentration norm as required under above said para and the same was paid subsequent to the financial year ended 31st March, 2019.

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

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

Management Discussion and Analysis

Indian Economy Overview:

The Indian Economy started the fiscal year 2018–19 with a healthy 8.2% growth in the first quarter on the back of domestic resilience. Growth eased to 7.3% in the subsequent quarter due to rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. Further, the Indian rupee suffered because of the crude price shock. Despite softer growth, the Indian economy remains one of the fastest growing and possibly the least affected by global turmoil. In fact, the effects of the aforementioned external shocks were contained in part by India's strong macroeconomic fundamentals and policy changes (including amendments to the policy / code related to insolvency and bankruptcy, bank recapitalization, and foreign direct investment).

GDP Growth:

India's GDP has grown at 7.3% in the fiscal year 2018-19, and is expected to grow 7.5% in the following two years, as forecasted by World Bank. These projections could be attributed to the sustained rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development. In comparison to the growth trend, HHF has achieved an AUM of 1307 Crores (YoY growth rate of 75%) as on Mar 2019. The improving macroeconomic fundamentals have further been supported by the implementation of reform measures, which has helped foster an environment to boost investments and ease banking sector concerns. Together, these augur well for a healthy growth path for the economy. India has already surpassed France to become the sixth largest economy. By 2019, it may become the fifth largest economy, and possibly the third largest in 25 years.

Real Estate Industry & Affordable Housing:

Real Estate sector in India is expected to reach a market size of US$ 1 trillion by 2030 from US$ 120 billion in 2017 and contribute 13 per cent of the country's GDP by 2025. The Indian real estate market went through a sea change in the year 2018. The various shades of the domestic market came on surface, where certain geographic pockets witnessed a dip in terms of property valuation and sales volume. And, certain pockets witnessed property price appreciation and sharp growth. Impact of landmark regulatory policies such as RERA, GST and the Benami Transactions Prohibition Act along with demonetisation also changed the real estate landscape.

The Real Estate Regulatory Authority (RERA) did help in restoring buyer's faith in the sector and so did the GST that subsumed several state and central levies and made home purchase much less complicated. Demonetisation ensured only genuine buyers remained in the market. Consequently, there has been no unreasonable rise in property rates.

In the meantime, proceedings are underway against several developers for delaying projects, duping buyers and siphoning off funds. Those with bad records will certainly be weeded out as the sector enters a new phase. To put it succinctly, the year 2018 set the tone for a complete recovery of India's realty, based on changes on the ground. Expecting any magical changes in the year 2019 may be assuming if one predicted a full recovery even if we factor in a spike in demand and a hike in sales. The ongoing liquidity crisis in non-banking finance companies has had a negative effect on the housing finance Companies. The effect of this crisis is expected to linger for a few more months atleast.

Pradhan Mantri Awas Yojana (PMAY):

'Affordable Housing' was the buzzword for this industry in 2018, courtesy government's schemes like Pradhan Mantri Awas Yojana (PMAY). Rapid urbanization and the lack of planned affordable housing in India have led to a shortage of 10 – 12 million urban homes and 26 – 37 million urban households residing in informal housing, often in poor living conditions. 2018 has been a mixed bag. If you segment geographically, prices have been stagnant in real terms in most markets and have actually fallen in several markets. This has been bad for investors, but has been very good for home buyers. If you segment on the basis of property value, it's the higher end, which has seen big drop in prices. At the lower end, the prices have been stable and there has been significant jump in volumes. HHF's average ticket size of INR 17.1 Lakhs is a testimony to this. It is this lower end of the real estate market that has contributed significantly to the book size.

It is this rise in volume in the lower end of the realty segment that has seen a spike in the number of competitors in the affordable housing segment. HHF has attained a Cluster Count of 95 (37 new clusters in FY 19) and a Location Count of 423 (133 new locations in FY 19) as on Mar 2019. A major segment of the low-income household works in the informal sector and do not possess reliable documentation of income and therefore cannot obtain housing loans from banks and traditional housing finance companies, which focus on middle and high – income formal sector customers and provide loans on the basis of reliable income documentation.

Indian First Time Home Buyer – An opportunity for the HFCs:

40 years ago, the average first-time home buyer in India was in his late 50's. More recently, things have changed and today, the average home buyer is in his 30's, with a significant proportion in mid-to-late 20's. This shift can be largely attributed to higher disposable incomes, easy access to finance, higher returns from real estate investments & indeed a change in the consumer mindset. The cultural shift from joint families to nuclear families in cities has also contributed to the demand for more houses. Working couples today, place a much higher aspirational value on owning a well built, safe & comfortable house. Sensing an opportunity, the banks & financial service companies stepped in, offering home finance at more affordable rates. As the returns from investment in a residential property started yielding good returns, it made a lot of sense to invest early in buying a home.

Keeping in mind the aforesaid opportunities in the Indian Affordable Housing Realm, the success of HFCs seems unlikely to stop as they are likely to continue their steep growth trajectory, as significant equity has already entered this market, and more is likely to come. Debt is also easily available. More importantly, there remains a vast, unaddressed market of informal, low-income aspiring homeowners in urban India.

Challenges:

Balance transfers affect the sustainability of HFCs in many ways. Part of an HFCs profitability comes from interest income on the spread, which is curtailed in case of a balance transfer as the duration of the loan is cut short. During FY 19 HHF witnessed foreclosures of 272 Crores (26 Crores in Mar 2019) which affirms the worrying trend. Balance transfers also adversely impact the quality of the loan book as borrowers with good repayment behaviour are the ones being poached. As a result, the HFCs credit ratings may not improve, and returns on capital remain subdued.

As liquidity tightness persists, an increasing number of NBFCs are offloading their books to banks, or partnering with banks on co-origination schemes. HFCs of all sizes have reigned in their disbursements since the middle of last year. Private equity investors, who had been active in participating in the growth of emerging HFCs, are waiting while the sector is being tested.

With the aforementioned opportunities and challenges, HHF would steer towards achieving the targets of FY 20 given the wide spread distribution network, group's backing and exceptional cost management approach by encompassing the credit worthy yet financially excluded Indians.

Outlook for FY 2019-20:

Housing finance sector has witnessed an annual growth rate of 18% - 20% in the past 5 years, helped by higher government support, lower interest rates, and easing inflation. Owing to strong growth in the overall housing finance market and the increasing average ticket size of home loans, the number of housing finance companies (HFCs) serving financially excluded, lower-income informal customers have grown significantly. HFCs are now addressing these urban informal customers using an innovation pioneered in India "Field – based Credit Assessment" which gives them a major competitive edge and also exposes us to a customer profile which is a mix-bag of small entrepreneurs, first time home buyers, new to credit and salaried.

Government's move to incentivize affordable housing has come as a shot in the arm for urban and semi-urban population, and first-time buyers are taking benefit of the schemes especially under the Credit Linked Subsidy Scheme. Further, the interim budget announced tax sops to boost affordable housing demand in the next fiscal. Income tax on notional rent on second self-occupied house has been exempted. This will tempt people to buy a second house. Further, the government has proposed rollover of capital gains up to Rs 2 crore towards buying 2 houses compared to only one under the present scenario. This is also expected to lure individuals to buy more than one house, driving real estate sales.

HFCs are able to garner market share in the affordable housing finance segment due to their strong origination skills, focused approach, creation of niches in catering to particular categories of customers, relatively superior customer service and diverse channels of business sourcing. These factors will help them capture market share in the future as banks have become risk averse and are focussing on high ticket customers with good credit profiles.

Rising urbanisation, nuclearization of families, and increase in the number of affordable housing projects have augmented the growth of the affordable housing sector. The success of HFCs seems unlikely to stop as they are likely to continue their steep growth trajectory, as significant equity has already entered this market, and more is likely to come.

Acknowledgement

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

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

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

On behalf of the Board of Directors

Place : Chennai — **S Nagarajan**

Date : 20th May, 2019 — ***Chairman***

Annexure A

REPORT ON CORPORATE GOVERNANCE

National Housing Bank (NHB) Directions on Corporate Governance

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

Company's Philosophy on Corporate Governance

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

Board of Directors

As at 31st March, 2019, the Board consists of 5 (Five) members with an optimum combination of executive, non-executive directors and independent directors including 1 woman director. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and corporate governance directions issued by National Housing Bank.

Composition and category of Directors

Name of the Director	Category	DIN	No. of shares held by the Directors as at March 31, 2019
Mr. S Nagarajan	Chairman, Non-Executive	00009236	1#
Mr. Sachin Pillai	Managing Director, Executive	06400793	1#
Mr. Gopal Mahadevan	Non-Executive / Non-Independent	01746102	1#
Ms. Bhumika Batra	Non-Executive / Independent	03502004	Nil
Mr. G S Sundararajan	Non-Executive / Independent	00361030	Nil

Shares held as nominee of the Hinduja Leyland Finance Limited.

Re-appointment of Director(s)

Pursuant to Section 152 of the Companies Act, 2013, Mr. S Nagarajan, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 4 (Four) times on the following dates:

FY 2017 - 18	Meeting Dates
April'18 – June'18 (Q1)	12th May, 2018
July'18 – September'18 (Q2)	18th July, 2018
October'18 – December'18 (Q3)	9th November, 2018
January'19 – March'19 (Q4)	11th February, 2019

The necessary quorum was present at all the meetings. Each Director informs the Company on an annual basis about the Board and 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 2018-19 of each Director at the Board Meetings and last Annual General Meeting

Name	No. of meeting attended / eligible	
	Board	Annual General Meeting
Mr. S Nagarajan	4/4	1/1
Mr. Sachin Pillai	4/4	1/1
Mr. Gopal Mahadevan	4/4	1/1
Ms. Bhumika Batra	4/4	0/1
Mr. G S Sundararajan	4/4	0/1

Meeting(s) of the Independent Directors

During the year under review, in line with the requirement under Section 149(8) and Schedule IV of the Companies Act, 2013, the Independent Directors had a separate meeting on 12th May, 2018, without the presence of Non-Independent Directors and members of management, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board.. All the Independent Directors were present at the Meeting and no adverse feedback emanated from the meeting.

Code of conduct

For the year under review, all the Directors and Senior Management Personnel have affirmed compliance with the provisions of their Code of Conduct. In terms of the Code of Conduct of Independent Directors as per Schedule IV of the Companies Act, 2013, the Board has adopted the said Code and all the Independent Directors have affirmed that they shall abide by the said Code. In terms of the HFCs Corporate Governance

(NHB) Directions, 2016, all the Directors have executed the Declaration-cum undertaking as well as the Deed of Covenants with the Company.

Committees of the Board

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

Audit Committee

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

Composition of Audit Committee of the Board is as follows:

<table>
<tr><th>Name</th><th>No. of meetings attended / held during the year</th><th>Meeting Dates</th></tr>
<tr><td>Mr. G S Sundararajan
Chairman, Independent / Non-executive</td><td>4/4</td><td rowspan="3">12th May, 2018
18th July, 2018
9th November, 2018
11th February, 2019</td></tr>
<tr><td>Ms. Bhumika Batra
Independent / Non-executive</td><td>4/4</td></tr>
<tr><td>Mr. Gopal Mahadevan
Non-independent / Non-executive</td><td>4/4</td></tr>
</table>

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

<table>
<tr><th>Name</th><th>No. of meetings attended / held during the year</th><th>Meeting Dates</th></tr>
<tr><td>Ms. Bhumika Batra
Chairperson, Independent / Non-executive</td><td>2/2</td><td rowspan="4">12th May, 2018
9th November, 2018</td></tr>
<tr><td>Mr. G S Sundararajan
Independent / Non-executive</td><td>2/2</td></tr>
<tr><td>Mr. Gopal Mahadevan
Non-independent / Non-executive</td><td>2/2</td></tr>
<tr><td>Mr. Sachin Pillai
Non-independent / Executive</td><td>2/2</td></tr>
</table>

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.

Compostion of Risk Management Comittee and Asset Liability Management Committees are as follows:

Risk Management Committee		
Name	**No. of meetings attended / eligible**	**Meeting Dates**
Mr. Gopal Mahadevan Non-independent / Non-executive	2/2	12th May, 2018 9th November, 2018
Mr. G S Sundararajan Independent / Non-executive	2/2	
Mr. S Nagarajan Non-independent / Non-executive	2/2	

Asset Liability Management Committee*		
Name & Designation	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. S. Nagarajan, Director, Chairman	4/4	11th May, 2018
Mr. Sachin Pillai, Managing Director, Member	4/4	23rd October, 2018
Mr. Venkatesh Kannappan, COO, Member	4/4	11th February, 2019
Ms. Roopa Sampath Kumar, CFO, Member	4/4	25th March, 2019

* Asset Liability Management Committee was reconstituted vide Board Resolution dated 11th February, 2019.

IT Strategy Committee

During the financial year 2018-19, the IT Strategy Committee was constituted by the Board as per National Housing Bank (NHB) Circular “NHB/ND/DR5/Policy Circular No.90/2017-18” dated June 15, 2018.

Composition of IT strategy Committee is as follows;

Name & Designation
Mr. G S Sundararajan, Chairman, Independent / Non-executive
Mr. Sachin Pillai, Non-independent / Non-executive
Mr. Venkatesan J – Chief Manager IT

* IT Strategy Committee was constituted vide Board resolution dated 11th February, 2019

Corporate Social Responsibility Committee

During the financial year 2018-19, the Corporate Social Responsibility (CSR) Committee was constituted by the Board in compliance with the requirements of Section 135 of the Companies Act, 2013. The Company has in place a Corporate Social Responsibility policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. The composition of the CSR Committee and its terms of reference are given in the Report on Corporate Governance forming part of this Annual Report. The Annual Report on CSR activities forms part of this Board's report (Annexure - F).

Composition of CSR Committee is as follows;

Name & Designation
Mr. S Nagarajan, Chairman, Non-executive
Mr Sachin Pillai, Non-independent / Non-executive
Ms. Bhumika Batra, Independent / Non-executive

* CSR Committee was constituted vide Board Resolution dated 11th February, 2019

Vigil Mechanism / Whistle Blower Policy

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

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

Your Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. In terms of the policy an Internal committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During financial year 2018-19 there were no referrals received by the Internal Committee.

On behalf of the Board of Directors

Place : Chennai
Date : 20th May, 2019

S. Nagarajan
Chairman

Annexure B

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended 31st March 2019

[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 2019 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 2019 according to the provisions of:

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

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

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

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

(v) National Housing Bank Act, 1987 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 Directorsand 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 companyhas:

1. Issued 3,00,00,000 equity shares of ₹10/- each on 31st December, 2018 to its Equity Shareholders on right basis.
2. The company has received a letter vide no (ND)/HFC/DRS/Sup./A-2718/2019 dated 25th March, 2019 from National Housing Bank imposing a penalty of ₹ 15,000/- for non-compliance of the paragraph 32(1) (i) of the Housing Finance Companies Directions, 2010 and the said penalty amount was paid by the company on 24th April,2019.

FOR G RAMACHANDRAN & ASSOCIATES
Company Secretaries

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

Place : Chennai
Date : 20th May, 2019

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

ANNEXURE – SECRETARIAL AUDIT REPORT OF EVEN DATE

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the company our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We followed a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company not of the efficacy of effectiveness with which the management has conducted the affairs of the Company.

FOR G RAMACHANDRAN & ASSOCIATES
Company Secretaries

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

Place : Chennai
Date : 20th May, 2019

Annexure C

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2019

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

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2018]				No. of Shares held at the end of the year [As on 31st March, 2019]				% 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. *	-	11,99,99,994	11,99,99,994	100.00%	-	14,99,99,994	14,99,99,994	100.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	**-**	**12,00,00,000**	**12,00,00,000**	**100.00%**	**-**	**15,00,00,000**	**15,00,00,000**	**100.00%**	**0.00%**
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
TOTAL (A)	**-**	**12,00,00,000**	**12,00,00,000**	**100.00%**	**-**	**15,00,00,000**	**15,00,00,000**	**100.00%**	**0.00%**

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2018]				No. of Shares held at the end of the year [As on 31st March, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2018]				No. of Shares held at the end of the year [As on 31st March, 2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.	-	-			-	-			
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals		-							
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of ₹ 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)	**-**	**12,00,00,000**	**12,00,00,000**	**100.00%**	**-**	**15,00,00,000**	**15,00,00,000**	**100.00%**	

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

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hinduja Leyland Finance Limited	11,99,99,994	100.00%	0%	14,99,99,994	100.00%	0%	0.00%
2	Nagarajan Srinivasan *	1	0.00%	0%	1	0.00%	0%	0.00%
3	Sachin Pillai *	1	0.00%	0%	1	0.00%	0%	0.00%
4	Gopal Mahadevan *	1	0.00%	0%	1	0.00%	0%	0.00%
5	J Ganesh *	1	0.00%	0%	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%
		12,00,00,000	**100.00%**	**0%**	**15,00,00,000**	**100.00%**	**0%**	

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

(iii) Change in Promoters' Shareholding

S. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Hinduja Leyland Finance Limited ***						
	At the beginning of the year			11,99,99,994	100.00%	11,99,99,994	100.00%
	Changes during the year	31-Dec-18	Rights issue	3,00,00,000	100.00%	14,99,99,994	100.00%
	At the end of the year					14,99,99,994	100.00%
2	**Nagarajan Srinivasan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%

(iii) Change in Promoters' Shareholding

S. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
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):

S. No.	For each of the Top 10 shareholders	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Not Applicable					
	Changes during the year						
	At the end of the year						

(v) Shareholding of Directors and Key Managerial Personnel

S. No	For Each of the Directors and KMP	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Mr.S.Nagarajan, Director ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
2	**Mr.Sachin Pillai, Managing Director***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
3	**Mr.Gopal Mahadevan, Director***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%

(v) Shareholding of Directors and Key Managerial Personnel

S. No	For Each of the Directors and KMP	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Other KMPs						
1	**Ms. Roopa Sampath Kumar, 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. Baalasubramaniyan 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%

< This space has been intentionally left blank >

V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning 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**
Change in Indebtedness during the financial year				
* Addition	59,779.49	11,350.91	-	71,130.39
* Reduction	-11,626.32	-11,350.91	-	-22,977.23
Net Change	**48,153.17**	**-**	**-**	**48,153.17**
Indebtedness at the end of the financial year				
i) Principal Amount	1,10,044.33	-	-	1,10,044.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	313.02	-	-	313.02
Total (i+ii+iii)	**1,10,357.35**	**-**	**-**	**1,10,357.35**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of Remuneration		**Total Amount (₹ in Lacs)**
Name	**Sachin Pillai**	
Designation	**Managing Director**	
Nil		

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

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors		Total Amount (₹ in Lacs)
Independent Directors	**Mr. Bhumika Batra**	**Mr. G S Sundararajan**	
- Fee for attending board / committee meetings	2.70	3.24	5.94
- Commission	-	-	-
- Others, please pecify	-	-	-
Total	**2.70**	**3.24**	**5.94**

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

Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount (₹ in Lacs)
Name	**Ms. Roopa Sampath Kumar**	**Mr. Baalasubramaniyan Ne.**	
Designation	**CFO**	**CS**	
Nil			

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	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

Annexure - D
Form No. AOC-2

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

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

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

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

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

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

On behalf of the Board of Directors

Place : Chennai
Date : 20th May, 2019

S. NAGARAJAN
Chairman

Annexure - E
Related Party Transactions Policy

1. Introduction

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

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

2. Policy Objectives

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

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

3. Definitions

3.1 Applicable Law

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

3.2 Arms' length basis

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

3.3. Employees

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

3.4 Material Related Party Transaction

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

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

Ordinary Course of Business means: -

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

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

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

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

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

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

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

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

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

  (iv) Royalty fees paid or received from related entities

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

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

3.6 Related Party Transactions

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

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

4. Related Party Transactions

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

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

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

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

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

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

(iv) Any transaction which is in the Ordinary Course of Business and on an Arm's

Length Basis as determined in terms of this Policy;

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

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

(vii) Payment of Dividend;

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

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

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

6. Related Party Transactions not previously approved

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

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

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

7. Disclosures:

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

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

8. Power to amend the policy

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

Annexure F
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

1)	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.com	CSR Policy of the Company specifies the activities to be undertaken by the Company as recommended by the CSR Committee and approved by the Board of Directors in such projects or programs relating to activities specified in Schedule VII of the Act. The Company's CSR Policy has been uploaded on the website of the Company under the web-link: www.hindujahousingfinance.
2)	The composition of the CSR Committee:	Mr. S. Nagarajan – Chairman Ms. Bhumika Batra – Member Mr. Sachin Pillai - Member
3)	Average net profit of the company for last three financial years	₹ 882.88 Lakhs
4)	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 17.66 Lakhs
5)	Details of CSR spent / unspent during the financial year:	
	a) Total amount to be spent for the financial year 2018-19	₹ 17.66 Lakhs
	b) Amount unspent, if any:	₹ 17.66 Lakhs

5c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity Identified	Sector in which the project is covered	Projects or Programs 1) local area or other 2) specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs-wise.	Amount Spent on the Projects or Programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative Expenditure Up to the Reporting Period	Amount Spent direct Or through Implementing Agency (with details of implementing agency)
Nil							

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's report:

Being the first year of applicability of CSR, the Company shall align its CSR activities as per the scope pursued by Hinduja Leyland Finance Limited (HLF), the parent Company. Accordingly, the Company would be evaluating the projects undertaken by HLF to consider the feasibility of aligning the Company's CSR projects with HLF to meet its CSR obligations.

7. Responsibility Statement by the Corporate Social Responsibility Committee:

We hereby state that implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Place : Chennai	**Sachin Pillai**	**S. Nagarajan**
Date : 20th May, 2019	***Managing Director***	***Chairman of the CSR Committee***

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hinduja Housing Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Other Information

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the director's report, but does not include the financial statements and our auditor's report thereon. The Company's director's report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Company's director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 standalone 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 and Board of Directors are 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

   (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

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

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 31 March 2019.

   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 Notes 6, 7 and 21 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

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 in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 101248W/ W-100022

Naveen Raj R
Partner
Membership No. 203491

Place : Chennai
Date : 20th May, 2019

(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 a phased manner. 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 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, goods and 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, goods and service tax and other material statutory dues were in arrears as at 31 March 2019 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 goods and services tax that have not been deposited on account of any disputes.

(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 by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and on the basis of our examination of records of the Company, the managerial remuneration for the year ended 31 March 2019 has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act and rules framed thereunder.

(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 give 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 number: 101248W/ W-100022

Naveen Raj R
Partner
Membership No. 203491

Place : Chennai
Date : 20th May, 2019

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")

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

Opinion

We have audited the internal financial controls with reference to financial statements of Hinduja Housing Finance Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and whether 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 such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls 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 controls with reference to financial statements include 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 controls 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.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm's registration number: 101248W/ W-100022

Naveen Raj R
Partner
Membership No. 203491

Place : Chennai
Date : 20th May, 2019

BALANCE SHEET
As at 31st March 2019

HINDUJA HOUSING FINANCE

INR In Lakhs

	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	5	1,127.31	983.08	202.15
Loans	6	1,22,040.42	69,801.41	44,557.65
Investments	7	**5,292.86**	**3,854.16**	**-**
Other financial assets	8	1,240.27	1,096.38	647.31
		1,29,700.86	**75,735.03**	**45,407.11**
Non-financial assets				
Current tax assets (net)	9	247.61	171.46	-
Deferred tax assets (net)	9	**-**	**92.81**	**64.48**
Property, plant and equipment	10	205.65	100.61	88.69
Intangible assets	10A	3.95	5.30	6.82
Other non-financial assets	11	20.21	53.33	95.12
		477.42	**423.51**	**255.11**
TOTAL ASSETS		**1,30,178.28**	**76,158.54**	**45,662.22**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables				
Trade Payables				
(i) total outstanding dues of micro and small enterprises	12	-	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises	12	42.66	31.61	20.30
Borrowings	13	1,09,981.34	61,977.49	36,155.81
Other financial liabilities	14	807.72	352.08	210.69
		1,10,831.72	**62,361.18**	**36,386.80**
Non-financial liabilities				
Provisions	15	36.65	29.87	71.54
Deferred tax liabilities (net)	9	**60.93**	**-**	**-**
Other non-financial liabilities	16	19.47	36.84	40.19
		117.05	**66.71**	**111.73**
EQUITY				
Equity share capital	17	15,000.00	12,000.00	9,000.00
Other equity	18	4,229.51	1,730.65	163.69
		19,229.51	**13,730.65**	**9,163.69**
TOTAL LIABILITIES AND EQUITY		**1,30,178.28**	**76,158.54**	**45,662.22**
Significant accounting policies	2, 3 & 4			

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

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

Naveen Raj R
Partner
Membership No: 217772

Place : Chennai
Date : 20th May, 2019

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No : 06400793

Roopa Sampath Kumar
Chief Financial Officer

Baalasubramaniyan Ne.
Company Secretary

Place : Chennai
Date : 20th May, 2019

STATEMENT OF PROFIT AND LOSS
For the year ended 31st March 2019

INR In Lakhs

Particulars	Note	For the year ended 31 Mar 2019	For the year ended 31 Mar 2018
Revenue from operations			
Interest income	19	12,958.24	7,763.04
Fees and commission income	19	64.46	22.32
Income from other services	19	1,000.00	876.57
Total Revenue from operations		**14,022.70**	**8,661.93**
Expenses			
Finance costs	20	7,003.39	4,337.08
Impairment on financial assets	21	410.36	473.61
Employee benefits expenses	22	1,814.77	897.34
Depreciation and amortization	23	59.88	37.60
Other expenses	24	1,202.88	674.58
Total Expenses		**10,491.28**	**6,420.21**
Profit before tax		**3,531.42**	**2,241.72**
Tax expense:	**25**		
Current tax		876.42	707.40
Deferred tax (net)		154.48	(29.58)
		1,030.90	**677.82**
Profit for the year		**2,500.52**	**1,563.90**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(2.34)	4.30
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.68	(1.24)
Total other comprehensive income		**(1.66)**	**3.06**
Total comprehensive Income		**2,498.86**	**1,566.96**
Earnings per equity share (face value ₹10 each)	26		
- Basic (in ₹)		1.96	1.60
- Diluted (in ₹)		1.96	1.60
Significant accounting policies	2, 3 & 4		

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

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

Naveen Raj R
Partner
Membership No: 217772

Place : Chennai
Date : 20th May, 2019

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No : 06400793

Roopa Sampath Kumar
Chief Financial Officer

Baalasubramaniyan Ne.
Company Secretary

Place : Chennai
Date : 20th May, 2019

STATEMET OF CHANGE IN EQUITY
For the year ended at 31st March 2019

INR In Lakhs

Particulars	Number of shares	Amount
A. EQUITY SHARE CAPITAL		
Balance as at 1 April 2017	**9,00,00,000**	**9,000.00**
Add: Issued during the year	3,00,00,000	3,000.00
Balance as at 31 March 2018	**12,00,00,000**	**12,000.00**
Add: Issued during the year	**3,00,00,000**	**3,000.00**
Balance as at 31 March 2019	**15,00,00,000**	**15,000**

B. Other equity	Reserves and Surplus		Total
	Statutory Reserves	Retained Earnings	
Balance as at 1 April 2017	**37.87**	**125.82**	**163.69**
Profit for the year	-	1,563.90	1,563.90
Transfer to reserve	312.78	(312.78)	-
Total other comprehensive income (net of tax)	-	3.06	3.06
Balance as at 31 March 2018	**350.65**	**1,380.00**	**1,730.65**
Profit for the year	-	2,500.52	2,500.52
Transfer to reserve	500.10	(500.10)	-
Total other comprehensive income (net of tax)	-	(1.66)	(1.66)
Balance as at 31 March 2019	**850.75**	**3,378.76**	**4,229.51**

Significant accounting policies 2, 3 & 4

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

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

Naveen Raj R
Partner
Membership No: 217772

Place : Chennai
Date : 20th May, 2019

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No : 06400793

Roopa Sampath Kumar
Chief Financial Officer

Baalasubramaniyan Ne.
Company Secretary

Place : Chennai
Date : 20th May, 2019

INR In Lakhs

	For the year ended 31 Mar 2019	For the year ended 31 Mar 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3,531.42	2,241.72
Adjustments:		
Depreciation and amortization	59.88	37.60
Impairment on financial assets	410.36	473.61
Finance cost	7,003.39	4,337.08
Interest on security deposit	(37.02)	(12.79)
Rent expense	32.36	17.90
Interest income on investments	(391.16)	(215.16)
Operating cash flow before working capital changes	**10,609.23**	**6,879.96**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(52,670.58)	(25,738.26)
Other financial assets	(148.14)	(456.32)
Other non- financial assets	33.12	41.79
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	11.05	11.31
Other financial liabilities	276.15	47.90
Other non financial liabilities	(17.37)	(3.35)
Net cash (used in) operations	**(41,906.54)**	**(19,216.97)**
Finance cost paid	(6,823.90)	(4,243.59)
Taxes paid (net)	(973.56)	(923.43)
Net cash (used in) operating activities (A)	**(49,704.00)**	**(24,383.99)**

CASH FLOW STATEMENT
For the year ended 31st March 2019

INR In Lakhs

		Note	For the year ended 31 Mar 2019	For the year ended 31 Mar 2018
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Investment in pass through securities (net)		(1,438.84)	(2,854.27)
	Investment in redeemable non-convertible debentures (net)		-	(1,000.00)
	Interest income on investments		386.91	207.91
	Purchase of fixed assets (tangible and intangible assets)		(103.69)	(10.40)
	NET CASH FROM/ (used in) INVESTING ACTIVITIES (B)		**(1,155.62)**	**(3,656.76)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of equity shares		3,000.00	3,000.00
	Proceeds from borrowings (net)		48,003.85	25,821.68
	NET CASH FROM FINANCING ACTIVITIES (C)		**51,003.85**	**28,821.68**
	Net increase in cash and cash equivalents (A+B+C)		144.23	780.93
	Cash and cash equivalents at the beginning of the year		**983.08**	**202.15**
	Cash and cash equivalents at the end of the period		**1,127.31**	**983.08**
	Components of cash and cash equivalents			
	Cash and cheques on hand	5	11.69	6.65
	Balances with banks			
	-In current accounts	5	1,115.62	976.43
			1,127.31	**983.08**
Significant accounting policies		2,3&4		

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

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

Naveen Raj R
Partner
Membership No: 217772

Place : Chennai
Date : 20th May, 2019

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No : 06400793

Roopa Sampath Kumar
Chief Financial Officer

Baalasubramaniyan Ne.
Company Secretary

Place : Chennai
Date : 20th May, 2019

1 Reporting entity

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

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the year ended 31 March 2018 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 38.

These financial statements were authorised for issue by the Company's Board of Directors on 20 May 2019.

Details of the Company's accounting policies are disclosed in note 3.

2.2 Presentation of financial statements

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

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

(i) The normal course of business

(ii) The event of default

2.3 Functional and presentation currency

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

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.5 Use of estimates and judgements

The preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

ii) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

iii) Effective Interest Rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.

iv) Impairment of financial asset

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

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

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

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

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

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

v) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

3 Significant accounting policies

3.1 Recognition of Interest Income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - Initial recognition

A. Date of recognition

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

B. Initial measurement of financial instruments

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

C. Measurement categories of financial assets and liabilities

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

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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

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

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

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

SPPI test

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

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

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

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

Accordingly, financial assets are measured as follows

i) Financial assets carried at amortised cost (AC)

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

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

ii) Financial assets carried at amortised cost (AC)

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

B. Financial liability

i) Initial recognition and measurement

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

ii) Subsequent measurement

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

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2019 and 31 March 2018.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

B. Derecognition of financial assets other than due to substantial modification

i) Financial Assets

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

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

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

ii) Financial Liability

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

3.6 Impairment of financial assets

A. Overview of ECL principles

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

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

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

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

Both LTECLs and 12 months ECLs are calculated on collective basis.

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

Stage 1:

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

Stage 2:

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

Stage 3:

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

Loan commitments:

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

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

PD:

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

EAD:

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

LGD:

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

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

The mechanics of the ECL method are summarised below:

Stage 1:

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

Stage 2:

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

Stage 3:

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

B. Loans and advances measured at FVOCI

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

C. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross domestic products

ii) Domestic demand

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

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

3.8 Write-offs

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

3.9 Determination of fair value

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

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

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

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

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

3.10 Recognition of revenue and other income

A. Revenue from operations

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

B. Fees and commission income

Fees and commission income such as cheque bounce charges and service income etc. are recognised on point in time basis.

C. Income from other services

Income from other services is recognised on the basis of the terms of the contract entered into with the parties.

3.11 Property, plant and equipment

i. Recognition and measurement

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

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

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

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

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. Subsequent expenditure

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

iv. Depreciation

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

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

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

3.12 Intangible assets

i. Intangible assets

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

ii. Subsequent expenditure

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

iii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortisation

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

Asset category	Estimated Useful life
Computer softwares	6 years

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

3.13 Impairment of non-financial assets

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

3.14 Employee benefits

i. Post-employment benefits

Defined contribution plan

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

Defined benefit plans

Gratuity

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

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

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

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

ii. Other long-term employee benefits

Compensated absences

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

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive which are expected to occur within twelve months after the end of the year in which the employee renders the related service.

3.15 Provisions, contingent liabilities and contingent assets

Provisions

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

Contingent liability

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

Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed in the financial statements.

3.16 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Lease payments

Payments made under operating leases are generally recognised in Statement of profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.

3.17 Income tax

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

i. Current tax

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

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

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for

(a) temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;

(b) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(c) taxable temporary differences arising on the initial recognition of goodwill."

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

iii. Minimum Alternate Tax

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.

3.18 Borrowing cost

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

3.19 Cash and cash equivalents

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

3.20 Segment reporting- Identification of segments:

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

3.21 Earnings per share

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

3.22 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.

4 Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019

Ind AS 116 - Leases

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 accounting.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Company will apply the standard to its leases, prospectively, using the modified prospective method with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in the statement of profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 109 – Prepayment features with negative compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 19 – Plan amendment, curtailment or settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
5	**CASH AND CASH EQUIVALENTS**			
	Cash on hand	4.98	1.45	-
	Balances with Banks			
	- In current / cash credit accounts	1,115.62	976.43	202.15
	Cheques on hand	6.71	5.20	-
	Total	**1,127.31**	**983.08**	**202.15**
	(i) Earmarked balances with banks	-	-	-
	(ii) Balances with bank to the extent held as margin money or security against the borrowings, gurantees, other commitments	-	-	-
	(iii) Repatriation restrictions in respect of cash and bank balances	-	-	-

Note: The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
		At amortised cost		
6	**LOANS**			
	A. Based on nature			
	Retail Loans	1,04,159.90	66,004.37	44,773.57
	Term Loans	18,385.30	4,451.78	-
	Total gross	**1,22,545.20**	**70,456.15**	**44,773.57**
	Less : Impairment loss allowance	(504.78)	(654.74)	(215.92)
	Total net	**1,22,040.42**	**69,801.41**	**44,557.65**
	B. Based on security			
	(i) Secured by tangible assets	1,22,545.20	70,456.15	44,773.57
	(ii) Unsecured	-	-	-
	Total gross	**1,22,545.20**	**70,456.15**	**44,773.57**
	Less : Impairment loss allowance	(504.78)	(654.74)	(215.92)
	Total net	**1,22,040.42**	**69,801.41**	**44,557.65**
	C. Based on region			
	(I) Loans in India			
	(i) Public Sector	-	-	-
	(ii) Others	1,22,545.20	70,456.15	44,773.57
	Total gross	**1,22,545.20**	**70,456.15**	**44,773.57**
	Less : Impairment loss allowance	(504.78)	(654.74)	(215.92)
	Total net (I)	**1,22,040.42**	**69,801.41**	**44,557.65**
	(II) Loans outside India			
	Loans outside India	-	-	-
	Total net (II)	**-**	**-**	**-**
	Total (I)+(II)	**1,22,040.42**	**69,801.41**	**44,557.65**

Notes :

1. **Retail loans are secured exposures that are secured by assets hypothecated to the company.**
2. Term loans are secured exposures that are secured by assets/ underlying portfolio provided to the company by the borrower.

6.1 An analysis of changes in the gross carrying amount* and the corresponding ECL allowances

Particulars	31 March 2019				31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**64,501.96**	**8,936.91**	**563.26**	**74,002.13**	**40,362.10**	**4,564.51**	**-**	**44,926.61**
Assets repaid (excluding write offs)*	(14,728.50)	(3,935.96)	(119.28)	(18,783.74)	(7,334.99)	(944.20)	-	(8,279.19)
Transfers from Stage 1 **	(3,341.80)	2,946.80	395.00	-	(5,602.70)	5,106.37	496.33	-
Transfers from Stage 2 **	1,907.12	(3,151.76)	1,244.64	-	1,799.28	(1,860.05)	60.77	-
Transfers from Stage 3 **	44.45	62.29	(106.74)	-	-	-	-	-
Amounts written off	-	-	(197.02)	(197.02)	-	-	-	-
New assets originated	69,181.14	2,765.59	306.70	72,253.43	35,278.27	2,070.28	6.16	37,354.71
Gross carrying amount closing balance	**1,17,564.37**	**7,623.87**	**2,086.56**	**1,27,274.80**	**64,501.96**	**8,936.91**	**563.26**	**74,002.13**

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

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

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

6.2 Reconciliation of ECL balance is given below:

Particulars	31 March 2019				31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**35.71**	**373.37**	**245.77**	**654.85**	**25.22**	**190.70**	**-**	**215.92**
Addition during the year	20.96	130.48	279.57	431.01	18.45	299.83	245.77	564.05
Reversal during the year	(25.91)	(324.12)	(230.79)	(580.82)	(7.96)	(117.16)	-	(125.12)
ECL allowance - closing balance	**30.76**	**179.73**	**294.55**	**505.04**	**35.71**	**373.37**	**245.77**	**654.85**

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is 197.02 lakhs as at 31 March 2019 (31 March 2018 : Nil).

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
7	**INVESTMENTS**			
	Investment in debentures (unquoted)			
	Non-convertible redeemable debentures	1,000.00	1,000.00	-
	Investment in pass-through certificates (unquoted)			
	Investment in pass-through certificates	4,293.12	2,854.27	-
	Gross Investments	**5,293.12**	**3,854.27**	**-**
	(i) Investments outside India	-	-	-
	(ii) Investments in India	5,293.12	3,854.27	-
	Gross Investments	**5,293.12**	**3,854.27**	**-**
	Less: Allowance for impairment loss	(0.26)	(0.11)	-
	Net Investments	**5,292.86**	**3,854.16**	**-**
	Aggregate book value of unqouted investments	5,293.12	3,854.27	-
	Aggregate amount of impairment in value of investments	(0.26)	(0.11)	-
8	**OTHER FINANCIAL ASSETS**			
	Interest accrued			
	- on loans and advances	1,052.10	644.03	349.72
	- on investments	22.22	17.97	10.72
	Employee advances	-	2.75	-
	Security deposits (also refer note 27)	165.95	118.93	106.14
	Others receivables	-	312.70	180.73
	Total	**1,240.27**	**1,096.38**	**647.31**

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
9	**TAX ASSETS (NET)**			
	Current tax assets (net)			
	Advance income tax (net of provision)	247.61	171.46	-
	Deferred tax assets (net) (refer note 25)			
	Deferred tax assets / (liability)	(60.93)	92.81	64.48

10 PROPERTY, PLANT AND EQUIPMENT

Particulars	Furniture and fixtures	Office equipment	Computers	Total
Cost or deemed cost (gross carrying amount)				
Balance as at 1 April 2017	**11.90**	**10.13**	**66.66**	**88.69**
Additions	1.61	14.31	34.08	50.00
Disposals	-	0.27	2.64	2.91
Balance as at 31 March 2018	**13.51**	**24.17**	**98.10**	**135.78**
Balance as at 1 April 2018	13.51	24.17	98.10	135.78
Additions	4.32	3.79	159.28	167.39
Disposals	-		5.06	5.06
Balance as at 31 March 2019	**17.83**	**27.96**	**252.32**	**298.11**
Accumulated depreciation				
Balance as at 1 April 2017	**-**	**-**	**-**	**-**
Depreciation for the year	1.63	3.79	30.66	36.08
Disposals	-	0.03	0.88	0.91
Balance as at 31 March 2018	**1.63**	**3.76**	**29.78**	**35.17**
Balance as at 1 April 2018	1.63	3.76	29.78	35.17
Depreciation for the year	1.97	8.76	47.80	58.53
Disposals	-	-	1.24	1.24
Balance as at 31 March 2019	**3.60**	**12.52**	**76.34**	**92.46**
Carrying amount (net)				
As at 1 April 2017	11.90	10.13	66.66	88.69
As at 31 March 2018	11.88	20.41	68.32	100.61
As at 31 March 2019	**14.23**	**15.44**	**175.98**	**205.65**

10A INTANGIBLE ASSETS

Particulars	Computer Software	Total
Cost or deemed cost (gross carrying amount)		
Balance as at 1 April 2017	**6.82**	**6.82**
Additions	-	-
Disposals	-	-
Balance as at 31 March 2018	**6.82**	**6.82**
Balance as at 1 April 2018	6.82	6.82
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	**6.82**	**6.82**
Accumulated depreciation		
Balance as at 1 April 2017	**-**	**-**
Depreciation for the year	1.52	1.52
Disposals	-	-
Balance as at 31 March 2018	**1.52**	**1.52**
Balance as at 1 April 2018	1.52	1.52
Depreciation for the year	1.35	1.35
Disposals	-	-
Balance as at 31 March 2019	2.87	2.87
Carrying amount (net)		
As at 1 April 2017	6.82	6.82
As at 31 March 2018	5.30	5.30
As at 31 March 2019	**3.95**	**3.95**

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
11	**OTHER NON-FINANCIAL ASSETS**			
	Prepaid rent	17.90	50.26	68.16
	Other advances	2.31	3.07	26.96
	Total	**20.21**	**53.33**	**95.12**

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
12	**TRADE PAYABLE**			
	(i) Total outstanding dues of micro and small enterprises	-	-	-
	(ii) Total outstanding dues of creditors other than micro and small enterprises (refer note 34)	42.66	31.61	20.30
	Total	**42.66**	**31.61**	**20.30**

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
		At amortised cost		
13	**BORROWINGS**			
	Secured borrowings			
	Term Loan from banks (refer note 13.1)	1,01,411.87	46,653.57	22,500.00
	Cash credit and working capital demand loans from banks (refer note below)	8,632.46	15,417.08	13,758.21
	Less: Unamortised borrowing costs	(62.99)	(93.16)	(102.40)
	Total	**1,09,981.34**	**61,977.49**	**36,155.81**
	Borrowings in India	1,09,981.34	61,977.49	36,155.81
	Borrowings outside India	-		-
	Total	**1,09,981.34**	**61,977.49**	**36,155.81**
	Total	**1,09,981.34**	**61,977.49**	**36,155.81**

Terms of repayment of borrowings:

Secured borrowing

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

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

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

Particulars	Amount	Terms of redemption/ repayment	Security
Term loans from banks			
Term loan - 1	9,270.01	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 26	Exclusive charge on receivables of the company
Term loan - 2	10,000.00	Repayble in 16 Equal Quarterly installments Remaining no. of installments: 16	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 3	1,933.00	Repayble in 31 Equal Quarterly installments Remaining no. of installments: 24	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 4	1,209.72	Repayble in 31 Equal Quarterly installments Remaining no. of installments: 25	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 5	2,700.00	Repayble in 20 Equal Quarterly installments Remaining no. of installments: 18	Exclusive charge on Specific receivables
Term loan - 6	2,625.00	Repayble in 24 Equal Quarterly installments Remaining no. of installments: 21	Exclusive charge on specific loan receivables
Term loan - 7	3,750.00	Repayble in 8 Equal Half-yearly installments Remaining no. of installments: 6	Exclusive charge on specific loan receivables
Term loan - 8	9,996.38	Repayble in 24 Equal Quarterly installments Remaining no. of installments: 24	Exclusive charge on specific receivables
Term loan - 9	100.05	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 28	Exclusive Floating charge on specific book debts and future receivables
Term loan - 10	19,369.38	Repayble in 96 Equal Monthly installments Remaining no. of installments: 93	Exclusive charge
Term loan - 11	24,000.00	Repayble in 20 Equal Quarterly installments Remaining no. of installments: 20	Exclusive Charge on Book debts

Particulars	Amount	Terms of redemption/ repayment	Security
Term loan - 12	4,583.33	Repayble in 12 Equal Quarterly installments Remaining no. of installments: 11	Hypothecation of exclusive charge on specific receivables
Term loan - 13	5,000.00	Repayble in 12 Equal Quarterly installments Remaining no. of installments: 12	Hypothecation of exclusive charge on specific receivables
Term loan - 14	6,875.00	Repayble in 24 Equal Quarterly installments Remaining no. of installments: 22	First charge by way of hypothecation of the specific future receivables from the performing loan portfolio, which are identified by the company from time to time
Total term loans from banks	**1,01,411.87**		

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
14	**OTHER FINANCIAL LIABILITIES**			
	Interest accrued but not due on borrowings	313.02	133.53	40.04
	Employee benefits	107.26	49.01	35.22
	Payables to related parties			
	Dues to Hinduja Leyland Finance Limited	-	26.32	88.78
	Dues to HLF Services Limited	-	117.69	21.62
	Others	387.44	25.53	25.03
	Total	**807.72**	**352.08**	**210.69**
15	**PROVISIONS**			
	Provision for gratuity	20.29	3.93	5.98
	Provision for compensated absences	16.36	4.96	-
	Provision for tax	-	20.98	65.56
	Total	**36.65**	**29.87**	**71.54**
16	**OTHER NON-FINANCIAL LIABILITIES**			
	Statutory liabilities	19.47	36.84	40.19
	Total	**19.47**	**36.84**	**40.19**

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
17	**EQUITY SHARE CAPITAL**			
	Authorised			
	200,000,000 (31 March 2018: 200,000,000) (1 April 2017: 90,000,000) equity shares of ₹10/- each	20,000.00	20,000.00	9,000.00
		20,000.00	**20,000.00**	**9,000.00**
	Issued, Subscribed and fully paid up			
	150,000,000 (31 March 2018: 120,000,000) (1 April 2017: 90,000,000) equity shares of ₹10/- each	15,000.00	12,000.00	9,000.00
		15,000.00	**12,000.00**	**9,000.00**

Notes:

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

	As at 31 Mar 2019		As at 31 Mar 2018	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	12,00,00,000	12,000.00	9,00,00,000	9,000.00
Add: Shares issued during the year	3,00,00,000	3,000.00	3,00,00,000	3,000.00
At the end of the year	**15,00,00,000**	**15,000.00**	**12,00,00,000**	**12,000.00**

b) Terms/ rights attached to equity shares

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

INR In Lakhs

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

	As at 31 Mar 2019		As at 31 Mar 2018		As at 1 Apr 2017	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Equity shares						
Hinduja Leyland Finance Limited, holding company and it's nominees	15,00,00,000	100.00%	12,00,00,000	100.00%	9,00,00,000	100.00%

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

	As at 31 Mar 2019		As at 31 Mar 2018		As at 1 Apr 2017	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Equity shares						
Hinduja Leyland Finance Limited, holding company and it's nominees	15,00,00,000	100.00%	12,00,00,000	100.00%	9,00,00,000	100.00%

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018
18	**OTHER EQUITY**		
	a) Statutory Reserves		
	(As per Section 29C of National Housing Bank Act,)		
	Balance at the beginning of the year	350.65	37.87
	Add: Amount transferred from surplus in statement of profit and loss	500.10	312.78
	Balance at the end of the year	850.75	350.65
	b) Retained Earnings (Surplus in Statement of Profit and Loss)		
	Balance at the beginning of the year	1,376.94	125.82
	Add: Profit for the year	2,500.52	1,563.90
	Less :Transferred to Statutory Reserve	-500.10	-312.78
	Balance at the end of the year	3,377.36	1,376.94
	c) Other comprehensive income		
	Balance at the beginning of the year	3.06	-
	Add: Comprehensive Income for the year	-1.66	3.06
	Balance at the end of the year	1.40	3.06
	Total	**4,229.51**	**1,730.65**

Nature and purpose of reserve

Statutory Reserve u/s. 29C of National Housing Bank Act, 1987 ("the NHB Act, 1987")

Reserve u/s. 29C of NHB Act, 1987 is created in accordance with section 29A of the NHB Act, 1987. As per Section 29C of the NHB Act, 1987, No appropriation of any sum from the reserve fund including any sum in the special reserve which has been taken into account for the purposes of reserve fund in terms of subsection (1), shall be made by such housing finance institution except for the purpose as may be specified by the National Housing Bank from time to time

Surplus in the statement of profit and loss

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

Remeasurement of the defined benefit liabilities

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

INR In Lakhs

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
19	**REVENUE FROM OPERATIONS**		
	Interest income on financial assets measured at amortised cost		
	- Interest income on loans to customers	12,530.06	7,535.09
	- Interest income from investments		
	- Interest income on investment in pass through certificates	286.34	211.71
	- Interest income on investment in debentures	104.82	3.45
	- Other interest income	37.02	12.79
	Total (A)	**12,958.24**	**7,763.04**
	Fees and commission income		
	- Service charges	11.09	0.20
	- Other charges	53.37	22.12
	Total (B)	**64.46**	**22.32**
	Income from other services	1,000.00	876.57
	Total (C)	**1,000.00**	**876.57**
	Total (A+B+C)	**14,022.70**	**8,661.93**

INR In Lakhs

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
20	**FINANCE COSTS**		
	Finance costs on financial liabilities measured at amortised cost		
	Interest on borrowings		
	- Interest on term loans	6,263.35	3,437.37
	- Interest on cash credit and working capital demand loan	594.95	569.39
	Other borrowing cost - Discount on commercial paper	145.09	330.32
	Total	**7,003.39**	**4,337.08**
21	**IMPAIRMENT ON FINANCIAL ASSETS**		
	On financial assets measured at amortised cost		
	Provision for expected credit loss		
	- On loans	91.11	438.82
	- On investments	0.15	0.11
	Others - Bad debts written off	319.10	34.68
	Total	**410.36**	**473.61**
22	**EMPLOYEE BENEFITS EXPENSES**		
	Salaries, wages and bonus	1,704.35	852.06
	Contribution to provident and other funds	83.47	37.11
	Staff welfare expenses	26.95	8.17
	Total	**1,814.77**	**897.34**
23	**DEPRECIATION AND AMORTIZATION**		
	Depreciation of property, plant and equipment (refer note 10)	58.53	36.08
	Amortisation of intangible assets (refer note 10A)	1.35	1.52
	Total	**59.88**	**37.60**

INR In Lakhs

	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
24	**OTHER EXPENSES**		
	Rent	54.85	34.73
	Insurance	28.75	36.82
	Electricity charges	4.24	4.32
	Communication expenses	47.07	32.48
	Legal and professional charges (refer note below)	450.69	159.83
	Rates and taxes	139.53	105.29
	Bank charges	41.05	107.43
	Printing and stationery	37.13	37.90
	Travelling and conveyance	313.17	96.68
	Subscription and licensing charges	15.60	3.31
	Sitting fees to directors	6.60	5.70
	Advertisement and sale promotion	45.56	43.47
	Other expenses	18.64	6.62
	Total	**1,202.88**	**674.58**
	Note: payment to auditor (excluding goods and service tax) included in legal and professional charges		
	As auditor		
	Statutory audit	20.00	12.00
	Tax audit	1.25	1.00
	Certification	2.50	2.00
	Reimbursement of expenses	1.93	1.75
		25.68	**16.75**

25	**INCOME TAX**		
	The components of income tax expense for the years ended 31 March 2019 and 2018 are:		
	Current tax	876.42	707.40
	Deferred tax	154.48	(29.58)
	Total tax charge	**1,030.90**	**677.82**

25.1 Reconciliation of the total tax charge

INR In Lakhs

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2019 and 31 March 2018 is, as follows:-

INR In Lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	3,531.42	2,241.72
Applicable tax rate	29.12%	28.84%
Computed tax expense	**1,028.35**	**646.51**
Tax effect of :		
Impact on account of change in tax rates	(2.59)	6.95
Non deductible items	5.14	24.36
Tax expenses recognised in the statement of profit and loss	**1,030.90**	**677.82**
Effective tax rate	29.19%	30.24%

25.2 DEFERRED TAX

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

Particulars	As at 31 Mar 2018	Statement of profit and loss	Other compre-hensive income	As at 31 Mar 2019
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to: Difference between WDV of property, plant and equipment as per books of accounts and income tax records	(5.68)	(4.50)	-	(10.18)
Impairment on financial assets	188.86	(41.79)	-	147.07
Provision for employee benefits	13.24	23.02	0.68	37.00
Others	(103.61)	(131.21)	-	(234.82)
Total	**92.81**	**(154.48)**	**0.68**	**(60.93)**

Particulars	As at 1 Apr 2017	Statement of profit and loss	Other compre-hensive income	As at 31 Mar 2018
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between WDV of property, plant and equipment as per books of accounts and income tax records	(7.68)	2.00	-	(5.68)
Impairment on financial assets	69.96	118.90	-	188.86
Provision for employee benefits	1.65	10.35	1.24	13.24
Others	0.55	(104.16)	-	(103.61)
Total	**64.48**	**27.09**	**1.24**	**92.81**

INR In Lakhs

	Particulars	Year ended 31 Mar 2019	Year ended 31 Mar 2018
26	**EARNINGS PER SHARE ('EPS')**		
	Earnings		
	Net profit attributable to equity shareholders for calculation of basic EPS	2,500.52	1,563.90
	Net profit attributable to equity shareholders for calculation of diluted EPS	2,500.52	1,563.90
	Shares		
	Equity shares at the beginning of the year	12,00,00,000	9,00,00,000
	Shares issued during the year	3,00,00,000	3,00,00,000
	Total number of equity shares outstanding at the end of the year	15,00,00,000	12,00,00,000
	Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS	12,74,79,452	9,77,26,027
	Face value per share	10.00	10.00
	Earnings per share		
	- Basic	1.96	1.60
	- Diluted	1.96	1.60

27 RELATED PARTY DISCLOSURES

Name of the related parties and nature of relationship

Holding company / Ultimate Holding Company	Hinduja Leyland Finance Limited ("HLF") - Holding company of Hinduja Housing Finance Limited
	Ashok Leyland Limited (“ALL”) – Holding Company of HLF
	Hinduja Automotive Limited ("HAL") – Holding Company of ALL
	Machen Holdings S.A ("Machen") – Holding Company of HAL
	Machen Development Corporation ("MDC") – Holding Company of Machen
Fellow subsidiary	HLF Services Limited ("HSL")
Key management personnel (KMP)	Mr. Sachin Pillai, Managing Director
	Mr. Venkatesh Kannappan, Chief Operating Officer
	Ms. Roopa Sampath Kumar, Chief Financial Officer
	Mr. Baalasubramaniyan Ne., Company Secretary
	Mr. S Nagarajan, Managing Director (Upto 31 March 2018)

Related party transactions

Nature of transaction	Holding company (HLF)	Fellow subsidiary (HSL)	KMP
Allotment of equity shares	3,000.00	-	-
	(3,000.00)	-	-
Reimbursement of expenses incurred on behalf of HHF	64.06	-	-
	(326.69)	-	-
Service provider fees	-	940.57	-
	-	(677.74)	-
Rental expense	32.36	-	-
	(17.90)	-	-
Interest on security deposit	37.02	-	-
	(12.79)	-	-
Income from other services	-	-	-
	-	(162.72)	-
Salaries and allowances **			
- Mr. Venkatesh Kannappan	-	-	22.96
	-	-	(18.82)

Nature of transaction	Holding company (HLF)	Fellow subsidiary (HSL)	KMP
- Ms. Roopa Sampath Kumar	-	-	1.59
	-	-	(1.66)
- Mr. Baalasubramaniyan Ne.	-	-	0.49
	-	-	(0.51)

Note: Figures in bracket represents the figures for FY 2017-18.

** The salaries and allowance are paid by Hinduja Leyland Finance Limited and the same is reimbursed by Hinduja Housing Finance Limited.

INR In Lakhs

	Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
27	**RELATED PARTY DISCLOSURE (CONTINUED)**			
	Hinduja Leyland Finance Limited			
	Payables	-	26.32	88.78
	Security deposit (recoverable)	144.10	111.74	93.84
	Prepaid rent	17.90	50.26	68.16
	HLF Services Limited			
	Payables	-	117.69	21.62

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

28 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is engaged into the business of providing housing loans and property loans. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to the business of providing housing loans and property loans.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 operating segments.

29 Contingent liabilities and commitments

a) Contingent liabilities - There are no contingent liabilities as at 31 March 2019. (31 March 2018: Nil)

b) Commitments - There are no significant capital commitments as at 31 March 2019. (31 March 2018: Nil)

INR In Lakhs

	Particulars	Year ended 31 Mar 2019	Year ended 31 Mar 2018
30	**CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSES**		
(a)	Gross amount required to be spent by the company during the year as per Section 135 of the Companies Act, 2013 read with schedule VII	17.66	-
(b)	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	-	-

31 Outstanding lease obligations

The Company has taken its corporate office on an non-interest bearing cancellable operating leases arrangement with its holding company which is renewable at the option of the Company. Total rental expense under cancellable leases amounted to INR 54.85 lakhs (31 March 2018 : INR 34.73 lakhs), excluding fair valuation of security deposits.

Within one year	-	-
After one year but not more than five years	-	-
More than five years	-	-
Total	-	-

32 Retirement benefits

(a) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 75.74 lakhs (31 March 2018 : INR 34.88 lakhs)

(b) Defined benefit plan:

Gratuity plan

Financial assets not measured at fair value

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

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

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

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

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cash flows.

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

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

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

INR In Lakhs

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Present value of obligations	20.29	3.93
Fair value of plan assets	-	-
Asset/ (Liability) recognised in the Balance Sheet	**(20.29)**	**(3.93)**
Movement in present values of defined benefit obligations		
Defined benefit obligation at the beginning of the year	3.93	5.98
Current service cost	13.71	1.90
Interest cost	0.31	0.35
Actuarial (gains) / losses	2.34	(4.30)
Benefits paid by the plan	-	-
Defined benefit obligation at the end of the year	20.29	3.93
	Year ended 31 March 2019	**Year ended 31 March 2018**
Expense recognised in the statement of profit or loss		
Current service cost	13.71	1.90
Interest on obligation	0.31	0.35
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	2.34	(4.30)
Total	**16.36**	**(2.05)**
Actuarial assumptions	**As at 31 March 2019**	**As at 31 March 2018**
Discount rate	7.68%	7.08%
Estimated rate of return on plan assets	0.00%	0.00%
Attrition rate	29.00%	25.00%
Future salary increases	10.00%	10.00%
Retirement age	58 years	58 years

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

Five year information

Gratuity	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Defined benefit obligation	20.29	3.93	5.98	-	-
Fair value of plan assets	-	-	-	-	-
Deficit in plan	20.29	3.93	5.98	-	-
Experience adjustments on plan liabilities	2.34	(4.30)	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Sensitivity Analysis

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

INR In Lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Defined benefit obligation (Base)	20.29	3.93

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
100 base points increase/decrease	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (- / + 1%)	18.26	22.64	3.67	4.22
(% change compared to base due to sensitivity)	-9.99%	11.61%	-6.74%	7.42%
Future salary growth (- / + 1%)	22.46	18.38	4.18	3.70
(% change compared to base due to sensitivity)	10.68%	-9.40%	6.43%	-5.99%
Attrition rate (- / + 1%)	19.01	21.69	3.73	4.14
(% change compared to base due to sensitivity)	-6.31%	6.93%	-5.12%	5.37%
Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown				

(c) Other long term employee benefits

The liability for compensated absences as at 31 March 2019 is INR 16.36 lakhs (31 March 2018 - INR 4.96 lakhs).

33 Utilisation of the proceeds of rights issue

The Company raised a sum of INR 3,000 Lakhs (31 March 2018 - INR 3,000 Lakhs) through rights issue of equity shares to finance the business of lending loans to customers. The proceeds have been utilised as follows:

INR In Lakhs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Proceeds from rights issue	3,000.00	3,000.00
Utilisation during the year		
Loans to customer	(3,000.00)	(3,000.00)
Unutilised amount at the end of the year	-	-

34 MICRO AND SMALL ENTERPRISES

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.The disclosure as required by section 22 of MSMED Act has been given below:

INR In Lakhs

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 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 amount of the payment made to 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;	-	-	-

INR In Lakhs

Particulars	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
(d) the amount of interest accrued and remaining unpaid at the end of 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 Development Act, 2006.	-	-	-

< This space has been intentionally left blank >

INR in Lakhs

35 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	1,127.31	-	1,127.31	983.08	-	983.08	202.15	-	202.15
Loans	8,140.22	1,13,900.20	1,22,040.42	3,305.71	66,495.70	69,801.41	1,797.21	42,760.44	44,557.65
Investments	502.02	4,790.84	5,292.86	69.49	3,784.67	3,854.16	-	-	-
Other financial assets	1,240.27	-	1,240.27	1,096.38	-	1,096.38	647.31	-	647.31
Non-financial assets									
Current tax assets (net)	247.61	-	247.61	171.46	-	171.46	-	-	-
Deferred tax assets (net)	-	-	-	-	92.81	92.81	-	64.48	64.48
Property, plant and equipment	-	205.65	205.65	-	100.61	100.61	-	88.69	88.69
Intangible assets	-	3.95	3.95	-	5.30	5.30	-	6.82	6.82
Other non-financial assets	20.21	-	20.21	35.43	17.90	53.33	44.86	50.26	95.12
TOTAL ASSETS	**11,277.64**	**1,18,900.64**	**1,30,178.28**	**5,661.55**	**70,496.99**	**76,158.54**	**2,691.53**	**42,970.69**	**45,662.22**

INR in Lakhs

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES									
Financial Liabilities									
Tradepayables									
(i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	42.66	-	42.66	31.61	-	31.61	20.30	-	20.30
Borrowings*	19,892.48	90,088.86	1,09,981.34	3,899.60	58,077.89	61,977.49	2,563.94	33,591.87	36,155.81
Other financial liabilities	807.72	-	807.72	352.08	-	352.08	210.69	-	210.69
Non-financial liabilities									
Provisions	0.05	36.60	36.65	20.99	8.88	29.87	65.56	5.98	71.54
Deferred tax liabilities (net)	-	60.93	60.93	-	-	-	-	-	-
Other non-financial liabilities	19.47	-	19.47	36.84	-	36.84	40.19	-	40.19
TOTAL LIABILITIES	**20,762.38**	**90,186.39**	**1,10,948.77**	**4,341.12**	**58,086.77**	**62,427.89**	**2,900.68**	**33,597.85**	**36,498.53**
NET	**-9,484.74**	**28,714.25**	**19,229.51**	**1,320.43**	**12,410.22**	**13,730.65**	**-209.15**	**9,372.84**	**9,163.69**

* 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 8,632.46 lakhs (31 March 2018 - INR 15,417.08 lakhs and 1 April 2017 - INR 13,758.21 lakhs) has been distributed over the same period as the maturity pattern of assets on finance.

** The current portion of housing loans in this note is shown based on contractual obligations as per the agreement. However, housing loan advances historically witness a high rate of prepayments. If the maturity pattern of these advances are distributed in the respective time buckets considering the historic rates of prepayments on housing loan, it will not result in an asset liability mismatch.

36 FINANCIAL INSTRUMENT FAIR VALUE MEASUREMENT

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2019 were as follows:

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Cash and cash equivalents	1,127.31				
Loans	1,22,040.42	-	-	1,21,260.17	1,21,260.17
Investments	5,292.86	-	-	3,894.73	3,894.73
Other financial assets	1,240.27				
Total	**1,29,700.86**				
Financial liabilities not measured at fair value*					
Trade payables	42.66				
Borrowings	1,09,981.34	-	-	1,09,981.34	1,09,981.34
Other financial liabilities	807.72				
Total	**1,10,831.72**				

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Cash and cash equivalents	983.08				
Loans	69,801.41	-	-	69,110.72	69,110.72
Investments	3,854.16	-	-	2,731.40	2,731.40
Other financial assets	1,096.38				
Total	**75,735.03**				
Financial liabilities not measured at fair value*					
Trade payables	31.61				
Borrowings	61,977.49	-	-	61,977.49	61,977.49
Other financial liabilities	352.08				
Total	**62,361.18**				

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Cash and cash equivalents	202.15				
Loans	44,557.65	-	-	44,557.65	44,557.65
Investments	-	-	-	-	-
Other financial assets	647.31				
Total	**45,407.11**				
Financial liabilities not measured at fair value*					
Trade payables	20.30				
Borrowings	36,155.81	-	-	36,155.81	36,155.81
Other financial liabilities	210.69				
Total	**36,386.80**				

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

Sensitivity analysis	Other comprehensive income, net of tax	
	Level 3	Total
For the year ended 31 March 2018		
Loans		
Interest rates (1% movement)	576.15	(576.15)
For the year ended 31 March 2019		
Loans		
Interest rates (1% movement)	965.01	(965.01)

b. Measurement of fair values

Valuation methodologies of financial instruments not measured at fair value

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

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value.

Such instruments include: cash and cash equivalent, other financial assets (excluding security deposit), trade payables and other financial liability.

Loans and advances to customers

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

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

Investments

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

Borrowings

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

Transfers between levels I and II

There has been no transfer in between level I and level II.

c. Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulatory body, National Housing Bank (NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

Capital management

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

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

37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(i) Credit risk

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

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

A. Loans and advances

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

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

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

INR In Lakhs

Particulars	Carrying Amount		
	As at 31 Mar 2019	As at 31 Mar 2018	As at 1 Apr 2017
Retail loans	1,04,159.90	66,004.37	44,773.57
Term loans	18,385.30	4,451.78	-
Investments	5,293.12	3,854.27	-
	1,27,838.32	**74,310.42**	**44,773.57**

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

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

Staging:

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

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

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

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

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

Grouping

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

- Housing Loans
- Loan against property
- Investments

Expected credit loss ("ECL"):

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

a. Marginal probablity of default ("MPD")

b. Loss given default ("LGD")

c. Exposure at default ("EAD")

d. Discount factor ("D")

Marginal probablity of default:

PD is defined as the probablity of whether borrowers will default on their obligations in an ensuing period of 12 months. Historical PD is dervied from the HFC's internal data calibrated with forward looking macroeconomic factors.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek Single Factor Model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios

The probability of default was calculated for 3 scenarios: upside (15%), downside (15%) and base (70%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted probability.

Loss given default ("LGD"):

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

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

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

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

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

Over and above the LGD has been floored using regulatory guidelines.

Exposure at default ("EAD"):

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

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

Discounting:

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

ECL computation:

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

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

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

INR In Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Stage 1	30.76	35.71	25.22
Stage 2	179.73	373.37	190.70
Stage 3	294.55	245.77	-
Amount of expected credit loss provided for	**505.04**	**654.85**	**215.92**

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

Movement of ECL:

INR In Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Opening provision of ECL	654.85	215.92
Addition during the year	431.01	564.05
Utilization / reversal during the year	(580.82)	(125.12)
Closing provision of ECL	**505.04**	**654.85**

Collateral and other credit enhancements

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

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilised cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

The total cash credit and working capital limit available to the Company is INR 15,500 lakhs spread across 5 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

Majority of the Company's portfolio is individual housing loans. The company does not have any off book assets under management.

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Borrowings	Trade payable	Borrowings	Trade payable	Borrowings	Trade payable
1 day to 30/31 days (one month)	1,894.57	42.66	768.67	31.61	-	20.30
Over one month to 2 months	969.40	-	54.28	-	10.00	-
Over 2 months up to 3 months	1,841.01	-	128.31	-	416.75	-
Over 3 months to 6 months	4,575.18	-	281.05	-	517.40	-
Over 6 months to 1 year	10,612.33	-	2,667.29	-	1,619.79	-
Over 1 year to 3 years	41,936.64	-	21,193.84	-	8,478.88	-
Over 3 year to 5 years	30,528.26	-	18,791.28	-	9,075.47	-
Over 5 years	17,686.94	-	18,185.93	-	16,139.92	-
Total	**1,10,044.33**	**42.66**	**62,070.65**	**31.61**	**36,258.21**	**20.30**

(iii) Market risk

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

Interest rate risk

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

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

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Borrowings	Trade payable	Borrowings	Trade payable
Change in interest rates				
Variable rate borrowings				
Impact on profit for the year	(859.79)	859.79	(490.67)	490.67

(iv) Foreign currency risk

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

38 EXPLANATION OF TRANSITION TO IND AS

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2017.

In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

38.1 Optional exemptions availed

(i) Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

  The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets. The same election has been made in respect of intangible assets. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities, if any.

38.2 Mandatory exceptions

(i) Accounting Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model
- Determination of discount value for financial instruments carried at amortised cost
- EIR on borrowings

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(iii) Impairment of financial assets

The Company being HFC company is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (NHB Prudential Norms) as prevailed under previous GAAP.

Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.

2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.

38.3 Reconciliation of equity

	As at date of transition 1 April 2017			As at 31 March 2018		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS						
Financial assets						
Cash and cash equivalents	202.15	-	202.15	983.08	-	983.08
Loans	44,603.95	(46.30)	44,557.65	69,935.30	(133.89)	69,801.41
Investments	-	-	-	3,854.27	(0.11)	3,854.16
Other financial assets	713.17	(65.86)	647.31	1,149.45	(53.07)	1,096.38
	45,519.27	(112.16)	45,407.11	75,922.10	(187.07)	75,735.03
Non-financial assets						
Current tax assets (net)	-	-	-	171.46	-	171.46
Deferred tax assets (net)	53.92	10.56	64.48	55.87	36.94	92.81
Other non Financial assets	26.96	68.16	95.12	1.53	51.80	53.33
Property, plant and equipment	88.69	-	88.69	100.61	-	100.61
Intangible assets	6.82	-	6.82	5.30	-	5.30
	176.39	78.72	255.11	334.77	88.74	423.51
Total assets	**45,695.66**	**(33.44)**	**45,662.22**	**76,256.87**	**(98.33)**	**76,158.54**

38.3 Reconciliation of equity

	As at date of transition 1 April 2017			As at 31 March 2018		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
LIABILITIES AND EQUITY						
LIABILITIES						
Financial liabilities						
Trade payables	20.30	-	20.30	31.61	-	31.61
Borrowings (Other than debt secuities)	36,163.59	(7.78)	36,155.81	61,985.90	(8.41)	61,977.49
Other financial liabilities	210.69	-	210.69	352.08	-	352.08
	36,394.58	**(7.78)**	**36,386.80**	**62,369.59**	**(8.41)**	**62,361.18**
Non-financial liabilities						
Provisions	71.54	-	71.54	29.87	-	29.87
Other non-financial liabilities	40.19	-	40.19	36.84	-	36.84
	111.73	-	111.73	66.71	-	66.71
EQUITY						
Equity share capital	9,000.00	-	9,000.00	12,000.00	-	12,000.00
Other equity	189.35	(25.66)	163.69	1,820.57	(89.92)	1,730.65
	9,189.35	**(25.66)**	**9,163.69**	**13,820.57**	**(89.92)**	**13,730.65**
Total liabilities and equity	**45,695.66**	**(33.44)**	**45,662.22**	**76,256.87**	**(98.33)**	**76,158.54**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

	Note	1 April 2017	31 March 2018
Total equity (shareholder's funds) as per previous GAAP		**9,189.35**	**13,820.57**
Impact on recognition of processing fee on financial assets and financial liabilities under Effective Interest Rate method	(iv), (v)	(2.36)	(16.82)
Impact on application of Expected Credit Loss method for impairment allowance on financial assets	(iii)	(36.20)	(107.21)
Impact of fair valuation of security deposits given toward lease of property	(i)	2.34	(2.83)
Tax effects on above adjustments	(vi)	10.56	36.94
Total adjustments		**(25.66)**	**(89.92)**
Total equity (shareholder's funds) as per Ind AS		**9,163.69**	**13,730.65**

38.4 Reconciliation of total comprehensive income for the year ended 31 March 2018

	Year ended 31 March 2018			
	Note	**Previous GAAP***	**Adjustment on transition to Ind AS"**	**Ind AS**
Revenue from operations and other income	(i), (iv)	8,664.22	874.28	9,538.50
Total income		**8,664.22**	**874.28**	**9,538.50**
Expenses				
Finance costs	(v)	4,337.71	(0.63)	4,337.08
Impairment on financial instruments/ write-offs	(iii)	402.60	71.01	473.61
Employee benefits expenses	(ii)	893.04	4.30	897.34
Depreciation and amortisation expenses		37.60	-	37.60
Other expenses	(i)	656.60	17.98	674.58
Total expenses		**6,327.55**	**92.66**	**6,420.21**
Profit before income tax		**2,336.67**	**781.62**	**3,118.29**
Current tax		707.40	-	707.40
Deferred tax	(vi)	(1.95)	(27.63)	(29.58)
Income tax expense		**705.45**	**(27.63)**	**677.82**
Profit for the year		**1,631.22**	**809.25**	**2,440.47**

	Year ended 31 March 2018			
	Note	**Previous GAAP***	**Adjustment on transition to Ind AS"**	**Ind AS**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss, net of tax	(ii)	-	4.30	4.30
Remeasurement of the defined benefit liabilities	(vi)	-	(1.24)	(1.24)
Income tax impact on above				
Total comprehensive income		**1,631.22**	**812.31**	**2,443.53**

Particulars	**Year ended 31 March 2018**
Profit as per previous GAAP	1,631.22
Adjustments resulting in increase / (decrease) in profit after tax as reported under previous GAAP:	
Impact on recognition of processing fee on financial assets and financial liabilities under Effective Interest Rate method	(14.46)
Impact on application of Expected Credit Loss method for impairment allowance on financial assets	(71.01)
Impact of fair valuation of security deposits given toward lease of property	(5.17)
Remeasurement of the defined benefit liabilities	(4.30)
Tax impact on above adjustments	27.62
Net Profit after tax for the year under Ind AS	1,563.90
Other comprehensive income	
Remeasurement loss on defined benefit plan, net of taxes	3.06
Total Comprehensive Income for the year under Ind AS	1,566.96

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

38.5 Notes to Ind AS first-time adoption

(i) Fair valuation of security deposits given toward lease of property

Under the previous GAAP, security deposits given towards lease of property were presented at its transaction value. However, as per Ind AS 109, security deposits given are measured at its fair value at the time of its initial recognition The difference between the initial fair value and transaction value of such deposits are considered as additional lease payment made, and is amortised over the term of such deposit, These deposits are fair valued at the end of each period based upon applicable interest rates and an interest income is recognised in statement of profit and loss.

(ii) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2017 or as on 31 March 2018.

(iii) Impact of applying expected credit loss model on financial assets

On transition to Ind AS 109, the Company had recognised impairment loss on financial assets based on the expected credit loss model as required by Ind AS 109. Consequently, financial assets primarily constituted by loans and investments have been provided for on the transition date with corresponding adjustment recognised in retained earnings.

(iv) EIR

Under previous GAAP, loan sourcing cost and sourcing income were recognised on amortization basis on straight line method, while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method.

(v) Term Loan Processing fee

Based on Ind AS 109, financial liabilites in the form of term loans have been accounted at amortised cost using effective interest rate method. Hence processing fee paid on loan have been amortised using effective interest method as against amortised for the tenor of loan under previous GAAP

(vi) Deferred tax

"Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity"

(vii) Other comprehensive income

Under previous GAAP, the Company did not present other comprehensive income (OCI) separately. Hence, it has reconciled previous GAAP profit to profit as per Ind AS. Further, previous GAAP profit is reconciled to total comprehensive income as per Ind AS.

39 Transfer pricing

The Company has domestic transactions with related parties. The management confirms that it maintains documents required by the relevant provisions of the Income-tax Act, 1961 to prove that these transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

40 Subsequent events

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

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

Naveen Raj R
Partner
Membership No: 217772

Place : Chennai
Date : 20th May, 2019

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No : 06400793

Roopa Sampath Kumar
Chief Financial Officer

Baalasubramaniyan Ne.
Company Secretary

Place : Chennai
Date : 20th May, 2019

< This space has been intentionally left blank >

41 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) Capital

INR In Lakhs

Particulars	31 March 2019	31 March 2018
CRAR %	19.87%	30.21%
CRAR - Tier I Capital %	19.41%	29.54%
CRAR - Tier II Capital %	0.46%	0.67%
Amount of subordinated debt raised as Tier II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-
Unutilised amount at the end of the year	-	-

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

Statutory reserve		
Balance at the beginning		
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 Act, 1987	-	-
c) Total	364.11	37.87
Addition/Appropriation/withdrawals during the year		
Add:		
a) Amount transferred as per section 29C of the National Housing Bank Act, 1987	408.42	326.24
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
Less:		
a) Amount appropriated as per section 29C of the National Housing Bank Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-

INR In Lakhs

Particulars	31 March 2019	31 March 2018
Balance as at end of the year		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	772.53	364.11
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
c) Total	772.53	364.11

(iii) Investments

1 Value of investment		
(i) Gross value of investment		
(a) In India	5,292.86	3,854.16
(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	5,292.86	3,854.16
(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 2019 and 31 March 2018.

(v) Disclosures relating to securitisation

There have been no securitisation transactions carried out by the Company during the year ended 31 March 2019 and 31 March 2018.

(vi) Asset Liability Management (ALM)

Maturity pattern of certain items assets and liabilities - As at 31 March 2019

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 *	2,893.91	1,318.18	2,344.51	5,141.33	10,863.34	42,592.53	29,774.35	11,655.33	3,215.80	245.05	1,10,044.33
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,029.02	1,806.59	1,821.40	5,349.10	10,365.04	35,560.81	28,002.49	18,697.67	15,489.95	2,866.65	1,21,988.73
Investments	5.30	5.36	67.95	122.07	301.34	1,652.69	2,541.32	597.09	-	-	5,293.12
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

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 *	911.56	250.90	321.05	837.03	3,684.32	24,196.49	20,495.61	8,374.81	2,784.13	214.74	62,070.65
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	1,433.63	1,185.47	1,133.93	3,341.99	6,344.79	21,368.82	15,885.51	10,990.23	6,911.96	1,019.29	70,147.85
Investments	5.35	5.43	5.49	16.91	36.03	677.80	1,449.95	1,552.18	89.73	-	3,854.27
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 8,632.46 (31 March 2018 - INR 15,417.08) has been distributed over the same period as the maturity pattern of assets on finance.

42 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

INR In Lakhs

Category	As at 31 March 2019	As at 31 March 2018
(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	25,972.02	18,588.68
Housing loan more than Rs. 15 lakhs	45,341.17	42,036.43
(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.	29,442.91	5,058.46
(iii) Investment in mortgage back securities (MBS) and Other securitized exposures		
(a) Residential	4,311.89	2,854.27
(b) Commercial Real Estate		
(b) Indirect Exposure		
Fund based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Corporations (HFCs)	22,627.65	4,464.29

B. Exposure to capital market

There is no exposure to capital market during the year ended 31 March 2019 and 31 March 2018

C. Details of financing of parent company products

There is no exposure to financing of parent company products during the year ended 31 March 2019 and 31 March 2018

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

During the year, the company had exceeded the single borrower limit as stipulated by the NHB Prudential Norms in respect of Corporate term loans given to three entities. This was reported to NHB in the Half yearly return filed for the six month period ended 30th September 2018. We wish to confirm that the company is in compliance with the single borrower limit based on the exposure amount as on 31st March 2019.

E. Unsecured loans

There is no exposure to capital market during the year ended 31 March 2019 and 31 March 2018.

43 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 2019	As at 31 March 2018
a)	**Penalty**		
	Penalty if any levied by National Housing Bank	15,000.00	-
b)	**Adverse remarks**		
	Adverse remarks if any given by National Housing Bank	-	-
c)	**Percentage of outstanding loans granted against collateral gold jewellery to their outstanding assets**	-	-

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

Facility	Rating agency	31 March 2019	Date of rating
Long-term : Bank borrowings	CARE	AA-/Stable	24-Jul-18
Short-term : Bank borrowings	CARE	A1+	24-Jul-18
Short-term : Commercial paper	CARE	A1+	24-Jul-18
Long-term: Non-convertible debentures	CRISIL	AA-/Stable	19-Apr-18
Short-term : Commercial paper	CRISIL	A1+	19-Apr-18
Short-term : Commercial paper	CRISIL	A1+	20-Jun-18

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

(i) Provisions and Contingencies

INR In Lakhs

Particulars	31 March 2019	31 March 2018
Provisions for depreciation on investment	-	-
Provisions made towards income tax	-	20.98
Provisions towards non-performing assets	452.32	260.52
Provision for Standard Assets	401.18	287.12
Other provision and contingencies	80.17	8.89

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

Particulars	Housing loan		Non-housing loan	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Standard assets				
Total outstanding	71,313.19	60,656.59	54,897.39	9,575.44
Provisions	(227.45)	(230.96)	(173.73)	(40.75)
Sub-standard assets				
Total outstanding	1,614.86	286.24	-	-
Provisions	(275.84)	(43.49)	-	-
Doubtful assets				
Total outstanding	100.54	80.00	-	-
Provisions	(26.12)	(20.00)	-	-
Loss assets				
Total outstanding	150.36	197.02	-	-
Provisions	(150.36)	(197.02)	-	-
Total				
Total outstanding	73,178.95	61,219.85	54,897.39	9,575.44
Provisions	(679.77)	(491.47)	(173.73)	(40.75)

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

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

S.No	Particulars	31 March 2019	31 March 2018
1	Concentration of Public Deposits (for Public Deposit taking/holding HFCs)	NA	NA
2	Concentration of loans & advances		
	Total advances to twenty largest borrowers	2,011.88	5,430.88
	Percentage of Advances to twenty largest borrowers to Total Advances of the HFC	1.57%	7.74%
3	Concentration of all Exposures (including off-balance sheet exposures)		
	Total Exposure to twenty largest borrowers / customers	2,011.88	6,167.84
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	1.50%	8.79%
4	Concentration of NPAs		
	Total exposure to top ten NPA accounts	522.51	354.03

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

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

(iv) Sector wise NPA

Particulars	% of NPAs to total advances in that sector 31 March 2019	% of NPAs to total advances in that sector 31 March 2018
A.Housing Loans:		
Individuals	2.62%	0.93%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others (specify	0.00%	0.00%
A. Non-Housing Loans:		
Individuals	0.00%	0.00%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others (specify)	0.00%	0.00%

(v) Movement of NPAs

Particulars			Year ended 31 March 2019	Year ended 31 March 2018
(i)	Net NPAs to Net Advances (%)		1.16%	0.43%
(ii)	Movement of NPAs (Gross)			
	(a)	Opening balance	563.26	-
	(b)	Additions during the year	2,146.27	563.26
	(c)	Reductions during the year	(427.00)	-
	(d)	Closing balance	2,282.53	563.26
(iii)	Movement of Net NPAs			
	(e)	Opening balance	302.74	-
	(f)	Additions during the year	1,358.69	302.74
	(g)	Reductions during the year	(232.40)	-
	(h)	Closing balance	1,429.03	302.74
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	(a)	Opening balance	260.52	-
	(b)	Provisions made during the year	787.58	260.52
	(c)	Write-off / write-back of excess provisions	(194.60)	-
	(d)	Closing balance	853.50	260.52

(vi) Overseas assets

The Company does not have any joint ventures and subsidiaries abroad during the year ended 31 March 2019 and 31 March 2018 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 2019 and 31 March 2018.

(viii) Disclosure pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for customer complaints

Customer compliants*

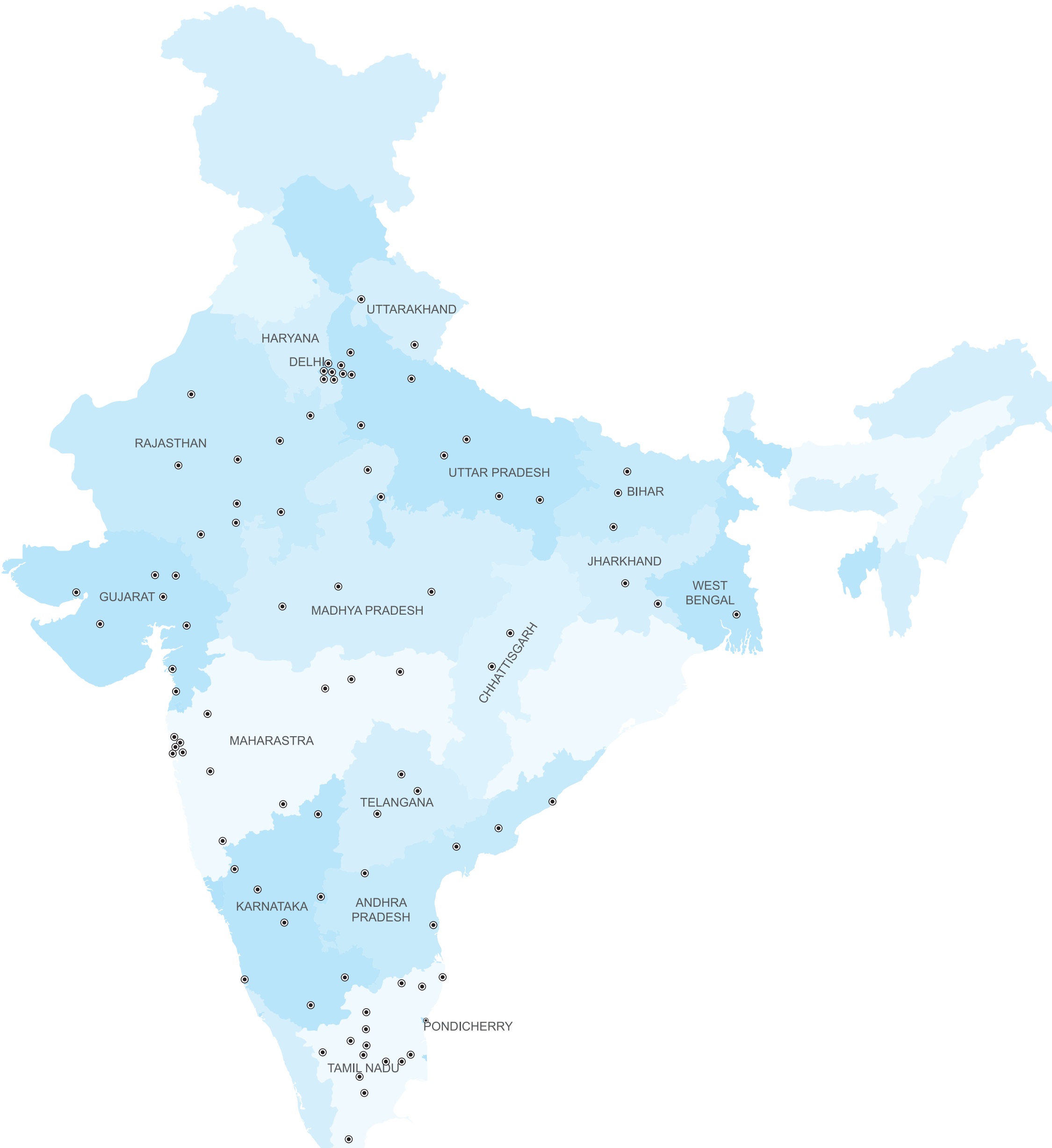
	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	134	38.00
(c)	No. of complaints redressed during the year	134	38.00
(d)	No. of complaints pending at the end of the year	-	-

* As per the records of the Company

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

< This space has been intentionally left blank >

Network of Business Locations



NOTES

NOTES