HINDUJA HOUSING FINANCE

Growing happy homes and happy Customers

ANNUAL REPORT
2019 - 2020

CORPORATE INFORMATION

Corporate Identity Number U65922TN2015PLC100093

Board of Directors

Mr. S Nagarajan, *Chairman*
Mr. Sachin Pillai, *Managing Director*
Mr. Gopal Mahadevan, *Director*
Ms. Bhumika Batra, *Independent Director*
Mr. G S Sundararajan, *Independent Director*

Audit Committee

Mr. G S Sundararajan, *Chairman*
Ms. Bhumika Batra, *Member*
Mr. Gopal Mahadevan, *Member*

Nomination and Remuneration Committee

Ms. Bhumika Batra, *Chairperson*
Mr. G S Sundararajan, *Member*
Mr. Gopal Mahadevan, *Member*
Mr. Sachin Pillai, *Member*

Risk Management Committee

Mr. Gopal Mahadevan, *Chairman*
Mr. S Nagarajan, *Member*
Mr. G S Sundararajan, *Member*

Corporate Social Responsibility Committee

Mr. S Nagarajan, *Chairman*
Ms. Bhumika Batra, *Member*
Mr. Sachin Pillai, *Member*

Senior Management

Ms. Roopa Sampath Kumar, *Chief Financial Officer (KMP)*
Mr. Srinivas Rangarajan, *Company Secretary & Compliance Officer (KMP)*

Registered Office

No.27-A, Developed Industrial Estate, Guindy, Chennai – 600032
Email - compliance@hindujahousingfinance.com
Website - www.hindujahousingfinance.com

Statutory Auditors

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

Bankers

- Allahabad Bank Ltd
- Axis Bank Ltd
- ICICI Bank Ltd
- Punjab National Bank Ltd
- State Bank of India
- Union Bank of India
- DCB Bank
- Oriental Bank of Commerce
- Indian Bank
- Federal Bank
- HDFC Bank Ltd
- Vijaya Bank
- Central Bank of India

TABLE OF CONTENTS

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the 5th Annual Report of the Company, together with the audited financial statements, for the financial year ended 31st March, 2020.

Financial Results

The summarised financial results of the Company are given hereunder:

Rs. Lakhs

Particulars	Year ended 31st March, 2020 IND AS	Year ended 31st March, 2019 IND AS
Revenue from Operations	20,893.16	14,022.70
Less: Total Expenditure	16,869.86	10,491.28
Profit Before Tax	4,023.30	3,531.42
Profit After Tax	3,367.84	2,500.52
Total Comprehensive Income	3,361.38	2,498.86
Surplus / Shortfall brought forward	-	-
Amount available for appropriation	2,980.69	2,500.52
Appropriations have been made as under:		
Transfers to:		
- Statutory Reserve	673.57	500.10

Operating and Financial Performance

During the year under review, your Company registered a total disbursement of Rs. 678 crores as against Rs. 809 crores during the previous year.We are pleased to inform that the Assets under management have grown to Rs. 1,667 crores from Rs. 1,284 crores, an increase of 30% over previous year. Your Company's net profit was Rs. 33.68 crores and net worth of the Company is Rs. 265.91 crores as at 31st March, 2020.

Capital Structure

Authorised Capital

In order to meet the business requirements of the Company, the authorised capital was increased from Rs. 200 crores to Rs. 300 crores during the financial year.

Paid-up Capital

During the year under review, as per the terms of letter of offer issued to the existing shareholders, your Company had allotted 40,000,000 equity shares at a face value of Rs. 10 per share as per the table below:

Sl No	Date of Allotment	No. of Shared Allotted under rights issue basis	Share Premium (in INR)
1	29th July, 2019	30,000,000	-
2	16th December, 2019	10,000,000	-

Bank Borrowings

During the year, the Company has availed loans aggregating to Rs. 554 crore and received sanctions for term loans and cash credit facilities from banks amounting to Rs. 810 crores.

Dividend

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

Transfer to Reserves

During the year under review, Rs. 6.74 crores was transferred to the Statutory Reserve created under Section 29C of the National Housing Bank Act, 1987.

Deposits

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

Credit Rating

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

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

Capital Adequacy

As required under Housing Finance Companies (NHB) Directions, 2010 ('NHB Directions'), your Company is presently required to maintain a minimum capital adequacy of 13% on a standalone basis. The Capital Adequacy Ratio (CRAR) of the Company as on 31st March, 2020, was 21.51% (19.87% as of 31st March, 2019).

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

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

Directors & Key Managerial Personnel

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

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. Gopal Mahadevan (DIN: 01746102) retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.The particulars relating to Mr. Gopal Mahadevan, Director are provided in the Report of Directors on Corporate Governance. Your Directors recommend the re-appointment of Mr. Gopal Mahadevan, as a Director. The agenda relating to re-appointment of Mr. Gopal Mahadevan, 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. Srinivas Rangarajan, Company Secretary.

Mr. Sachin Pillai, was reappointed as Managing Director of the Company vide Board Resolution dated 6th February, 2020 for a period of 2 years effective from 1st April, 2020 till 31st March, 2022. Your Directors recommend the re-appointment of Mr. Sachin Pillai, as the Managing Director. The agenda relating to re-appointment of Mr. Sachin Pillai, Managing Director forms part of the notice convening the ensuing Annual General Meeting.

Mr. Srinivas Rangarajan, was appointed as the Company Secretary of the Company vide Board resolution dated 6th February, 2020. Mr. Baalasubramaniyan, Company Secretary of the Company held office till 6th February, 2020.

Statutory Auditors

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

The Auditors' Report for FY 2019-20 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 2019-20. The report is attached and forms part of this annual report and does not contain any qualification. (Annexure – B)

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, 2020, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.

b) for the financial year ended 31st March, 2020, 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, 2020.

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 2019-20 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).

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 as "Annexure - E". The said policy is available on the website of the Company at URL www.hindujahousingfinance.com

Material changes and commitments affecting the financial position of the Company which have occurred between 31st March, 2020 and 18th June, 2020 (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, 2020) and the date of the Report (18th June, 2020).

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 statutes, execution of transactions as per the authorisation and compliance with the internal policies of the Company.

Internal Audit

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the internal audit function reports to the Audit Committee of the Board. The internal audit department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Corporate Social Responsibility Committee

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).

Remuneration Policy of the Company

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

Board Evaluation

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

Meetings of the Board

During the Financial year 2019-20, 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 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 Asset Liability Management Committee were constituted during the financial year 2019-20.

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

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 economic impact of the COVID-19 pandemic in India has been largely disruptive. India's growth in the fourth quarter of the fiscal year 2020 went down to 3.1% according to the Ministry of Statistics. Notably, India had also been witnessing a pre-pandemic slowdown and the current pandemic has magnified pre-existing risks to India's economic outlook. The World Bank and rating agencies had initially revised India's growth for FY 2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s. India's GDP estimates have been downgraded even more to negative figures, signalling a possible recession, while similarly the ratings of over 30 countries have been downgraded during this period. Various analyst estimates reckon that a contraction of over 40% in the GDP is to be expected in Q1 FY21. The contraction is not expected to be uniform, rather it is expected to differ accordingly by across states and sector.

India had also been witnessing a pre-pandemic slowdown. Even before the pandemic, since FY 2018-19, India's growth was falling from 8% in Q4 FY18 to 4.5% in Q2 FY20. In January 2020 itself, well before India's lockdown or reactions to the pandemic, the International Monetary Fund had reduced India’s GDP estimates for 2019 and also reduced the 2020 GDP forecast. The 2016 Indian bank note demonetisation and goods and services tax enactment in 2017 led to severe back to back disruptions in the economy. There was also a significant income crunch for both rural and urban sectors in the year prior to the lockdown.

Lack of credit has been another reason for weak consumption. The rising levels of bad loans on banks' books have been a cause of worry for the government and its regulatory bodies. Wary of non-performing assets (NPAs), banks have been playing safe. There is a significant deceleration in consumption in past few quarters largely owing to credit squeeze which is a cyclical problem and not a structural problem. While India's new budget was an attempt to pull Asia's third- biggest economy out of its worst slowdown in more than a decade, the government's plan for economic revival has been overshadowed by the overwhelming need for ensuring adequate public healthcare.

International organizations like the International Monetary Fund predict a more modest turnaround. But forecasting is especially tricky at present, with the global economy facing risks from the ongoing corona crisis and the unresolved trade war between the United States and China. India needs a multi-pronged strategy for improving job-security, ensure flow of liquidity through schemes like Aatma Nirbhar Bharat Abhiyaan and strengthen the debt resolution framework.

Financial Sector:

A large part of the demand for finance in India's retail sector and especially at the bottom of the pyramid is fulfilled by non-banking finance companies (NBFCs), housing finance companies (HFCs) and micro-finance institutions (MFIs). However, most of these financial institutions had been constrained in availing liquidity due to credit squeeze among banks and capital markets because of the rising averseness towards this sector. As a result, credit growth among these entities was constrained and limited to entities having higher ratings. The National Housing Bank (NHB) had launched the Liquidity Infusion Facility (LIFt) scheme to support the housing finance sector amidst this liquidity constrained environment. This scheme was designed specifically for HFCs to finance individual housing loans in the Priority sector as defined by RBI.

In the wake of the COVID-19 pandemic, the RBI has been extremely agile in taking actions to infuse liquidity in the system, keep the interest rates at low levels and prevent the triggering of sudden defaults on loans as a result of the lockdown. Liquidity schemes were announced especially for NBFC, HFCs and MFIs which were specially designed to tide over the sudden economic disruption. The RBI also reduced the cash reserve ratio for banks releasing liquidity of Rs. 3.74 lakh crore and launched targeted long term repo operations (TLTRO) with specific allotment towards small and mid-sized companies including NBFCs and HFCs. The RBI reduced the Repo rate by 75 basis points and again by 40 basis points to 4.00%. The loan moratorium announced initially for 3 months and then extended by an additional 3 months till August 2020 prevented a large-scale default which could have happened due to the nation-wide lockdown.

Amid these challenging economic conditions, the overall credit growth in the country has remained subdued. While banks have continued to increase their share in the credit market partially with the support of portfolio purchases, the growth of HFCs and NBFCs has been constrained more due to shortage in the supply of liquidity rather than any demand shortage.

Regulatory changes

The Government had transferred the regulatory control of HFCs from NHB to RBI. HFCs will be treated as one of the categories of NBFCs for regulatory purposes. RBI announced that it will carry out a review of the regulations pertaining to HFCs and will propose revised regulations in due course. In the mean time HFCs continue to be governed by extant regulations issued by NHB and NHB continues to supervise HFCs till RBI releases revised guidelines.

The minimum capital adequacy ratio requirement for HFCs has increased from 12% as at 31st March, 2019 to 13% as at 31st March, 2020, further increasing to 14% by March 2021 and 15% by March 2022. Tier-1 capital should be at least 10% as against 6% earlier.

Real Estate Industry & Affordable Housing

Indian real estate sector, which was already struggling to re-emerge from the past turbulence of structural changes, policy reforms, and the liquidity crisis, is now set to witness another major fallout. In usual times, the ongoing period normally sees an uptick in residential real estate activities owing to festivals like Ugadi, Gudi Padwa, Akshaya Tritiya and Navaratri when new launches and housing sales spike up. Upcoming vacation time for Indian schools beginning April till June-end also gives time to homebuyers to make purchase decisions. Unfortunately, 2020 seems to be different. Country-wide lockdown in different phases has halted all activities. Project sites are shut, site visits have stopped, and construction activity has come to a grinding halt, eventually impacting housing sales. Developers have deferred their new project launches for an unknown period.

Indian real estate was just beginning to come to terms with the multiple reforms and changes brought in by demonetization, RERA, GST, IBC, and subvention scheme ban. While the sector found it difficult to align with the slew of reforms and changes, these measures helped fortify the sector and instil transparency, accountability and fiscal discipline over the last few years. While the sector was on a growth trajectory since the last few years and was likely to emerge stronger than before, the current coronavirus lockdown has surely put brakes on its growth momentum. Industry estimates of the Indian real estate market, prior to COVID-19 outbreak, was projected to be USD 650 Bn by 2025 and USD 1,000 Bn by 2030. This certainly seems tough amidst the current circumstances.

Reduction of GST rates to 1% from 5% for Affordable Housing is also a step in the right direction. Sales stay steady and supply levels increase as compliance to new regulatory norms progressively improves during 2019. While these measures have helped keep home-buyer sentiment from deteriorating much further, they have completely altered the fabric of the Indian real estate business for the developer. The developers' community is steadily coming to terms with this new normal and find its footing as can be evidenced by the recovery in the volume of apartments and projects launched.

However, the overall demand for housing among the first-time home-owners, especially in the affordable segment, remains intact. The country has witnessed decades of steady urbanization and nuclearization of families, creating a large community of recently urbanized families who have been saving over the years of stable economic growth in the country. India's urban population has grown by 32% during the decade between 2001 and 2011, rising from 28.5 crores to 37.7 crores. The Ministry of Housing and Urban Poverty Alleviation (MHUPA) has estimated the housing shortfall in urban centres to be 1.88 crores housing units as of 2012. While the country saw a flux of reverse migration of workers from urban centres to the hinterland due to the sudden disruption of economic activities in the cities at the onset of the lockdown, the larger segment of the urbanized population is believed to remain settled in cities and towns of their businesses and employment.

Outlook for FY 2020-21:

As gradual recovery begins with improvement on this pandemic and things settle over a 12-month time horizon, we will see a long drawn extended U-shaped recovery for the residential segment but a faster V-shaped recovery for the office segment in the country. Sentiments perhaps may return earlier owing to people slowly accepting the new norm and have slowly began to grasp that this crisis is temporary and will wither out slowly in the longer run.

The growth of HFCs, having been held back by the disruption caused by COVID-19, is forecast to be in the range of 9-12%, down from the 15-18% during the last few years.

The aforementioned challenges also present an opportunity for the Company to understand the market behaviour in one of the challenging junctures, to improve the financial awareness and discipline among our borrowers who have been the new to credit and to increase our presence in the market given our wide spread distribution network, group's backing and exceptional cost management approach. With these challenges, the outlook for FY21 may be disconcerting, but the strengths of the company and the opportunities that lie in front of us, provide us the optimism and the way forward to stand out among other institutions.

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 Institutionsand vendors for their continued support and faith reposed in the Company. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels.

On behalf of the Board of Directors

Place: Chennai
Date: 18th June, 2020

S Nagarajan
Chairman

Annexure – A

REPORT ON CORPORATE GOVERNANCE

NATIONAL HOUSING BANK (NHB) DIRECTIONS ON CORPORATE GOVERNANCE

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

As at 31st March, 2020, the Board consists of 5 (Five) members with an optimum combination of executive, non-executive directors and independent directors including 1 woman director. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and corporate governance directions issued by National Housing Bank.

Composition and category of Directors

Name of the Director	Category	DIN	No. of shares held by the Directors as at 31st March, 2020
Mr. S Nagarajan	Chairman, Non-Executive	00009236	1#
Mr. Sachin Pillai	Managing Director, Executive	06400793	1#
Mr. Gopal Mahadevan	Non-Executive / Non-Independent	01746102	1#
Ms. Bhumika Batra	Non-Executive / Independent	03502004	Nil
Mr. G S Sundararajan	Non-Executive / Independent	00361030	Nil

#Shares held as nominee of Hinduja Leyland Finance Limited

Re-appointment of Director(s)

Pursuant to Section 152 of the Companies Act, 2013, Mr. Gopal Mahadevan, 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 2019 - 20	**Meeting Dates**
April 2019 – June 2019 (Q1)	20th May, 2019
July 2019 – September 2019 (Q2)	27th July, 2019
October 2019 – December 2019 (Q3)	4th November, 2019
January 2020 – March 2020 (Q4)	6th February, 2020

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

Attendance during the financial year 2019-20 of each Director at the Board Meetings and last Annual General Meeting

Name	**No. of meetings attended / held during the year**	
	Board	AGM
Mr. S Nagarajan	4/4	1/1
Mr. Sachin Pillai	4/4	1/1
Mr. Gopal Mahadevan	3/4	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 20th May, 2019, without the presence of Non-Independent Directors and members of management, to review the performance of Non-Independent Directors and the Board as a whole, to review the performance of the Chairperson of the Company and to assess the quality, quantity and timeliness of flow of information between the Company Management and the Board. All the Independent Directors were present at the Meeting and no adverse feedback emanated from the meeting.

Code of conduct

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

Committees of the Board

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

Audit Committee

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

Composition of Audit Committee of the Board is as follows:

Members	No. of meetings attended / held during the year	Meeting Dates
Mr. G S Sundararajan Chairman, Independent / Non-executive	4/4	20th May, 2019 27th July, 2019 4th November, 2019 6th February, 2020
Ms. Bhumika Batra Independent / Non-executive	4/4	
Mr. Gopal Mahadevan Non-independent / Non-executive	3/4	

Nomination and Remuneration Committee

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

Composition of the Nomination and Remuneration Committee is as follows:

Members	No. of meetings attended / held during the year	Meeting Dates
Ms. Bhumika Batra Chairperson, Independent / Non-executive	3/3	20th May, 2019 4th November, 2019
Mr. G S Sundararajan Independent / Non-executive	3/3	
Mr. Gopal Mahadevan Non-independent / Non-executive	2/3	
Mr. Sachin Pillai Non-independent / Executive	3/3	

Risk Management Committee and Asset Liability Management Committee

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

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

Risk Management Committee		
Members	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. Gopal Mahadevan Non-independent / Non-executive	1/2	20th May, 2019 4th November, 2019
Mr. G S Sundararajan Independent / Non-executive	2/2	
Mr. S Nagarajan Non-independent / Non-executive	2/2	

Asset Liability Management Committee Composition*	
Name & Designation	**Role**
Mr. Sachin Pillai, Managing Director	Chairman
Mr. S. Nagarajan, Director	Member
Mr. Kishore Kumar Lodha, CFO Hinduja Leyland Finance Limited (parent company)	Member
Ms. Roopa Sampath Kumar – Chief Financial Officer	Member

*Asset Liability Management Committee was reconstituted vide Board Resolution dated 6th February, 2020.

IT Strategy Committee

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

Composition of IT strategy Committee is as follows:

IT Strategy Committee Composition		
Name & Designation	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. G S Sundararajan Chairman, Independent / Non-executive	2/2	18th May, 2019 4th November, 2019
Mr. Sachin Pillai Non-independent / Executive	2/2	
Mr. Venkatesan J – Chief Manager IT	2/2	

Corporate Social Responsibility Committee

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

Composition of CSR Committee is as follows:

CSR Committee Composition		
Name & Designation	**No. of meetings attended / held during the year**	**Meeting Dates**
Mr. S Nagarajan Chairman, Non-executive	2/2	18th May, 2019 4th November, 2019
Mr Sachin Pillai Non-independent / Executive	2/2	
Ms. Bhumika Batra Independent / Non-executive	1/2	

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

Vigil Mechanism / Whistle Blower Policy

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

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

Your Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. In terms of the policy an Internal committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During financial year 2019-20 there were no referrals received by the Internal Committee.

On behalf of the Board of Directors

Place: Chennai
Date: 18th June, 2020

S Nagarajan
Chairman

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, explanations and clarifications provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the company has, during the audit period covering the financial ended 31st March, 2020 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 Limitedfor the financial year ended on 31st March, 2020 according to the provisions of:

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

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

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

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

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

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

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

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

Pursuant to the notification issued by Central Government, with effect from 9th August, 2019, all Housing Finance Companies (HFCs) are treated as one of the categories of Non-Banking Financial Companies and are regulated by Reserve Bank of India (RBI). Further, RBI is in the process of reviewing the extant regulatory framework applicable to the HFCs and are planning to come out with revised regulations in due course. Till such time, HFCs are advised to continue to comply with the directions and instructions issued by the National Housing Bank.

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

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

We report that

The Board of Directors of the Company is duly constituted withproper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of theBoard 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 the companyhasissued 3,00,00,000 equity shares of Rs.10/- each on 29th July, 2019 and 1,00,00,000 equity shares of Rs. 10/- each on 16th December, 2019 respectively to its Equity Shareholders on right basis during the year under review.

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

Place: Chennai
Date: 18th June, 2020
UDIN:F009687B000353987

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

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

ANNEXURE-A SECRETARIAL AUDIT REPORT OF EVEN DATE

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the company our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We 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 **M/s. G Ramachandran & Associates**
Company Secretaries

Place: Chennai
Date: 18th June, 2020
UDIN:F009687B000353987

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

Annexure C

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended 31st March, 2020

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 - 600032, Tamil Nadu. Ph: 044 22427555
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Enterprises (India) Private Limited 5A, 5th Floor, Kences Towers, No.1, Ramakrishna Street, T Nagar, Chennai - 600 017.

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.N.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hinduja Leyland Finance Limited	U65993TN2008PLC069837	Holding	100.00	2(46)

IV. SHAREHOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% 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. *	149,999,994	-	149,999,994	100.00%	189,999,994	-	189,999,994	100.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	**150,000,000**	**-**	**150,000,000**	**100.00%**	**190,000,000**	**-**	**190,000,000**	**100.00%**	**0.00%**
(2) **Foreign**									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
TOTAL (A)	**150,000,000**	**-**	**150,000,000**	**100.00%**	**190,000,000**	**-**	**190,000,000**	**100.00%**	**0.00%**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31st March, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% 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 share holders holding nominal share capital upto Rs.1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual share holders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies-D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
Total Public (B)	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**0.00%**	**-**	**-**	**-**	**0.00%**	**0.00%**
Grand Total (A+B+C)	**150,000,000**	**-**	**150,000,000**	**100.00%**	**190,000,000**	**-**	**190,000,000**	**100.00%**	

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

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding 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	149,999,994	100.00%	0%	189,999,994	00.00%	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%
		150,000,000	**100.00%**	**0%**	**190,000,000**	**100.00%**	**0%**	

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

(iii) Change in Promoters' Shareholding

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Hinduja Leyland Finance Limited ***						
	At the beginning of the year			149,999,994	100.00%	149,999,994	100.00%
	Changes during the year	29-Jul-19	Rights issue	30,000,000	100.00%	179,999,994	100.00%
		16-Dec-19	Rights issue	10,000,000		189,999,994	
	At the end of the year					189,999,994	100.00%
2	**Nagarajan Srinivasan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
3	**Sachin Pillai ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
4	**Gopal Mahadevan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
5	**J Ganesh ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
6	**G Vijayakumar ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
7	**Venkatesh Kannappan ***						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%

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

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

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

(v) Shareholding of Directors and Key Managerial Personnel:

SN	For Each of the Directors and KMP	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	Directors						
1	Mr.S.Nagarajan, Director*						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
2	Mr.Sachin Pillai, Managing Director*						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
3	Mr.Gopal Mahadevan, Director*						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
	Other KMPs						
1	Ms. Roopa Sampathkumar, Chief Financial Officer						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
2	Mr. 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%

SN	For Each of the Directors and KMP	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
3	Mr. Srinivas Rangarajan, Company Secretary***						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%

*Beneficiary interest in 6 equity shares are held by M/s. Hinduja Leyland Finance Limited
** Ceased to be the Company Secretary and Compliance Officer w.e.f 6th February, 2020
*** Appointed as Company Secretary and Compliance Officer w.e.f 7th February, 2020

V. INDEBTEDNESS

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

(Amt. Rs./Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	109,981.34	-	-	109,981.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	313.02	-	-	313.02
Total (i+ii+iii)	**110,294.36**	**-**	**-**	**110,294.36**
Change in Indebtedness during the financial year				
* Addition	55,400.00	-	-	55,400.00
* Reduction	(23,301.64)	-	-	(23,301.64)
Net Change	**32,098.36**	**-**	**-**	**32,098.36**
Indebtedness at the end of the financial year				
i) Principal Amount	142,007.60	-	-	142,007.60
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	385.12	-	-	385.12
Total (i+ii+iii)	**142,392.72**	**-**	**-**	**142,392.72**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN	Particulars of Remuneration		Total Amount
	Name	Sachin Pillai	(Rs/Lakhs)
	Designation	Managing Director	
Nil			

Note: All the KMPs except Mr. Srinivas Rangarajan, Company Secretary appointed w.e.f 7th February, 2020 have been nominated by Hinduja Leyland Finance Limited, the Holding Company and no remuneration is borne by this Company

B. Remuneration to other directors:

SN	Particulars of Remuneration	Name of Directors		Total Amount
	Independent Directors	Mr. Bhumika Batra	Mr. G S Sundararajan	(Rs/Lakhs)
	- Fee for attending board / committee meetings	330,000	450,000	780,000
	- Commission	-	-	-
	- Others, please pecify	-	-	-
	Total	**330,000**	**450,000**	**780,000**

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

SN	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	Ms. Roopa Sampathkumar	Mr. Baalasubra maniyan Ne.*	Mr. Srinivas Rangarajan**	(Rs/Lakhs)
	Designation	CFO	CS	CS	
1	Gross Salary	NIL	NIL		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961			183,656	183,656
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-	-
	(c) Profits in lieu of salary u/s 17(3) Income- tax Act, 1961			-	-
2	Stock Option			-	-
3	Sweat Equity			-	-
4	Commission			-	-
	- as % of profit			-	-
	- others, specify			-	-
5	Others, please specify			-	-
	Total			**183,656**	**183,656**

* Ceased to be the Company Secretary and Compliance Officer w.e.f 6th February, 2020
** Appointed as Company Secretary and Compliance Officer w.e.f 7th February, 2020
Note: All the KMPs except Mr. Srinivas Rangarajan, Company Secretary appointed w.e.f 7th February, 2020 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: 18th June, 2020

S Nagarajan
Chairman

Annexure - E

Related Party Transaction Policy

1. Introduction

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

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

2. Policy Objectives

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

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

3. Definitions

3.1 Applicable Law

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

3.2 Arms' length basis

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

3.3. Employees

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

3.4 Material Related Party Transaction

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

3.5 Ordinary Course of business

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 of 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)

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.

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 CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

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.	CSR Policy of the Company specifies the activities to be undertaken by the Company as recommended by the CSR Committee and approved by the Board of Directors in such projects or programs relating to activities specified in Schedule VII of the Act.The Company's CSR Policy has been uploaded on the website of the Company under the web-link: www.hindujahousingfinance.com
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	Rs. 2,056.09 Lakhs
4)	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	Rs. 41.10 Lakhs
5)	Details of CSR spent / unspent during the financial year:	
	a) Total amount to be spent for the financial year 2019-20	Rs. 41.10 Lakhs
	b) Total amount spent for the financial year 2019-20	Rs. 11.03 Lakhs
	c) Amount unspent, if any:	Rs. 30.07 Lakhs

5 d) 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 programswise.**	**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)**
1	Road to School	Children Education	Puduchathiram	35,00,000	11,03,470	11,03,470	Learning Links Foundation

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:

For FY 2019-20, the Company has spent Rs. 11.03 lakhs as against the required sum of Rs. 41.10 lakhs.The Company would be meeting its CSR obligations during FY 2020-21 including the amount unspent tothe tune of Rs. 47.73 lakhs(including unspent amount of FY 2018-19 amounting to Rs. 17.66 lakhs)in line with the progress of the relevant project and 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: 18th June, 2020	**Managing Director**	**Chairman of the CSR Committee**

INDEPENDENT AUDITOR'S REPORT

To The Members of Hinduja Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Hinduja Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 38 to the Standalone Financial Statements in which the Company describes the uncertainties arising from the COVID 19 pandemic.

Our report is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2019 included in these standalone financial statements have been audited by the predecessor auditor.

The report of the predecessor auditor on the comparative financial information dated 20th May 2019 expressed an unmodified opinion. Our opinion on the standalone financial statements is not modified in respect of thismatter on the comparative financial information.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

   e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

   g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

      i. The Company does not have any pending litigations, as at the year-end which would impact its financial position

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

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

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

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
UDIN:20109839AAAAIV7945

MUMBAI, June 18, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Hinduja Housing Finance Limited** ("the Company") as of 31st March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
UDIN:20109839AAAAIV7945

MUMBAI, June 18, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

(i) In respect of fixed assets

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

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

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

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

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

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

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

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) The Company has been regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Works Contract Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and services Tax, Customs Duty, Works Contract Tax, cess and other material statutory dues in arrears as at 31st March, 2020 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax, Goods and Services Tax and Customs Duty as on 31st March, 2020 on account of disputes.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

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

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

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

G. K. Subramaniam
(Partner)
(Membership No. 109839)
UDIN:20109839AAAAIV7945

MUMBAI, June 18, 2020

Balance sheet as at 31st March, 2020

INR in Lakh

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	1,390.02	1,127.31
Loans	6	1,62,174.06	1,23,092.52
Investments	7	4,392.31	5,315.08
Other financial assets	8	637.00	165.95
		1,68,593.39	**1,29,700.86**
Non-financial assets			
Current tax assets (net)	9	474.48	247.61
Deferred tax assets (net)	9	363.29	-
Property, plant and equipment	10	187.87	205.65
Intangible assets	10A	3.29	3.95
Other non-financial assets	11	40.62	20.21
		1,069.55	**477.42**
TOTAL ASSETS		**1,69,662.94**	**1,30,178.28**
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	182.39	42.66
Borrowings	13	1,42,221.71	1,10,294.36
Other financial liabilities	14	454.25	494.70
		1,42,858.35	**1,10,831.72**
Non-financial liabilities			
Provisions	15	110.66	36.65
Deferred tax liabilities (net)	9	-	60.93
Other non-financial liabilities	16	103.04	19.47
		213.70	**117.05**
EQUITY			
Equity share capital	17	19,000.00	15,000.00
Other equity	18	7,590.89	4,229.51
		26,590.89	**19,229.51**
TOTAL LIABILITIES AND EQUITY		**1,69,662.94**	**1,30,178.28**
Significant accounting policies	2, 3 & 4		

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

As per our report of even date
for Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 008072S

G.K.Subramaniam
Partner
Membership No: 109839

Place : Mumbai
Date : 18th June, 2020

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Roopa Sampath Kumar
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 18th June, 2020

Statement of Profit and Loss for the year ended 31st March, 2020

INR in Lakh

Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
Revenue from operations			
Interest income	19	18,943.85	12,921.22
Fees and commission income	19	169.31	101.48
Income from other services	19	1,780.00	1,000.00
Total Revenue from operations		**20,893.16**	**14,022.70**
Expenses			
Finance costs	20	11,148.01	7,003.39
Impairment on financial assets	21	1,439.32	410.36
Employee benefits expenses	22	2,895.40	1,814.77
Depreciation and amortization	23	109.41	59.88
Other expenses	24	1,277.72	1,202.88
Total Expenses		**16,869.86**	**10,491.28**
Profit before tax		**4,023.30**	**3,531.42**
Tax expense:	25		
Current tax		1,077.51	876.42
Deferred tax (net)		(185.88)	154.48
Tax adjustment for earlier years (Deferred Tax)		(236.17)	-
		655.46	**1,030.90**
Profit for the year		**3,367.84**	**2,500.52**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(8.63)	(2.34)
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.17	0.68
Total other comprehensive income		**(6.46)**	**(1.66)**
Total comprehensive Income		**3,361.38**	**2,498.86**
Earnings per equity share (face value Rs. 10 each)	26		
- Basic (in Rs.)		1.95	1.96
- Diluted (in Rs.)		1.95	1.96
Significant accounting policies	2, 3 & 4		

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

As per our report of even date
for Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 008072S

G.K.Subramaniam
Partner
Membership No: 109839

Place : Mumbai
Date : 18th June, 2020

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Roopa Sampath Kumar
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 18th June, 2020

Cash Flow Statement for the year ended 31st March, 2020

INR in Lakh

Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**4,023.30**	**3,531.42**
Adjustments:			
Depreciation and amortization		109.41	59.88
Impairment on financial assets		1,439.32	410.36
Finance cost		11,148.01	7,003.39
Interest on security deposit		(19.19)	(37.02)
Rent expense		22.04	32.36
Operating cash flow before working capital changes		**16,722.89**	**11,000.39**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Loans		(40,549.30)	(53,708.96)
Other financial assets		(471.05)	908.21
Other non- financial assets		(20.41)	33.12
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		139.73	11.05
Other financial liabilities		(40.45)	(36.87)
Other non financial liabilities		83.57	(17.37)
Net cash (used in) operations		**(24,135.02)**	**(41,810.43)**
Finance cost paid		(11,148.01)	(6,823.90)
Taxes paid (net)		(1,304.38)	(973.56)
Net cash (used in) operating activities (A)		**(36,587.41)**	**(49,607.89)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investment in pass through securities (net)		922.77	(1,461.06)
Purchase of fixed assets (tangible and intangible assets)		-	(103.69)
Net cash generated (used in) investing activities (B)		**922.77**	**(1,564.75)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares including securities premium (net)		4,000.00	3,000.00
Proceeds from borrowings (net)		31,927.35	48,316.87
Net cash from financing activities (C)		**35,927.35**	**51,316.87**
Net increase in cash and cash equivalents (A+B+C)		262.71	144.23
Cash and cash equivalents at the beginning of the year		**1,127.31**	**983.08**
Cash and cash equivalents at the end of the year		**1,390.02**	**1,127.31**

Cash Flow Statement for the year ended 31st March, 2020

INR in Lakh

Particulars	Note No.	Year ended 31st March 2020	Year ended 31st March 2019
Components of cash and cash equivalents			
Cash and cheques on hand	5	2.55	11.69
Balances with banks			
- In current accounts	5	1,387.47	1,115.62
		1,390.02	**1,127.31**
Significant accounting policies	2, 3 & 4		

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

As per our report of even date
for Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 008072S

G.K.Subramaniam
Partner
Membership No: 109839

Place : Mumbai
Date : 18th June, 2020

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Roopa Sampath Kumar
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 18th June, 2020

Statement of Changes in Equity for the year ended 31st March, 2020

INR in Lakh

	Particulars	Number of shares	Amount
A	**EQUITY SHARE CAPITAL**		
	Balance as at 1st April, 2018	**120000000**	**12,000.00**
	Add: Issued during the year	30000000	3,000.00
	Balance as at 31st March, 2019	**150000000**	**15,000.00**
	Add: Issued during the year	40000000	4,000.00
	Balance as at 31st March, 2020	**190000000**	**19,000.00**

		Reserves and Surplus		
B	**OTHER EQUITY**	Statutory Reserves	Retained earnings	Total
	Balance as at 1st April, 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 31st March, 2019	**850.75**	**3,378.75**	**4,229.51**
	Profit for the year	-	3,367.84	3,367.84
	Transfer to reserve	673.57	(673.57)	-
	Total other comprehensive income (net of tax)	-	(6.46)	(6.46)
	Balance as at 31st March, 2020	**1,524.32**	**6,066.57**	**7,590.89**

Significant accounting policies 2, 3 & 4

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

As per our report of even date
for Deloitte Haskins & Sells
Chartered Accountants
Firm's registration number: 008072S

G.K.Subramaniam
Partner
Membership No: 109839

Place : Mumbai
Date : 18th June, 2020

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

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Roopa Sampath Kumar
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 18th June, 2020

Notes to financial statements for the year ended 31st March, 2020

1 Reporting entity

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

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) and the relevant provisions of the Companies Act, 2013 (the "Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

These financial statements were authorised for issue by the Company's Board of Directors on 18th June, 2020.

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

2.2 Presentation of financial statements

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

The financial statements have been prepared on 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) 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.

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 losses. 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 31st March, 2020 and 31st March, 2019.

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 categorises 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.

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) 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.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally 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
Vehicles	5 years

3.12 Intangible assets

i) Intangible assets

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

ii) Subsequent expenditure

Subsequent expenditure is 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) Amortisation

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

Asset category	Estimated Useful life
Computer software	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

i) 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.

ii) Contingent liability

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

iii) Contingent asset

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

3.16 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 temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are 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.

3.17 Borrowing cost

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

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

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

3.18 Cash and cash equivalents

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

3.19 Segment reporting- Identification of segments:

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

3.20 Earnings per share

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

3.21 Cash flow statement

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

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

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
5	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	2.55	4.98
	Balances with Banks		
	- In current / cash credit accounts	1,387.47	1,115.62
	Cheques on hand	-	6.71
	Total	**1,390.02**	**1,127.31**
	(i) Earmarked balances with banks	-	-
	(ii) Balances with bank to the extent held as margin money or security against the borrowings, guarantees, other commitments	-	-
	(iii) Repatriation restrictions in respect of cash and bank balances	-	-

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
6	**LOANS**		
	At amortised cost		
A.	**Based on nature**		
	Retail Loans	1,44,493.74	1,05,212.00
	Term Loans	19,252.72	18,385.30
	Total gross	**1,63,746.46**	**1,23,597.30**
	Less : Impairment loss allowance	(1,572.40)	(504.78)
	Total net	**1,62,174.06**	**1,23,092.52**
B.	**Based on security**		
	(i) Secured by tangible assets	1,63,746.46	1,23,597.30
	(ii) Unsecured	-	-
	Total gross	**1,63,746.46**	**1,23,597.30**
	Less : Impairment loss allowance	(1,572.40)	(504.78)
	Total net	**1,62,174.06**	**1,23,092.52**
C.	**Based on region**		
	(I) Loans in India		
	(i) Public Sector	-	-
	(ii) Others	1,63,746.46	1,23,597.30
	Total gross	**1,63,746.46**	**1,23,597.30**
	Less : Impairment loss allowance	(1,572.40)	(504.78)
	Total net (I)	**1,62,174.06**	**1,23,092.52**
	(II) Loans outside India		
	Loans outside India	-	-
	Total net (II)	**-**	**-**
	Total (I)+(II)	**1,62,174.06**	**1,23,092.52**

Note:

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.

7	**INVESTMENTS**		
	At amortised cost		
	Investment in Non-convertible debentures (unquoted)		
	Muthoot Housing Finance Company Limited	752.58	1,000.00
	Investment in pass-through certificates (unquoted)		
	Aptus Value Housing Finance India Limited	1,506.39	1,500.00
	India Shelters Finance Corporation Limited	2,138.38	2,815.34
	Gross Investments	**4,397.35**	**5,315.34**
	(i) Investments outside India	-	-
	(ii) Investments in India	4,397.35	5,315.34
	Gross Investments	**4,397.35**	**5,315.34**
	Less: Allowance for impairment loss	(5.04)	(0.26)
	Net Investments	**4,392.31**	**5,315.08**

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
8	**OTHER FINANCIAL ASSETS**		
	Employee advances	1.00	-
	Security deposits (Refer Note 27)	141.59	165.95
	Others receivables	494.41	-
	Total	**637.00**	**165.95**
9	**TAX ASSETS (NET)**		
	Current tax assets (net)		
	Advance income tax (net of provision)	474.48	247.61
	Deferred tax assets (net)		
	Deferred tax assets / (liability) (Refer Note 25)	363.29	(60.93)

10 PROPERTY, PLANT AND EQUIPMENT

INR in Lakh

Particulars	Vehicle	Furniture and fixtures	Office equipment	Computers	Total
Cost or deemed cost (gross carrying amount)					
Balance as at 1st 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 31st March, 2019	**-**	**17.83**	**27.96**	**252.32**	**298.11**
Balance as at 1st April, 2019	**-**	**17.83**	**27.96**	**252.32**	**298.11**
Additions	2.64	2.07	2.83	83.43	90.97
Disposals	-	-	-	-	-
Balance as at 31st March, 2020	**2.64**	**19.90**	**30.79**	**335.75**	**389.08**
Accumulated depreciation					
Balance as at 1st 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 31st March, 2019	**-**	**3.60**	**12.52**	**76.34**	**92.46**
Balance as at 1st April, 2019	**-**	**3.60**	**12.52**	**76.34**	**92.46**
Depreciation for the year	0.30	2.44	3.58	102.43	108.75
Disposals	-	-	-	-	-
Balance as at 31st March, 2020	**0.30**	**6.04**	**16.10**	**178.77**	**201.21**
Carrying amount (net)					
As at 31st March, 2019	-	14.23	15.44	175.98	205.65
As at 31st March, 2020	**2.34**	**13.86**	**14.69**	**156.98**	**187.87**

10A INTANGIBLE ASSETS

INR in Lakh

Particulars	Computer Software	Total
Cost or deemed cost (gross carrying amount)		
Balance as at 1st April, 2018	**6.82**	**6.82**
Additions	-	-
Disposals	-	-
Balance as at 31st March, 2019	**6.82**	**6.82**
Balance as at 1st April, 2019	**6.82**	**6.82**
Additions	-	-
Disposals	-	-
Balance as at 31st March, 2020	**6.82**	**6.82**
Accumulated depreciation		
Balance as at 1st April, 2018	**1.52**	**1.52**
Depreciation for the year	1.35	1.35
Disposals	-	-
Balance as at 31st March, 2019	**2.87**	**2.87**
Balance as at 1st April, 2019	2.87	2.87
Depreciation for the year	0.66	0.66
Disposals	-	-
Balance as at 31st March, 2020	**3.53**	**3.53**
Carrying amount (net)		
As at 31st March, 2019	3.95	3.95
As at 31st March, 2020	**3.29**	**3.29**

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
11	**OTHER NON-FINANCIAL ASSETS**		
	Prepaid rent	39.41	17.90
	Other advances	1.21	2.31
	Total	**40.62**	**20.21**
12	**TRADE PAYABLE**		
	(i) Total outstanding dues of micro and small enterprises (Refer Note 32)	-	-
	(ii) Total outstanding dues of creditors other than micro and small enterprises	182.39	42.66
	Total	**182.39**	**42.66**

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
13	**BORROWINGS**		
	At amortised cost		
	Secured borrowings		
	Term Loan from banks (Refer Note 13.3)	1,35,689.11	1,01,661.90
	Cash credit and working capital demand loans from banks (Refer Note 13.1)	6,532.60	8,632.46
	Total	**1,42,221.71**	**1,10,294.36**
	Borrowings in India	1,42,221.71	1,10,294.36
	Borrowings outside India	-	-
	Total	**1,42,221.71**	**1,10,294.36**
	Total	**1,42,221.71**	**1,10,294.36**

13.1 Secured borrowing

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.

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

13.3 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	16,857.89	Repayable in 96 Equal Monthly installments Remaining no. of installments: 81	Exclusive charge on Specific receivables
Term loan - 2	4,736.84	Repayable in 57 Equal Monthly installments Remaining no. of installments: 54	Exclusive hypothecation of standard receivables
Term loan - 3	7,000.00	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 31	Exclusive charge on the company's receivables
Term loan - 4	3,500.00	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 31	Exclusive charge on the priority sector receivables (housing) (created out of loan proceeds)

Particulars	Amount	Terms of redemption/ repayment	Security
Term loan - 5	10,000.00	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the receivables
Term loan - 6	10,000.00	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 28	Exclusive floating charge on specific book debts and future receivables
Term loan - 7	9,642.85	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 27	Exclusive charge on receivables of the company
Term loan - 8	4,804.90	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 27	Exclusive Floating charge on specific book debts and future receivables
Term loan - 9	7,840.94	Repayble in 28 Equal Quarterly installments Remaining no. of installments: 22	Exclusive charge on receivables of the company
Term loan - 10	1,016.20	Repayble in 31 Equal Quarterly installments Remaining no. of installments: 21	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 11	8,329.82	Repayble in 24 Equal Quarterly installments Remaining no. of installments: 20	Exclusive charge on specific receivables
Term loan - 12	5,000.00	Repayble in 20 Equal Quarterly installments Remaining no. of installments: 20	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 13	1,609.00	Repayble in 31 Equal Quarterly installments Remaining no. of installments: 20	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 14	5,625.00	Repayble in 24 Equal Quarterly installments Remaining no. of installments: 18	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

Particulars	Amount	Terms of redemption/ repayment	Security
Term loan - 15	2,125.00	Repayble in 24 Equal Quarterly installments Remaining no. of installments: 17	Exclusive charge on specific loan receivables
Term loan - 16	18,000.00	Repayble in 20 Equal Quarterly installments Remaining no. of installments: 15	Exclusive Charge on Book debts
Term loan - 17	2,100.00	Repayble in 20 Equal Quarterly installments Remaining no. of installments: 14	Exclusive charge on Specific receivables
Term loan - 18	8,125.00	Repayble in 16 Equal Quarterly installments Remaining no. of installments: 13	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 19	3,749.99	Repayble in 12 Equal Quarterly installments Remaining no. of installments: 9	Hypothecation of exclusive charge on specific receivables
Term loan - 20	2,916.66	Repayble in 12 Equal Quarterly installments Remaining no. of installments: 7	Hypothecation of exclusive charge on specific receivables
Term loan - 21	2,500.00	Repayble in 8 Equal Half-yearly installments Remaining no. of installments: 4	Exclusive charge on specific loan receivables
Total term loans from banks	**1,35,480.10**		

Note: Maturity profile above is disclosed at face value which excludes the impact of effective rate of interest and interest accrued amounting to Rs. 209.02 lakh

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
14	**OTHER FINANCIAL LIABILITIES**		
	Employee benefits	225.91	107.26
	Others	228.34	387.44
	Total	**454.25**	**494.70**
15	**PROVISIONS**		
	Provision for gratuity (Refer Note 31)	64.12	20.29
	Provision for compensated absences (Refer Note 31)	46.54	16.36
	Total	**110.66**	**36.65**
16	**OTHER NON-FINANCIAL LIABILITIES**		
	Statutory liabilities	103.04	19.47
	Total	**103.04**	**19.47**
17	**EQUITY SHARE CAPITAL**		
	Authorised		
	300,000,000 (31st March, 2019: 200,000,000) equity shares of Rs. 10/- each	30,000.00	20,000.00
		30,000.00	**20,000.00**
	Issued, subscribed and fully paid up		
	190,000,000 (31st March, 2019: 150,000,000) equity shares of Rs. 10/- each	19,000.00	15,000.00
		19,000.00	**15,000.00**

Notes:

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

INR in Lakh

	As at 31st March 2020		As at 31st March 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	150000000	15,000.00	120000000	12,000.00
Add: Shares issued during the year	40000000	4,000.00	30000000	3,000.00
At the end of the year	**190000000**	**19,000.00**	**150000000**	**15,000.00**

b) Terms / rights attached to equity shares

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

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

	As at 31st March 2020		As at 31st March 2019	
	No. of shares	% held	No. of shares	% held
Equity shares				
Hinduja Leyland Finance Limited, holding company and it's nominees	190000000	100%	150000000	100%

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

	As at 31st March 2020		As at 31st March 2019	
	No. of shares	% held	No. of shares	% held
Equity shares				
Hinduja Leyland Finance Limited, holding company and it's nominees	190000000	100%	150000000	100%

INR in Lakh

	Particulars	As at 31st March 2020	As at 31st March 2019
18	**OTHER EQUITY**		
	a) Statutory Reserves		
	(As per Section 29C of National Housing Bank Act,)		
	Balance at the beginning of the year	850.75	350.65
	Add: Amount transferred from surplus in statement of profit and loss	673.57	500.10
	Balance at the end of the year	**1,524.32**	**850.75**
	b) Retained Earnings		
	(Surplus in Statement of Profit and Loss)		
	Balance at the beginning of the year	3,377.36	1,376.94
	Add: Profit for the year	3,367.84	2,500.52
	Less: Transferred to Statutory Reserve	(673.57)	(500.10)
	Balance at the end of the year	**6,071.63**	**3,377.36**
	c) Other comprehensive income		
	Balance at the beginning of the year	1.40	3.06
	Add: Comprehensive Income for the year	(6.46)	(1.66)
	Balance at the end of the year	**(5.06)**	**1.40**
	Total	**7,590.89**	**4,229.51**

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 Lakh

	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
19	**REVENUE FROM OPERATIONS**		
	Interest income on financial assets measured at amortised cost		
	- Interest income on loans to customers	18,435.69	12,530.06
	- Interest income from investments		
	- Interest income on investment in pass through certificates	413.74	286.34
	- Interest income on investment in debentures	94.42	104.82
	Total (A)	**18,943.85**	**12,921.22**
	Fees and commission income		
	- Service charges	76.45	11.09
	- Other charges	73.67	53.37
	- Other interest income on security deposit	19.19	37.02
	Total (B)	**169.31**	**101.48**
	- Income from other services	1,780.00	1,000.00
	Total (C)	**1,780.00**	**1,000.00**
	Total (A+B+C)	**20,893.16**	**14,022.70**
20	**FINANCE COSTS**		
	Finance costs on financial liabilities measured at amortised cost		
	Interest on borrowings		
	- Interest on term loans	10,193.69	6,263.35
	- Interest on cash credit and working capital demand loan	954.32	594.95
	Other borrowing cost - Discount on commercial paper	-	145.09
	Total	**11,148.01**	**7,003.39**

INR in Lakh

	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
21	**IMPAIRMENT ON FINANCIAL ASSETS**		
	On financial assets measured at amortised cost		
	Provision for expected credit loss		
	- On loans	1,067.36	91.11
	- On investments	5.04	0.15
	Others - Bad debts written off	366.92	319.10
	Total	**1,439.32**	**410.36**
22	**EMPLOYEE BENEFITS EXPENSES**		
	Salaries, wages and bonus	2,656.24	1,676.59
	Contribution to provident and other funds	135.46	83.47
	Staff welfare expenses	29.69	26.95
	Gratuity and Compensated Absenses (Refer Note 31)	74.01	27.76
	Total	**2,895.40**	**1,814.77**
23	**DEPRECIATION AND AMORTIZATION**		
	Depreciation of property, plant and equipment (Refer Note 10)	108.75	58.53
	Amortisation of intangible assets (Refer Note 10A)	0.66	1.35
	Total	**109.41**	**59.88**
24	**OTHER EXPENSES**		
	Rent	73.93	54.85
	Insurance	25.90	28.75
	Electricity charges	5.91	4.24
	Communication expenses	57.66	47.07
	Legal and professional charges	472.53	425.01
	Payment to Auditors (Refer Note Below)	27.00	25.68
	Rates and taxes	110.05	139.53
	Bank charges	52.06	41.05
	Printing and stationery	46.53	37.13
	Travelling and conveyance	255.58	313.17
	Subscription and licensing charges	12.00	15.60
	Sitting fees to directors	7.80	6.60
	Advertisement and sale promotion	80.46	45.56
	Miscellaneous expenses	50.31	18.64
	Total	**1,277.72**	**1,202.88**
	Note: Payment to auditors (excluding goods and service tax)		
	Statutory audit	20.00	20.00
	Tax audit	1.50	1.25
	Certification	2.50	2.50
	Limited Review	3.00	-
	Reimbursement of expenses	-	1.93
		27.00	**25.68**

INR in Lakh

	Particulars	Year ended 31st March 2020	Year ended 31st March 2019
25	**INCOME TAX**		
	The components of income tax expense for the years ended 31st March, 2020 and 31st March, 2019 are:		
	Current tax	1,077.51	876.42
	Deferred tax	(422.05)	154.48
	Total tax charge	**655.46**	**1,030.90**

25.1 RECONCILIATION OF THE TOTAL TAX CHARGE

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March, 2020 and 31st March, 2019 is, as follows:-

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Accounting profit before tax	4,023.29	3,531.42
Applicable tax rate	25.17%	29.12%
Computed tax expense	**1,012.58**	**1,028.35**
Tax effect of :		
Deduction under section 36(1)(viii) of Income Tax Act, 1961	(169.63)	-
Impact on account of change in tax rates	57.05	(2.59)
Non deductible items	(8.37)	5.14
Tax expenses	**891.63**	**1,030.90**
Effective tax rate	22.16%	29.19%
Tax Adjustment for earlier period (Deferred Tax)	(236.17)	-
Tax expenses recognised in the statement of profit and loss	**655.46**	**1,030.90**

25.2 EFFECT OF CHANGES IN CORPORATE TAX RATE AS PER SECTION 115BBAA

The Government of India has inserted Section 115BBAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective 1st April, 2019, subject to certain conditions. The company has adopted the option of reduced tax rate and accordingly, opening deferred tax asset as on 1st April, 2019, amounting to Rs. 23.77 lakh has been reversed during the year ended 31st March, 2020.

25.3 DEFERRED TAX

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

INR in Lakh

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

INR in Lakh

Component of Deferred tax asset / (liability)	As at 31st March 2018	Statement of profit and loss	Other comprehensive income	As at 31st March 2019
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)**

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
26 EARNINGS PER SHARE ("EPS")		
Net profit after tax attributable to equity shareholders	3,367.84	2,500.52
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS	173123288	127479452
Face value per share	10.00	10.00
Earnings per share		
- Basic	1.95	1.96
- Diluted	1.95	1.96

27 RELATED PARTY DISCLOSURE

Name of the related parties and nature of relationship

Holding company / Ultimate holding company	Hinduja Leyland Finance Limited ("HLF") - Holding company of Hinduja Housing Finance Limited Ashok Leyland Limited ("ALL") – Holding Company of HLF Hinduja Automotive Limited ("HAL") – Holding Company of ALL Machen Holdings S.A ("Machen") – Holding Company of HAL Machen Development Corporation ("MDC") – Holding Company of Machen Amas Holdings S.A. – Holding Company of MDC
Fellow subsidiary	HLF Services Limited ("HSL")
Key management personnel (KMP)	Mr. Sachin Pillai, Managing Director Mr. Venkatesh Kannappan, Chief Operating Officer (till 4th December, 2019) Ms. Roopa Sampath Kumar, Chief Financial Officer Mr. Baalasubramaniyan Ne, Company Secretary (till 6th February, 2020) Mr. Srinivas Rangarajan, Company Secretary (from 7th February, 2020)

Related party transactions

INR in Lakh

Nature of transaction	Holding company (HLF)	Fellow subsidiary (HSL)	KMP
Allotment of equity shares	4000 (3000)	- -	- -
Reimbursement of expenses incurred on behalf of HHF	103.84 (64.06)	- -	- -
Service provider fees	- -	1,298.10 (940.57)	- -
Rental expense	22.04 (32.36)	- -	- -
Interest on security deposit	19.18 (37.02)	- -	- -
Salaries and allowances * - Mr. Venkatesh Kannappan (Till 4th December, 2019)	 - -	 - -	 24.44 (22.96)
- Ms. Roopa Sampath Kumar	- -	- -	2.23 (1.59)
- Mr. Baalasubramaniyan Ne. (Till 6th February, 2020)	- -	- -	0.68 (0.49)
- Mr. Srinivasan Rangarajan (From 7th February, 2020)	- -	- -	1.83 -

*All the KMPs except Mr. Srinivas Rangarajan, Company Secretary appointed w.e.f 7th February, 2020 have been nominated by Hinduja Leyland Finance Limited, the Holding Company. The salaries and allowance are paid by Hinduja Leyland Finance Limited and the same is reimbursed by Hinduja Housing Finance Limited.

Note: Figures in bracket represents the figures for FY 2018-19.

INR in Lakh

Related party balances	**Year ended 31st March 2020**	**Year ended 31st March 2019**
Hinduja Leyland Finance Limited		
Security deposit (recoverable)	122.59	144.10
Prepaid rent	39.41	17.90

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

27.2 The transactions disclosed above are exclusive of GST.

27.3 The Company enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.

28 SEGMENT REPORTING

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

29 CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities	- There are no contingent liabilities as at 31st March, 2020. (31st March, 2019: Nil)
b) Commitments	- Sanctioned and undisbursed amounts of loans as at 31st March, 2020 : Rs. 4,817.47 (31st March, 2019 : 6,301.65)

INR in Lakh

Particulars	**Year ended 31st March 2020**	**Year ended 31st March 2019**
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	41.10	17.66
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	11.03	-

31 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 Rs. 135.46 lakhs (31st March, 2019 : Rs. 75.74 lakhs)

(b) Defined benefit plan:

Gratuity plan

Financial assets not measured at fair value

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

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

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

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

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

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

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

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

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Present value of obligations	64.12	20.29
Fair value of plan assets	-	-
Asset / (Liability) recognised in the Balance Sheet	**(64.12)**	**(20.29)**

Movement in present values of defined benefit obligations

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Defined benefit obligation at the beginning of the year	20.29	3.93
Current service cost	33.80	13.71
Interest cost	1.39	0.31
Actuarial (gains) / losses	8.64	2.34
Benefits paid by the plan	-	-
Defined benefit obligation at the end of the year	64.12	20.29

Movement in fair value of plan assets

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Fair value of plan assets at the beginning of the year	-	-
Contributions paid into the plan	-	-
Benefits paid by the plan	-	-
Expected return on plan assets	-	-
Actuarial (losses) / gains	-	-
Fair value of plan assets at the end of the year	-	-

Expense recognised in the statement of profit or loss

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current service cost	33.80	13.71
Interest on obligation	1.39	0.31
Expected return on plan assets	-	-
Net actuarial (gain) / loss recognised in the year	8.64	2.34
Total	**43.83**	**16.36**

Remeasurements on the net defined benefit liability :

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
- Actuarial (gain)/loss from change in demographic assumptions	23.72	3.81
- Actuarial (gain)/loss from change in financial assumptions	3.23	2.54
- Actuarial (gain)/loss from change in experience adjustments	(18.31)	(4.00)
Total amount recognised in other comprehensive income	**8.64**	**2.34**

Actuarial assumptions

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Discount rate	6.87%	7.68%
Estimated rate of return on plan assets	0.00%	0.00%
Attrition rate	18.00%	29.00%
Future salary increases	12.00%	10.00%
Retirement age	58 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

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

Five year information

INR in Lakh

Gratuity	Year ended 31st March 2020	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
Defined benefit obligation	64.12	20.29	3.93	5.98	-
Fair value of plan assets	-	-	-	-	-
Deficit in plan	64.12	20.29	3.93	5.98	-
Experience adjustments on plan liabilities	8.64	2.34	(4.30)	-	-
Experience adjustments on plan assets	-	-	-	-	-

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected:

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Defined benefit obligation (Base)	64.12	20.29

	Year ended 31st March 2020		Year ended 31st March 2019	
	Increase	Decrease	Increase	Decrease
100 base points increase/ decrease				
Discount rate (- / + 1%)	56.17	73.65	18.26	22.64
(% change compared to base due to sensitivity)	(12.40%)	14.88%	(9.99%)	11.61%
Future salary growth (- / + 1%)	72.62	56.63	22.46	18.38
(% change compared to base due to sensitivity)	13.27%	(11.67%)	10.68%	(9.40%)
Attrition rate (- / + 1%)	59.66	69.15	19.01	21.69
(% change compared to base due to sensitivity)	(6.95%)	7.85%	(6.31%)	6.93%

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

(c) Other long term employee benefits

The liability for compensated absences as at 31st March, 2020 is Rs. 46.54 lakhs (31st March, 2019 - Rs. 16.36 lakhs).

32 MICRO AND SMALL ENTERPRISES

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

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

33 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.

INR in Lakh

Particulars	As at 31st March 2020			As at 31st March 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,390.02	-	1,390.02	1,127.31	-	1,127.31
Loans	13,102.81	1,49,071.25	1,62,174.06	9,192.33	1,13,900.20	1,23,092.52
Investments	660.53	3,731.78	4,392.31	524.24	4,790.84	5,315.08
Other financial assets	495.42	141.58	637.00	24.37	141.58	165.95
Non-financial assets						
Current tax assets (net)	474.48	-	474.48	247.61	-	247.61
Deferred tax assets (net)	-	363.29	363.29	-	-	-
Property, plant and equipment	-	187.87	187.87	-	205.65	205.65
Intangible assets	-	3.29	3.29	-	3.95	3.95
Other non-financial assets	1.21	39.41	40.62	20.21	-	20.21
TOTAL ASSETS	**16,124.47**	**1,53,538.47**	**1,69,662.94**	**11,136.07**	**1,19,042.22**	**1,30,178.28**

INR in Lakh

Particulars	As at 31st March 2020			As at 31st March 2019		
	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	182.39	-	182.39	42.66	-	42.66
Borrowings*	32,816.03	1,09,405.69	1,42,221.72	20,205.50	90,088.86	1,10,294.36
Other financial liabilities	454.25	-	454.25	494.70	-	494.70
Non-financial liabilities						
Provisions	-	110.66	110.66	0.05	36.60	36.65
Deferred tax liabilities (net)	-	-	-	-	60.93	60.93
Other non-financial liabilities	103.04	-	103.04	19.47	-	19.47
TOTAL LIABILITIES	**33,555.71**	**1,09,516.35**	**1,43,072.06**	**20,762.38**	**90,186.39**	**1,10,948.77**
NET	**(17,431.24)**	**44,022.12**	**26,590.88**	**(9,626.31)**	**28,855.83**	**19,229.51**

* 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 Rs. 6,532.60 lakhs (31st March, 2019 - Rs. 8,632.46 lakhs) has been distributed over the same period as the maturity pattern of assets on finance.

34 FINANCIAL INSTRUMENT FAIR VALUE MEASUREMENT

a. Financial instruments by category

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

INR in Lakh

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Loans	1,62,174.06	-	-	1,62,123.58	1,62,123.58
Investments	4,392.31	-	-	4,261.49	4,261.49
Other financial assets	637.00	-	-	-	-
Total	**1,67,203.37**				
Financial liabilities not measured at fair value*					
Trade payables	182.39	-	-	-	-
Borrowings	1,42,221.72	-	-	1,42,221.72	1,42,221.72
Other financial liabilities	454.25	-	-	-	-
Total	**1,42,858.36**				

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

INR in Lakh

Particulars	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Loans	1,23,092.52	-	-	1,23,009.26	1,23,009.26
Investments	5,315.08	-	-	4,679.09	4,679.09
Other financial assets	165.95	-	-	-	-
Total	**1,28,573.55**				
Financial liabilities not measured at fair value*					
Trade payables	42.66	-	-	-	-
Borrowings	1,10,294.36	-	-	1,10,294.36	1,10,294.36
Other financial liabilities	494.70	-	-	-	-
Total	**1,10,831.72**				

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

Sensitivity analysis

INR in Lakh

	Increase	Decrease
For the year ended 31st March, 2019		
Loans		
Interest rates (1% movement)	965.01	(965.01)
For the year ended 31st March, 2020		
Loans		
Interest rates (1% movement)	1,415.95	(1,415.95)

b. Measurement of fair values

Valuation methodologies of financial instruments not measured at fair value

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

Short-term financial assets and liabilities

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

Loans and advances to customers

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

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

Investments

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

Borrowings

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

c. Capital management

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

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

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Gross Debt	1,42,221.72	1,10,294.36
Less:		
Cash and Cash equivalent	1,390.02	1,127.31
Other bank deposits	-	-
Adjusted Net Debt	1,40,831.71	1,09,167.05
Total Equity	26,590.88	19,229.51
Adjusted Net Debt to Equity Ratio	**5.30**	**5.68**

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

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(i) Credit risk

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

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

A. Loans and advances

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

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

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

INR in Lakh

Particulars	Carrying amount	
	Year ended 31st March 2020	Year ended 31st March 2019
Retail loans	1,44,493.74	1,05,212.00
Term loans	19,252.72	18,385.30
Investments	4397.35	5,315.34
	1,68,143.81	**1,28,912.64**

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

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

Staging:

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

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

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

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

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

Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk 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 calculated 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 probability of whether borrowers will default on their obligations in an ensuing period of 12 months. Historical PD is derived from the HFC's internal data calibrated with forward looking macroeconomic factors. Macroeconomic factors having a high correlation with the HFC's internal data are selected as references for estimating future probabilities of default, which are:

1. GDP

2. Domestic Demand

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

Loss given default ("LGD"):

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

Various approaches are available to compute the LGD. Company has considered workout LGD 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).

Exposure at default ("EAD"):

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and 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 Lakh

Particulars	**Year ended 31st March 2020**	**Year ended 31st March 2019**
Stage 1	417.40	30.76
Stage 2	664.23	179.73
Stage 3	495.81	294.55
Loss Assets	-	-
Amount of expected credit loss provided for	**1,577.44**	**505.04**

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

Movement of ECL:

INR in Lakh

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening provision of ECL	505.04	654.85
Addition during the year	1,302.91	431.01
Utilization / reversal during the year	(230.51)	(580.82)
Closing provision of ECL	**1,577.44**	**505.04**

Reconciliation of ECL balance is given below:

INR in Lakh

Particulars	31st March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**30.75**	**179.74**	**294.55**	**505.04**
Assets repaid (excluding write offs)*	224.12	23.18	214.05	461.35
Transfers from Stage 1 **	(4.29)	436.36	59.06	491.13
Transfers from Stage 2 **	2.84	(40.48)	94.63	56.99
Transfers from Stage 3 **	-	1.23	(22.22)	(20.99)
Amounts written off	(12.05)	-	(145.08)	(157.13)
New assets originated	176.03	64.20	0.82	241.05
Gross carrying amount closing balance	**417.40**	**664.23**	**495.81**	**1577.44**

INR in Lakh

Particulars	31st March 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**35.71**	**373.37**	**245.77**	**654.85**
Assets repaid (excluding write offs)*	(21.32)	(271.31)	(32.11)	(324.73)
Transfers from Stage 1 **	(2.43)	2.15	0.29	-
Transfers from Stage 2 **	0.64	(52.81)	52.17	-
Transfers from Stage 3 **	0.02	1.64	(1.66)	-
Amounts written off	-	-	(197.02)	(197.02)
New assets originated	18.14	126.69	227.11	371.94
Gross carrying amount closing balance	**30.75**	**179.74**	**294.55**	**505.04**

An analysis of changes in the gross carrying amount :

INR in Lakh

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

INR in Lakh

Particulars	31st March 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	64,501.96	8,936.91	563.26	74,002.13
Assets repaid (excluding write offs)*	(14,728.50)	(3,935.96)	(119.28)	(18,783.74)
Transfers from Stage 1 **	(3,341.80)	2,946.80	395.00	-
Transfers from Stage 2 **	1,907.12	(3,151.76)	1,244.64	-
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
Gross carrying amount closing balance	**1,17,564.37**	**7,623.87**	**2,086.56**	**1,27,274.80**

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)".

C. 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 Rs. 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 financial assets and financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

INR in Lakh

Particulars	As at 31st March 2020			As at 31st March 2019		
	Loans & Investments	Cash and cash equivalent	Other Financial Assets	Loans & Investments	Cash and cash equivalent	Other Financial Assets
1 day to 30/31 days (one month)	4,558.42	1,390.02	495.42	3,114.64	1,127.21	24.37
Over one month to 2 months	2,377.28	-	-	1,817.14	-	-
Over 2 months up to 3 months	2,434.44	-	-	1,894.47	-	-
Over 3 months to 6 months	7,016.00	-	-	5,486.03	-	-
Over 6 months to 1 year	13,492.00	-	-	10,694.17	-	-
Over 1 year to 3 years	47,897.03	-	141.58	37,303.89	-	141.58
Over 3 year to 5 years	36,050.24	-	-	30,592.35	-	-
Over 5 years	52,740.96	-	-	37,504.90	-	-
Total	**1,66,566.37**	**1,390.02**	**637.00**	**1,28,407.59**	**1,127.21**	**165.95**

Particulars	As at 31st March 2020			As at 31st March 2019		
	Borrowings	Trade payable	Other Financial Liabilities	Borrowings	Trade payable	Other Financial Liabilities
1 day to 30/31 days (one month)	2,170.02	182.39	454.25	3,205.22	42.66	494.70
Over one month to 2 months	1,370.79	-	-	1,317.45	-	-
Over 2 months up to 3 months	2,994.32	-	-	2,343.13	-	-
Over 3 months to 6 months	6,539.31	-	-	5,138.37	-	-
Over 6 months to 1 year	14,394.36	-	-	10,857.02	-	-
Over 1 year to 3 years	53,757.01	-	-	42,567.49	-	-
Over 3 year to 5 years	36,915.57	-	-	29,756.98	-	-
Over 5 years	24,080.34	-	-	15,108.70	-	-
Total	**1,42,221.71**	**182.39**	**454.25**	**1,10,294.36**	**42.66**	**494.70**

(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.

INR in Lakh

Particulars	Year ended 31st March 2020		Year ended 31st March 2019	
Change in interest rates	**100 bp increase**	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Change in interest rates Variable rate borrowings Impact on profit for the year	(1,285.81)	1,285.81	(859.79)	859.79

(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.

36 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.

37 SUBSEQUENT EVENTS

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

38 NOTE ON COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to

COVID-19 Regulatory Package dated 27th March, 2020 and 17th April, 2020 and 22nd May, 2020 and in accordance therewith, the Company has proposed a moratorium on the payment of all principal instalments and / or interest, as applicable as per the RBI guidelines and this policy has been approved by its Board of directors.

Further, the Company has, based on current available information and based on the expected credit loss policy approved by the board determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these financial results. Based on the current indicators of future economic conditions, the Company considers the expected loss provision to be adequate and expects to recover the carrying amount of the financial assets recognised in the financial statements

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

39 APPROVAL OF FINANCIAL STATEMENT

The financial statements were approved for issue by the Board of Directors on 18th June, 2020

40 DISCLOSURE REQUIRED AS PER ANNEXURE 4 OF THE NOTIFICATION NO. NHB.HFC.CG.DIR.1/MD&CEO/2016 DATED 9TH FEBRUARY, 2017 ISSUED BY NHB.

(i) Capital

INR in Lakh

Particulars	31st March 2020	31st March 2019
CRAR %	21.51%	19.87%
CRAR - Tier I Capital %	21.13%	19.41%
CRAR - Tier II Capital %	0.38%	0.46%
Amount of subordinated debt raised as Tier II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

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

INR in Lakh

Statutory reserve	As at 31st March 2020	As at 31st March 2019
Balance at the beginning		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	850.75	350.65
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	850.75	350.65
Addition/Appropriation/withdrawals during the year		
Add:		
a) Amount transferred as per section 29C of the National Housing Bank Act, 1987	673.57	500.10
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	-	-
Balance as at end of the year		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	1,524.32	850.75
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	**1,524.32**	**850.75**

(iii) Investments

INR in Lakh

Sl No	Particulars	As at 31st March 2020	As at 31st March 2019
1	Value of investment		
	(i) Gross value of investment		
	(a) In India	4,392.31	5,315.08
	(b) Outside India	Nil	Nil
	(ii) Provision for depreciation		
	(a) In India	Nil	Nil
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investment		
	(a) In India	4,392.31	5,315.08
	(b) Outside India	Nil	Nil
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance		
	(ii) Add : Provisions made during the year	Nil	Nil
	(iii) Less: Write off/ write back of excess provisions during the year		
	(iv) Closing balance		

(iv) Derivatives

There have been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended 31st March, 2020 and 31st March, 2019.

(v) Disclosures relating to securitisation

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

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

(iii) Details of Assignment transactions undertaken - Nil

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

(vi) Asset Liability Management (ALM)

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

INR in Lakh

Particulars	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks*	2,170.02	1,370.79	2,994.32	6,539.31	14,394.36	53,757.01	36,915.57	20,704.82	3,225.85	149.67	1,42,221.71
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	4,513.38	2,346.12	2,340.34	6,854.25	13,163.53	45,675.45	34,540.03	26,288.46	20,368.86	6,083.64	1,62,174.06
Investments	45.04	31.16	94.10	161.76	328.47	2,221.57	1,510.21	-	-	-	4,392.31
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

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

Particulars	1 day to 30-31 days (one month)	Over 1 month to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks*	3,205.22	1,317.45	2,343.13	5,138.37	10,857.02	42,567.49	29,756.98	11,649.03	3,214.62	245.05	1,10,294.36
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	3,087.11	1,811.78	1,826.52	5,363.97	10,392.85	35,651.29	28,051.15	18,745.53	15,532.48	2,629.83	1,23,092.52
Investments	27.52	5.36	67.95	122.06	301.33	1,652.60	2,541.19	597.06	-	-	5,315.08
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 Rs. 6,532.59 Lakhs (31st March, 2019 - Rs. 8,632.46 Lakhs) has been distributed over the same period as the maturity pattern of assets on finance.

41 DISCLOSURE REQUIRED AS PER ANNEXURE 4 OF THE NOTIFICATION NO. NHB.HFC.CG.DIR.1/MD&CEO/2016 DATED 9TH FEBRUARY, 2017 ISSUED BY NHB.

A. Exposure to Real Estate Sector

INR in Lakh

Category		As at 31st March 2020	As at 31st March 2019
(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	36,212.80	25,972.02
	Housing loan more than Rs. 15 lakhs	63,774.61	45,341.17
	Other Non Housing loans*	39,578.60	29,442.91
(ii)	Commercial real estate Lending fully secured by mortgage on commercial real estate (Office building or retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial building, industrial or warehouse space, hotels, land acquisitions, developments and constructions, etc.). Exposure would also include Non-Fund Based (NFB) limits.	-	-
(iii)	Investment in mortgage back securities (MBS) and Other securitized exposures		
	(a) Residential	3,644.77	4,311.89
	(a) Commercial Real Estate		
(b)	**Indirect Exposure**		
	Fund based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Corporations (HFCs)	23,594.46	22,627.65

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

B. Exposure to capital market

There is no exposure to capital market during the year ended 31st March, 2020 and 31st March, 2019

C. Details of financing of parent company products

There is no exposure to financing of parent company products during the year ended 31st March, 2020 and 31st March, 2019.

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

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

E. Unsecured loans

There is no exposure to unsecured loans during the year ended 31st March, 2020 and 31st March, 2019.

42 DISCLOSURE REQUIRED AS PER ANNEXURE 4 OF THE NOTIFICATION NO. NHB.HFC.CG.DIR.1/MD&CEO/2016 DATED 9TH FEBRUARY, 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

INR in Lakh

Items	As at 31st March 2020	As at 31st March 2019
a) Penalty		
Penalty if any levied by National Housing Bank	-	0.15
b) Adverse remarks	-	-
c) Percentage of outstanding loans granted against collateral gold jewellery to their outstanding assets	-	-

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

Facility	Rating agency	31st March 2020	Date of rating
Long-term : Bank borrowings	CARE	AA-/Stable	20th March, 2020
Short-term : Bank borrowings	CARE	A1+	20th March, 2020
Short-term : Commercial paper	CARE	A1+	27th September, 2019
Long-term: Non-convertible debentures	CRISIL	AA-/Stable	25th April, 2019
Short-term : Commercial paper	CRISIL	A1+	25th April, 2019

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

43 DISCLOSURE PURSUANT TO NOTIFICATION NO. NHB.HFC.CG-DIR.1/2016 DATED 9TH FEBRUARY, 2017 ISSUED BY NHB

(i) Provisions and Contingencies

INR in Lakh

Particulars	31st March 2020	31st March 2019
Provisions for depreciation on investment	-	-
Provisions made towards income tax	-	-
Provisions towards non-performing assets	497.24	452.32
Provision for Standard Assets	1,080.20	401.18
Other provision and contingencies	268.19	79.31

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

INR in Lakh

Particulars	Housing loan		Non-housing loan	
	As at 31st March 2020	As at 31st March 2019	As at 31st March 2020	As at 31st March 2019
Standard assets				
Total outstanding	96,494.60	71,313.19	66,628.84	54,897.39
Provisions	(816.31)	(227.45)	(263.89)	(173.73)
Sub-standard assets				
Total outstanding	1,561.30	1,614.86	161.14	-
Provisions	(139.02)	(275.84)	(14.35)	-
Doubtful assets				
Total outstanding	1,745.53	100.54	27.84	-
Provisions	(155.43)	(26.12)	(2.48)	-
Loss assets				
Total outstanding	185.97	150.36	-	-
Provisions	(185.97)	(150.36)	-	-
Total				
Total outstanding	**99,987.41**	**73,178.95**	**66,817.82**	**54,897.39**
Provisions	**(1,296.73)**	**(679.77)**	**(280.72)**	**(173.73)**

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

INR In Lakhs

Sl No	Particulars	31st March 2020	31st March 2019
1	**Concentration of Public Deposits (for Public Deposit taking / holding HFCs)**	**NA**	**NA**
2	**Concentration of loans & advances**		
	Total advances to twenty largest borrowers	19,452.49	18,723.31
	Percentage of Advances to twenty largest borrowers to Total Advances of the HFC	11.66%	14.62%
3	**Concentration of all Exposures (including off-balance sheet exposures)**		
	Total Exposure to twenty largest borrowers customers	20,205.07	19,726.75
	Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the HFC on borrowers/customers	12.11%	15.40%
4	**Concentration of NPAs**		
	Total exposure to top ten NPA accounts	633.19	522.51

* 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	% of NPAs to total advances in that sector
	31st March 2020	31st March 2019
A. Housing Loans:		
Individuals	3.49%	2.55%
Builders/Project Loans	-	-
Corporates	-	-
Others (specify)	-	-
A. Non-Housing Loans:		
Individuals	0.28%	-
Builders/Project Loans	-	-
Corporates	-	-
Others (specify)	-	-

(v) Movement of NPAs

INR in Lakh

Particulars		Year ended 31st March 2020	Year ended 31st March 2019
(i)	Net NPAs to Net Advances (%)	1.91%	1.16%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	2,089.84	563.26
	(b) Additions during the year	1,946.59	2,146.27
	(c) Reductions during the year	(354.64)	(619.69)
	(d) Closing balance	3,681.79	2,089.84
(iii)	Movement of Net NPAs		
	(e) Opening balance	1,637.52	302.74
	(f) Additions during the year	1,848.83	1,358.69
	(g) Reductions during the year	(301.81)	(23.91)
	(h) Closing balance	3,184.54	1,637.52
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	452.32	260.52
	(b) Provisions made during the year	306.63	787.58
	(c) Write-off / write-back of excess provisions	(261.70)	(595.78)
	(d) Closing balance	497.25	452.32

(vi) Overseas assets

The Company does not have any joint ventures and subsidiaries abroad during the year ended 31st March, 2020 and 31st March, 2019 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 31st March, 2020 and 31st March, 2019.

(viii) Customer Complaints*

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
(a) No. of complaints pending at the beginning of the year	-	
(b) No. of complaints received during the year	189	134
(c) No. of complaints redressed during the year	189	134
(d) No. of complaints pending at the end of the year	-	-

* As per the records of the Company

44 COMPARISON OF PROVISION UNDER IRACP NORMS AND IMPAIRMENT ALLOWANCE UNDER IND AS 109 AS PER RBI GUIDELINES

INR in Lakh

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

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

For and on behalf of the Board of Directors of

S Nagarajan
Chairman
DIN No. 00009236

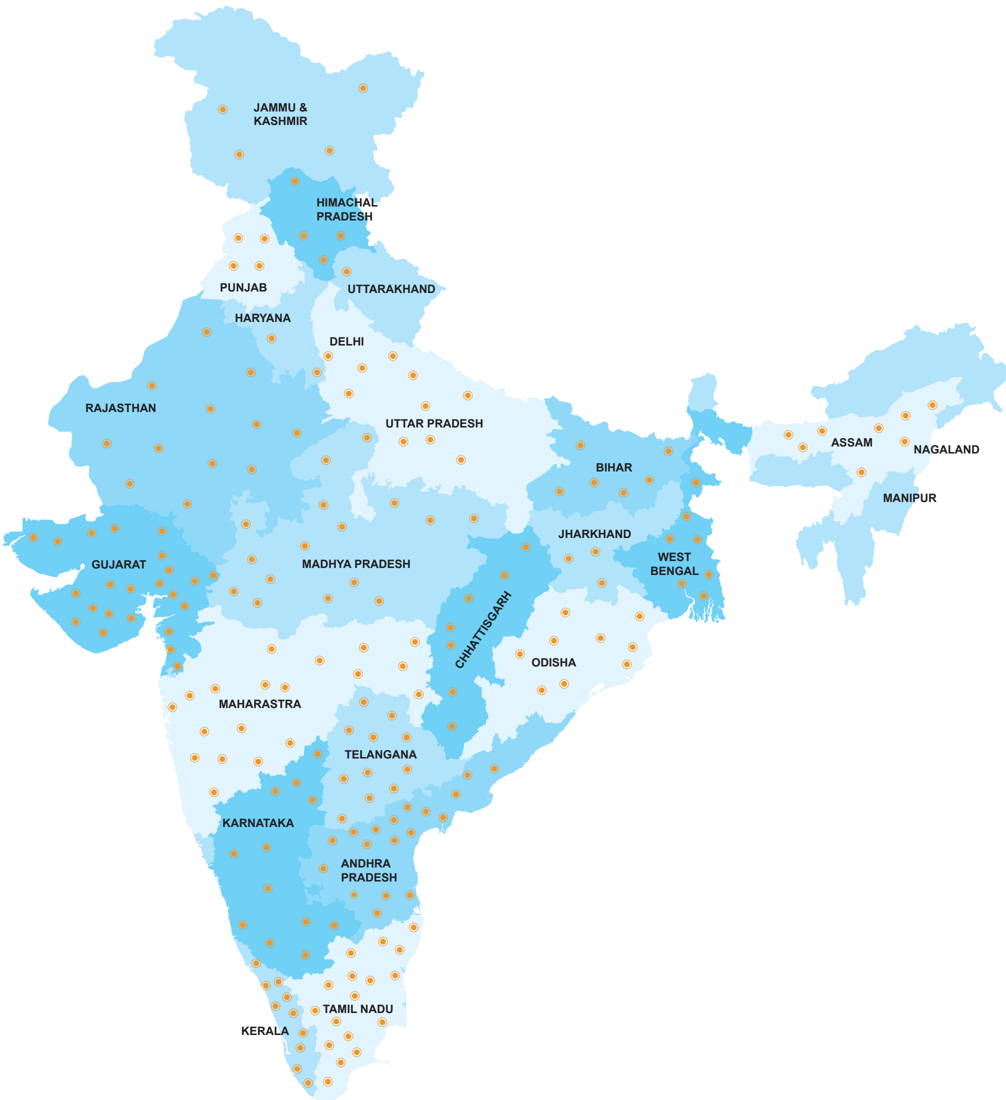
Sachin Pillai
Managing Director
DIN No. 06400793

Roopa Sampath Kumar
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : 18th June, 2020

NATIONAL NETWORK OF BUSINESS LOCATIONS



Hinduja Housing Finance Limited

REGISTERED OFFICE
27-A, Developed Industrial Estate, Guindy, Chennai - 600 032.
Tel: 044-2242 7545 | Email: compliance@hindujahousingfinance.com
www.hindujahousingfinance.com