



[Formerly Known as DHFL Vysya Housing Finance Ltd]

Making home ownership affordable
For anyone. For everyone.



17/18
annual
report

**Images in the cover are used for illustrative purposes only*

Transcending barriers. Transforming dreams.

We, at Aadhar Housing Finance Ltd., are making the goal of home ownership affordable, achievable and accessible, for everyone.

With our unique value proposition, we are seeking out the most under-served segment of India's populace to enable the realisation of their innermost desires and aspirations.





**Delivering exclusive promises.
Driving inclusive growth.**

We are reaching out to anyone who is in search of a new life, in the safety and care of their own home. Because, we believe that everyone needs a home, and anyone who aspires for one should have one.

A peep inside

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to view our report online



In the aspirational world of home ownership...

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I write to you at an important juncture in the journey of the Indian housing finance industry...

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Owning a home is an aspirational desire that knows no boundaries. It is a need that transcends the limitations of class, category and affordability...

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Corporate Information

Key Managerial Personnel

Shri Deo Shankar Tripathi - MD and CEO

Shri Anmol Gupta - Chief Financial Officer

Shri Sreekanth V.N. - Company Secretary

Joint Auditors

Deloitte Haskins & Sells LLP

Chartered Accountants

Indiabulls Finance Centre
Tower 3, 24th / 25th / 26th /
27th-32nd Floor Senapati Bapat
Marg, Elphinstone Road
(West), Maharashtra
Mumbai - 400 013

Chaturvedi S K & Fellows

Chartered Accountants

42, Dev Plaza
Swami Vivekanand Road
Andheri (West), Maharashtra
Mumbai - 400 058

Bankers

Allahabad Bank
Andhra Bank
AU Small Finance Bank
Axis Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Catholic Syrian Bank
Central Bank of India
Corporation Bank
DCB Bank
Dena Bank
Federal Bank
HDFC Bank
ICICI Bank

IDBI Bank
Indian Overseas Bank
Karnataka Bank
Kotak Mahindra Bank
Lakshmi Vilas Bank
Maharashtra Gramin Bank
Oriental Bank of Commerce
Punjab National Bank
Shinhan Bank
South Indian Bank
State Bank of India
Syndicate Bank
Union Bank of India
United Bank of India
Yes Bank Ltd

Trustee to the NCD

Catalyst Trusteeship Limited

(Previous Name - GDA Trusteeship Ltd.)

GDA House, 94/95, Plot No. 85, Bhusari Colony, (Right) Kothrud,
Pune - 411 038 | Ph: +91 20 2528 0081 | Fax: +91 20 2528 0275
Email: dt@gdatrustee.com | Website: www.gdatrustee.com

Beacon Trusteeship Ltd.

4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Club,
Bandra East, Mumbai - 400 051 | Ph: +91 22 2655 8759
Email: Customercare@beacontrustee.co.in

Foreign Partner

International Finance Corporation

Compliance Officer

Mr. Sreekanth V.N.

Company Secretary

201, Raheja Point-1, Nehru Road, Vakola, Santacruz (E),
Mumbai - 400 055 | Ph: +91 22 3950 9931 | Fax: +91 22 3950 9934
Email: sreekanth.n@aadharhousing.com

Credit Rating Agency

Brickwork Ratings Pvt Ltd

3rd Floor, Electric Mansion, Appasaheb Marathe Marg, Prabhadevi,
Mumbai - 400 025
Ph: +91 22 6169 3300

CARE Ratings Ltd.

4th Floor Godrej Coliseum, Somaiya Hospital Road, Off Eastern
Express Highway, Sion (East), Mumbai - 400 022
Ph: +91 22 6754 3465 | Email: info@careratings.com

CRISIL

CRISIL House, Central Avenue, Hiranandani Business Park,
Powai, Mumbai - 400 076
Ph: +91 22 3342 3000 | Email: CRISILratingdesk@crisil.com

ICRA Ltd

3rd Floor, Electric Mansion Appasaheb Marathe Marg, Prabhadevi,
Mumbai - 400 025 | Ph: +91 22 6169 3300

Stock Exchange

Bombay Stock Exchange Ltd. (BSE Limited)
1st Floor, P. J. Towers, Dalal Street, Mumbai - 400 001
Ph: +91 22 2272 1234 | Email: corp.comm@bseindia.com

Depository for Demat

National Securities Depository Ltd. (NSDL)

4th Floor, A Wing, Trade World, Kamala Mills Compound,
S.B. Marg, Lower Parel, Mumbai - 400 013
Ph: +91 22 2499 4200 | Email: info@nsdl.co.in

Central Depository Services (India) Ltd (CDSL)

Marathon Futorex, A-Wing, 25th Floor,
NM Joshi Marg, Lower Parel, Mumbai - 400 013

Registrar & Transfer Agent

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West),
Mumbai - 400 078 | Ph: +91 22 2596 3838 | Fax: +91 22 2594 6969
Email: ipo@linkintime.co.in | Website: www.linkintime.co.in

TSR Darashaw Limited

Address: 6-10, Haji Moosa Patrawala Ind. House | 20, Dr. E. Moses
Road | Near Famous Studio | Mahalaxmi | Mumbai - 400 011.
Ph: +91 22 6657 8484

Registered Office

Aadhar Housing Finance Ltd.

CIN: 66010KA1990PLC011409
2nd Floor, No. 3, JVT Towers, 8th 'A' Main Road, S.R. Nagar,
Bengaluru - 560 027, Karnataka
Toll Free No: 1800 3004 2020

Corporate Office

201, Raheja Point-1, Nehru Road, Vakola, Santacruz (E),
Mumbai - 400 055 | Ph: +91 22 3950 9931 | Fax: +91 22 3950 9934
Email: customercare@aadharhousing.com

Where aspirations meet reality...

In the aspirational world of home ownership, Aadhar Housing Finance Ltd. (AHFL) stands tall as an organisation that breaks barriers to enable inclusive growth. It stands apart as an entity that drives the realisation of the dream of home ownership among the Low Income Group (LIG) and Economically Weaker Sections (EWS) of the society.

The ethos of business at AHFL extends beyond providing housing finance. We believe in reaching out to the innermost aspirational desires of millions of Indians in the most under-served segment of the society. We believe in nurturing dreams, and then enabling their transformation into reality.

Led by a deep understanding of the housing needs of the neo-aspirational segment in the urban and semi-urban markets, we provide them with an ethical, risk-free, speedy and transparent value proposition. We are continuously striving to ensure the fulfilment of their dream to find their own place under the sun, and empowering India to become a more equitable nation.



1,00,000
CUSTOMER MILESTONE CROSSED IN FY 2017-18

With 270 branches covering 1,500 locations in 19 states and union territories, AHFL, headquartered in Mumbai, services the Low Income segment at the grassroots, reaching out to customers at the doorstep.

Expanding portfolio. Growing reach.

A subsidiary of Wadhawan Global Capital (WGC), with equity participation from DHFL and International Finance Corporation (IFC) (subsidiary of the World Bank), AHFL caters to the needs of aspirational home owners with a comprehensive and inclusive portfolio of products and solutions.



Loan for plot purchase and/or construction	Home improvement loan
Home extension loan	Loan against residential/commercial property
Balance transfer/top up	Loans for Purchase/Construction of Non-Residential Property
Fixed Deposits	Loan against Property (Business/Personal Loans)

AHFL is benchmarked to the highest standards of corporate governance, and aligned to the regulations of the National Housing Bank (NHB).

Vision

To provide security in the form of a roof over every Indian's head.

Mission

- To make Housing Finance easily accessible to the lower and middle income (LMI) groups
- To mobilise resources and attention to this segment, which would mean faster and greater growth for the segment, thus impacting the nation as a whole
- To promote responsible financial inclusion and to make the segment aware and prepared to take informed financial decisions
- To bring continuous innovations in our products, processes and credit policies, to make sure that maximum number of people can be eligible for loans

Our customer promise

At AHFL, we are committed to make your home ownership experience smooth, transparent and fair. Our customer promise includes 7 commitments that define our obligations to you.

- Always treat you fairly and with respect and integrity when fulfilling our responsibilities
- Diligently work with you to help achieve your home ownership goals and respond quickly with a solution

- Maintain transparency and keep you well-informed at every step
- Listen to you and incorporate your feedback
- Provide a trusted, supportive and confidential environment for you to share with us your home ownership needs
- Provide great ongoing financial care and guidance
- Communicate clearly and honestly

Values

Piloting the fulfilment of our customer promise is our strong core of values:

Innovation - To work with an innovative approach to housing finance credit, creating new business opportunities whilst managing risk.

Speed - To set clear performance standards and stand responsible and accountable for providing solutions within specified timelines, with nimbleness and agility.

Customer Delight - To maintain respectful relations with customers and deliver customer delight through all our actions whilst measuring our performance on the value delivered to our customers.

Integrity - To honour our commitment, act with responsibility, honesty and transparency across all our external and internal relationships.



84%

Individual home loans



68%

Proportion of salaried customers out of the total



Rs. 3,905 Crores

Disbursement during FY 2017-18, growth of 67% on comparable basis



50*

Increase in loan book



1,00,000

Happy Customers



0.58%

Retail gross NPA



1,742 & 1,515

On roll and off roll team sizes, respectively



8.2 Lakhs

Average Ticket Size of the Home Loan Portfolio



60%

of Financing in Semi-urban and Small Towns

* On Comparable Basis

And where synergistic strengths drive inclusive growth

Taking forward AHFL's vision of making home ownership affordable, for anyone and everyone, is the combined strength of two synergistic entities. These are entities that have come together to drive the inclusion of India's salaried and self-employed from low income segment into the progressive mainstream of the society.

The journey of DHFL Vysya Housing Finance Ltd.

(formerly known as Vysya Bank Housing Finance Limited)

Incorporated on 26th November 1990, with an authorised capital of Rs. 10 Crores

Promoted by The Vysya Bank Ltd. and co-promoted by Karur Vysya Bank Ltd., National Housing Bank, Unit Trust of India, ICICI and other leading Banks and business houses, to become the first housing subsidiary of a commercial bank in the private sector

Rechristened as DHFL Vysya Housing Finance Ltd in 2013, following its takeover by Dewan Housing Finance Corporation Ltd., one of the leading housing finance companies in the country

Focused on low and middle-class segments for their housing requirements, beginning with the southern states of India (12 branches covering the states of Andhra Pradesh, Karnataka & Tamil Nadu and 1 branch in Maharashtra), Thereafter, expended branch net -worth in southern states, Maharashtra and Noida in UP

Notified as one of the recognised HFCs for accepting Public Deposits from April 2018 and also for refinance facility by the Regulatory body, National Housing Bank



*And the journey for
AHFL continues...*



The journey of Aadhar Housing Finance Ltd.

DHFL VYSYA HOUSING FINANCE LTD

+

AADHAR HOUSING FINANCE LTD

=



- Customer base crosses 1,00,000 mark on 27th November 2017
- Inducts 2,000th employee on 1st December 2017
- Declared Best Home Loan (Affordable) Provider of the Year - 2017 by Outlook Money on 8th March 2018
- Disburses over Rs. 600 Crores in March 2018 – highest ever disbursement in a month

Incorporated in 2010 with authorised capital of Rs. 100 Crores, promoted by DHFL with equity participation of 20% from IFC, (an arm of the World Bank in India)

1st branch established in Lucknow on 26th January 2011

Crossed milestone of 1,000 Home Loan Disbursements on 11th February 2012

Awarded by IFC for exemplary work in inclusive business on 10th October 2012

World Bank President Jin Yong Kim visits Aadhar customers on 12th March 2013

Crosses Rs. 1,000 Crores of Loan Book on 12th March 2015

Customer base crosses 25,000 on 7th November 2015

Expands to its 10th state on 18th November 2015

Reaches 100 branches milestone on 22nd June 2016

Crosses Rs. 2,000 Crores of Loan Book on 30th June 2016

Customer base crosses 50,000 on 25th February 2017

How we are driving the transformation...

Operational highlights (FY 2017-18)



138

Branches added



1,329

Total no. of Channel partners



6

States added



539

Total no. of Referral partners



37,000

Customers added



1,091

Total no. of feet on street

Performance & profitability

262%

increase in interest income of housing loans

56%

increase in profit after tax, from Rs. 64 Crores (DHFL Vysya Housing Finance Rs. 23 Crores and Erstwhile Aadhar Housing Finance Ltd Rs. 41 Crores) in FY 2016-17 to **Rs. 100 Crores** in FY 2017-18

Business highlights

83%

increase in sanctions, from **Rs. 3,301 Crores** in FY 2016-17 to **Rs. 6,033 Crores** in FY 2017-18

67%

increase in disbursements, from **Rs. 2,338 Crores** in FY 2016-17 to **Rs. 3,905 Crores** in FY 2017-18

58%

increase in AUM, from **Rs. 4,991 Crores** in FY 2016-17 to **Rs. 7,966 Crores** in FY 2017-18

* On Comparable Basis



Chairman's Message



Kapil Wadhawan
Chairman of the Board

Dear Stakeholders,

I write to you at an important juncture in the journey of the Indian housing finance industry. The industry is in the midst of a major transformation, aligned to the Government of India's mission of 'Housing for All by 2022'. And we, at AHFL, are moving proactively forward, in line with the vision of our founder to make the dream of home ownership a reality for all Indians, thus partnering the Government in this transformational odyssey.

As we steer the realisation of this futuristic vision, aimed at driving inclusive national progress, we do so with the integrated strengths of two powerful entities - DHFL Vysya and Aadhar Housing Finance Ltd. The merger, I am happy to state, has effectively enabled us to add size and scale to our focussed efforts to democratise home finance in India.

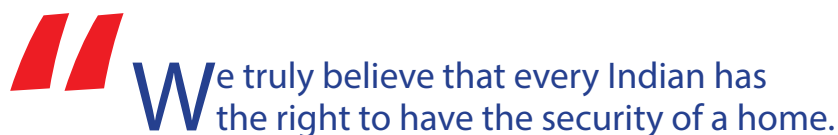
Led by the dream of enabling home ownership for the most underserved segment of the society, we are continuously striving to create an equitable society and a better lifestyle for all Indians. We truly believe that every Indian has the right to have the security of a home. We thus remain focussed on giving all Indians such security with our affordable housing finance, delivered through customised solutions and the highest levels of service excellence.

As we surge committedly and dedicatedly towards the realisation of our goal to drive inclusive growth, we do so at the back of our deep understanding of the needs of the low income salaried and self-employed individuals. We realise that these are the people often deprived of the chance to own a home because of their lack of knowledge and absence of proof of their repayment capacity. Our unique business model is designed to reach out to this segment, while harnessing the large-scale affordable housing opportunity thrown up by the Government of India's focus on this sector.

The opportunity matrix

The opportunity that we see in the affordable housing segment stems largely from the huge fillip given to it by the Government of India, which is making significant investments towards the realisation of its 'Housing for All' mission. The Pradhan Mantri Awas Yojana (PMAY) – Grameen and the Pradhan Mantri Awas Yojana (PMAY) – Urban have emerged as two key areas of potential expansion for the affordable housing finance industry. With 30 million in rural and 20 million in urban houses targeted to be built by 2022 under these two schemes, the opportunity size that we see in the next four years is stupendous.

The Union Budget for FY 2017-18 has also given a major boost to affordable housing by providing it the vital infrastructure status. The move, we believe, will help in lowering the borrowing costs of developers, thus enabling them to pass on some of their savings to the buyers and spurring demand. Naturally, the demand upshot will translate into business growth for housing finance companies like AHFL, which are equipped with the necessary capabilities to cater to the Low income segment. The affordable housing fund, set up by the Government in line with the rural infrastructure development fund, has also come as a welcome move. We believe it will help housing finance companies to fund the builders at the lower end, thus giving the much-needed impetus to development of affordable housing.



At the same time, the various government policy and structural reforms have strengthened the affordable housing value proposition for the people, as well as for developers and housing finance companies. While demonetisation has helped to formalise the sector, GST has brought the much-needed transparency into the system, which has also got a major confidence boost in the form of RERA.

With a multitude of Government initiatives infusing dynamism and injecting discipline into the industry, the stage is all set for the next level of growth and expansion for the sector.

Harnessing the opportunity

At AHFL, we are well positioned to harness the opportunities unleashed by the Government, with the synergies of DHFL Vysya and Aadhar coming excitingly together to unlock the latent potential of both the entities. The merged entity, as you can see, covers a much larger canvas to reach out to more customers in more locations and states.

Leading our strategic charter is our unique positioning, with our differentiated strategy of catering to the most under-served segment of the society. Despite growing competition in the housing finance segment, we continue to sustain our growth momentum at the back of our experience, expertise and deep understanding of the unique needs of our customers. With an expanding branch network, a comprehensive portfolio of customised products, and smart technologies to deliver a seamless experience to customers, we have maintained excellent growth in our business trajectory, crossing the one Lakh customer milestone during the year.

Encouraged by this milestone success, we have also embarked on a series of impactful measures to strengthen our presence in this niche segment. Large-scale adoption of digital technologies is helping in the reduction of our cost operations, while our CRM solutions for customers are further driving efficiencies into the system. Our mobility-driven solutions for collections and other vital aspects of customer engagement are helping to build the necessary digital eco-system to steer future growth.

Strengthening the building blocks

These myriad initiatives, coupled with the empowering culture that we have built to align our employees more closely with our mission of enabling home ownership for every Indian, have laid a robust foundation for our growth. To strengthen and scale up our growth mandate, we are now focussed on augmenting our core capabilities to deliver better value for money to our customers. At the same time, we see these efforts leading to a more empowered value proposition for our other stakeholders.

Our extensive network of 270 branches, strategically covering 1,500 locations across the country's major markets of growth in affordable housing, is helping us create the platform to harness the intrinsic potential of India's LIG segment in 19 states and union territories. Concurrently, we are making significant investments in strengthening our robust risk assessment and management framework. Our efforts are aimed at ensuring a low rate of delinquency for the Company and a bigger safety net for our customers.

We believe that with our extensive understanding of our customers' needs and aspirations, and our unwavering thrust on augmenting our competencies, we shall continue to raise the bar of our performance and create a more enabling environment for our future growth.

Going forward

As we move strategically forward towards the next phase of our expansion and growth, we shall strive to bring in greater transparency and an even more stringent compliance focus into the business. Our business intent shall be on further deepening our customer connect and strengthening our service proposition.

Our endeavour will be to streamline our systems and processes even more, thus enabling greater ease and convenience for our customers. We shall also continue to strive for the realisation of our vision of a more inclusive society through our financial literacy drives, which help create awareness in the LIG segment.

I am confident that with the continued support and trust of our stakeholders, we shall continue to strengthen our affordable housing finance proposition to bring more and more people in the ambit of home ownership.

On this note, I would like to thank our employees, without whose dedication and hard work we would not have been able to reach thus far in taking forward our ambition and our mission. I would also like to thank our Board members for their continued guidance and support, and the NHB, our regulator, as also our bankers, depositors and other stakeholders, for their resolute faith in our credentials.

I am sure that your cooperation will continue to steer us on the path to greater success in our forward journey of reaching out to anyone and everyone who needs our support in the fulfilment of their home ownership dream.

Sincerely,

Kapil Wadhawan
Chairman of the Board

MD and CEO's Message



Deo Shankar Tripathi
MD and CEO

Dear Stakeholders,

We are in the midst of exciting times for the housing finance sector, with the Government's exceptional focus on affordable housing giving a major boost to our business prospects. The synergistic merger of DHFL Vysya and Aadhar Housing has catapulted us to a new level of optimism, as we surge proactively to harness the fresh wave of opportunities in the niche segment of our presence.

At the heart of our growth strategy lies our deep-rooted vision to facilitate inclusive growth for millions of Indians to whom we reach out with our unique value proposition. It is a value proposition, centred on delivering home ownership access to the most under-served segment of the population, which had for long been deprived of the right to have the safety of their own home.

We not only understood and connected with their need and aspirational desire to own a home but also acknowledged and accepted their entitlement to the necessary housing finance to transform this aspiration into reality. By choosing to concentrate on this niche low income segment of salaried employees and self-employed individuals with no fixed income, we have joined hands with the Government of India in its mission to provide a home to every Indian by 2022.

It is, for us, a matter of pride and privilege to be part of this virtuous journey, which is now ready to be accelerated into the next phase at the back of a series of positive interventions by the Government. From demonetisation to GST implementation and the launch of RERA, the series of recent initiatives undertaken by the Government have injected the much-needed reforms into the real estate sector, with affordable housing emerging the biggest beneficiary segment of these measures.

Holistic business approach

As a niche player in an emerging segment, we, at AHFL, have evolved a robust business model led by a holistic approach to reach out effectively and efficaciously to LIG customers in the affordable housing finance space. Steering this approach is the synergistic merger of WGC (Wadhawan Global Capital)'s two region-specific subsidiaries – AHFL and DVHFL, which has led to the creation of a new, bigger and better entity, combining the strengths and the reach of the original. A brand new marketing collateral, designed to reflect the identity of the merged entity, incorporates the new brand components, with translations in all the languages.

The new logo and the revamped website of the merged entity are not the only visible manifestations of the merger. The resultant gains are more powerfully demonstrable on the ground, where we have seen the addition of 37,000 new customers, to take our total customer base to over 1,00,000. The disbursement of Rs. 3,900 Crores during FY 2017-18, further endorses the power of the merged entity, which has been selected Best Home Loan (Affordable) Provider of the Year – 2017 by Outlook Money. A 60% growth in AUM and a retail gross NPA of 0.58% also validates the success of the strategic merger, which has taken our growth potential to new levels, as is evident from the 56% increase in PAT for the year.

Augmenting the core

Steering this exceptional growth is our focussed product portfolio and large network reaching out across the length and breadth of the country. Our effective risk management strategy, along with the highest levels of transparency and corporate governance, are the other strengths that are helping us achieve our growth targets amid the growing competitive landscape of the housing finance industry.

The Company has a resilient organisational structure, effective leadership team, committed frontline strategy, strong segment concentration, policies, processes and robust monitoring mechanism to support growth with compliances and control.

The Company realises that employee engagement and development is an ongoing process. Various interventions are made to improve productivity, operational efficiency and customer service. As a result of all the initiatives, the cost to income risk reduced from 55% in March 2017 to 44% in March 2018, with the aim to aggressively bring it down further in the next 2-3 years.

Various digital initiatives along with new technology platforms are being undertaken. Central Processing Unit (CPU) has been expanded to process all salaried files to facilitate the digital movement of files from branch to CPU in a seamless manner. Scorecards for all type of customers – salaried, self-employed for both formal and non-formal income categories are being developed for efficient disbursement of files with adequate risk measures.

Financial literacy has emerged as another key enabler of our growth strategy, which remains focussed on partnering our customers in their seamless transition to home ownership. In fact, our entire marketing initiatives are centred on spreading awareness, with every salesman mandated to carry out financial inclusion initiatives as part of their KRAs.

Way forward

The opportunities unleashed by the government initiatives and our strategic merger have together laid the foundation for increased growth in the coming quarters. To harness these opportunities, we, at AHFL, are looking at adding more scale and strength to our business model in the coming year.

Going forward, we not only aim to add more states to our operational framework but also to target more locations to reach out to the smaller towns. We also see immense emerging opportunities in the Tier 2, 3 and 4 locations, where large-scale housing development activity is taking place. To meet the needs of customers in the new locations, we plan to deepen our presence of existing branches and also open new branches, embrace digitisation in a more cohesive manner across the organisational



At the heart of our growth strategy lies our deep-rooted vision to facilitate inclusive growth for millions of Indians to whom we reach out with our unique value proposition. It is a value proposition, centred on delivering home ownership access to the most under-served segment of the population, which had for long been deprived of the right to have the safety of their own home.

fabric, create a more empowering environment for our employees, and focus even more dedicatedly on driving financial inclusion by spreading targeted awareness among prospective customers.

The momentum we have built over the past few years will get further accelerated in the coming year, at the back of our focussed thrust on building on our strengths and deepening our customer connect. I expect the Company to repeat its performance during FY 2018-19. I am grateful for the continuous support from our regulators, National Housing Bank, Members of the Board, DHFL, International Finance Corporation, RBI, IRDA, SEBI, BSE, NSE and our Bankers, NCD Holders and all stakeholders. We shall cross many more milestones of success in our onward journey.

To all of them, and to all the members of the AHFL family, I would like to extend my heartfelt gratitude. Without them, our agenda for making the home ownership proposition more affordable and accessible for anyone and everyone would not be the vibrant reality it is becoming for more and more people in the low income segment across the country.

We are confident that Aadhar will cross many more milestones of success in our upcoming journey.

Sincerely,

Deo Shankar Tripathi

MD and CEO



Because everyone deserves a home...

Owning a home is an aspirational desire that knows no boundaries. It is a need that transcends the limitations of class, category and affordability. With our deep understanding of this deep-rooted need of all segments of the society, we have carved a niche for ourselves in the hearts of the millions of Indians in the Low Income Group (LIG) segment, for whom home ownership was an elusive dream till AHFL stepped in the last decade.



Our strategic thrust is on making housing finance products accessible to every Indian having repayment capabilities, irrespective of income levels, with our monthly salary eligibility criteria starting as low as Rs. 5,000 a month. Our offerings are classified broadly into home loans for salaried employees and for self-employed having formal or informal incomes.

From the lower rung government servants, to railway and police employees, teachers, private company employees and SMEs, we believe that every Indian deserves a home, and are well equipped to meet their unmet need for home ownership. Our financial proposition, with a product for everyone, extends to the most under-served segments of the society – the rickshaw wala, the barber, the plumber, the kirana merchant and the tailor, among others.

Our customised value-added products are delivering to our growing customer base through well entrenched systems and processes by our trained teams that provide the best-in-class service. Financial literacy is a strong pillar of our customer-oriented business model and we conduct regular programmes to spread financial awareness among the LIG segment to enable their inclusive progress by uplifting their standards of living.

Our business is focussed on the under-served urban and semi-urban customers, and we cater to the financial needs of individuals who are credit-worthy, but remain deprived of financing due to lack of credible documentation to endorse their repayment capability.

Nurturing trust

At the root of our business strategy lies a powerful consumer-centric approach, founded on the belief that even the needy are credit-worthy, and deserve to have the security of a home, with access to financial assistance to buy one. We realise that even those without proof of income can have the capability to repay. It is this capability that, with our expertise and experience in this niche segment, we have developed to bridge the gap that existed in the home finance industry in India, thus ensuring total customer delight.

Easing home ownership

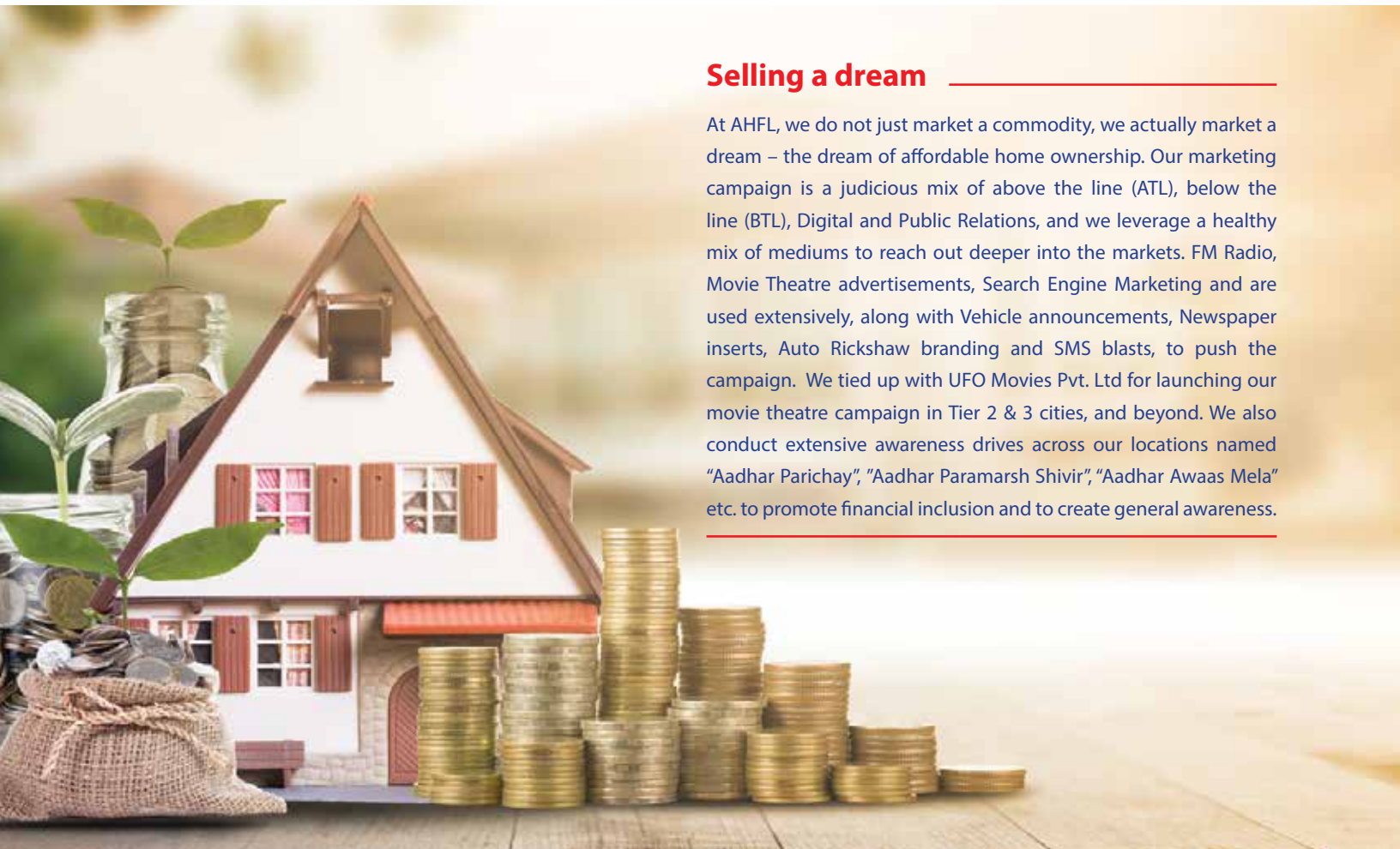
Our business approach is focussed on easing the process of securing a loan by the LIG customer through simplified systems, enabling a seamless customer experience. Quick sanctions and disbursals, and simplified assessment procedures with minimum documentation, are the hallmark of our strategic thrust.

With customised offerings designed to meet the needs of individuals in the Low Income segment, backed by simplified loan procedures. Our best-in-class services are structured to ensure total ease of repayment. Flexible and easy loan terms are aligned to customer requirements, and a user-friendly approach ensures smooth customer interaction at every stage, including collection.

Plugging the gap

Our awareness drives, aimed at educating the LIG segment about various financial and property related aspects, are a strong driver of our inclusive growth strategy. Strategically titled 'Aadhar Parichay', 'Aadhar Sanyog', 'Aadhar Paramarsh Shivar' etc., these drives are designed to foster one-on-one interaction, with information and problem solving the key facets. More than 7,000 such low-cost high-impact awareness drives were conducted during the year across markets, generating 17,000 leads and touching around 1 Lakh people.

During the year, we also conducted 6 Aadhar Awaas Melas – a uniquely designed property exhibition for the low income segment – in Bhopal (MP), Jabalpur (MP), Pithampur (MP), Surat (Gujarat), Morbi (Gujarat) and Virar (Maharashtra). The Melas, that evoked unprecedented response from the general public, brought customers, property developers, legal and technical experts and branch home loan teams under one umbrella to provide end-to-end solutions to customers. More than 7,000 people attended the Melas.



Selling a dream

At AHFL, we do not just market a commodity, we actually market a dream – the dream of affordable home ownership. Our marketing campaign is a judicious mix of above the line (ATL), below the line (BTL), Digital and Public Relations, and we leverage a healthy mix of mediums to reach out deeper into the markets. FM Radio, Movie Theatre advertisements, Search Engine Marketing and are used extensively, along with Vehicle announcements, Newspaper inserts, Auto Rickshaw branding and SMS blasts, to push the campaign. We tied up with UFO Movies Pvt. Ltd for launching our movie theatre campaign in Tier 2 & 3 cities, and beyond. We also conduct extensive awareness drives across our locations named "Aadhar Parichay", "Aadhar Paramarsh Shivar", "Aadhar Awaas Mela" etc. to promote financial inclusion and to create general awareness.



Prakash Modi
Pan Shop Owner

I wanted to move to a new house of my own, since I was marred by excessive rents, water problems, dirty establishments etc. Banks rejected my loan due to various reasons. However, I got a house due to ease of servicing from Aadhar.



Suresh Chaudhary
Tailor

Aadhar provided me with the much-needed loan for building my own house, when all my other savings from Provident Fund were exhausted. Besides, I used to stay in a house on rent, wherein I faced problems with the owner, water supply, excessive rent, electricity charges etc. But, I have now said a goodbye to all these problems because of the loan provided by Aadhar.



Dharmender Gehlot
Auto Driver

I was provided with a home loan by Aadhar when I felt things were not going good for me. I faced many problems pertaining to water and electricity at my previous residence. I faced difficulties even while procuring loans from banks due to insufficient income proof. However, Aadhar helped me when no one else did.



So that anyone can reach out to us...

We realise that the road from envisioning home ownership to actually achieving it is a long one. And the path from financial literacy to financial inclusion is fraught with many challenges for the customer in the segment that we are targeting.

To ease the process, and enable anyone and everyone desirous of home loan to reach out to us in a hassle-free manner, we have in place a robust nationwide network of branches. With our 270 branches in 1,500 locations across 19 states and Union Territories, we have the largest penetration in the country among all the affordable housing finance companies.

Facilitating wider credit access for the LMI segment, we reach out to the smallest of towns, apart from the Tier 2, 3 and even Tier 4 cities and within the periphery of metros and Tier 1 cities, with specific focus on towns being developed near highways and the main roads.

Our unique pan-India positioning has helped us fast-track our growth in the markets of our presence, while expanding into new markets of emerging opportunity.

Reaching out. Reaching within.

To further strengthen our reach in our target markets, we have launched a unique new initiative that harnesses the people power in a unique way. The initiative, which is an extension of our hub and spoke model, involves hiring of local resident to partner us in our Housing for All mission. The resident, who reports to the manager at the closest branch, has the advantage of reaching out to the customer in the local language, which gives him a better understanding of the requirements and a stronger connect with the prospective customer. To enhance reach, at least one such resident will be added to a cluster of four to five small towns.

Leveraging technology to expand and grow

Our customer-oriented business strategy necessitates continuous investment in all the key elements of our value chain, with technology emerging as an important pillar of our growth and expansion. We harness the latest technological innovations to strengthen both, our backend operations and our customer interface, with our Central Processing Units (CPUs) ensuring objective decision-making in the process of loan sanction and disbursement.

We remain focussed on creating a more seamless experience for our customers from their first interaction with AHFL through the lifecycle of their engagement. We harness technology and digitisation to enable quick checks, sanctions and disbursals, thereby facilitating a fast turnaround time at every stage of the process. Our decentralised processes ensure an average turnaround time of just 10 days.

Harnessing the online power

Our web portal and apps are designed for ease and convenience, and also to minimise the risk of fraud. During the year, we launched a new online portal, at no additional cost, to provide ease and convenience to the branches to acquire promotional material. More than 1 Lakh people visited the Aadhar website every month (82% new visitors and 17% returning visitors).

We also successfully generated an average of 19,000+ leads per month through online ads, using Google Adwords platform.



Mukesh Sen
Barber

I used to previously live on rent. I faced problems from my previous owner pertaining to excessive rents, electricity charges etc. I then heard about Aadhar and applied for a loan through an executive. I received a loan to build a place, I can call as my own house, from Aadhar.



For we believe in inclusive progress of everyone...

Inclusive progress is no longer a matter of choice. It is an imperative to propel the engine of national growth and development. From the inclusion of the customer to the employees and the society at large, we are continually investing in nurturing trust through our culture of transparency, quality and excellence.

While empowerment of employees remain central to our business charter, our inclusive proposition for the communities we work with is centred on a well-constructed platform of Corporate Social Responsibility (CSR).

Empowering employees

With a strong focus on employee empowerment, we provide our people an environment that promotes entrepreneurial freedom and nurtures excellence. The work culture at AHFL is led by team spirit, which inspires a culture of caring and sharing. Employees are encouraged to share ideas, be innovative in thought and action, and become a part of the decision-making process.

We make all efforts to give our employees the opportunity for their holistic, 360-degree development, with regular training and development programmes to promote their talent and

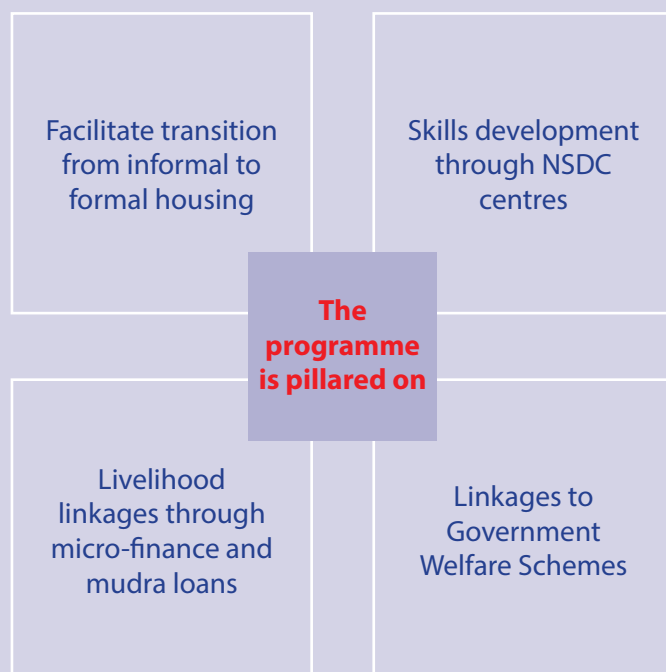
skills. Youthful dynamism is blended with experience through a mentorship programme, which enables new joiners to unleash the full gamut of their potential.

A system of rewards, recognitions and promotions keeps the employees motivated and inspired to perform and excel. Welfare activities and celebrations are a part of life for AHFL employees, with a series of engagement initiatives not just for our own people but also their families, whom we consider a part of the AHFL extended family.



Towards a progressive society

Our CSR ambit encompasses economic empowerment through financial literacy and inclusive growth. We also aid transition to formal housing by promoting the Pradhan Mantri Awas Yojana (PMAY) initiative of the Government of India. Our CSR programme is being implemented under '*Sharmaji ke Sawal, Vinodji ke Jawab*'; in Varanasi U.P. since FY 2016-17 and in Ranchi, Jharkhand and Raipur (Chhattisgarh) since FY 2017-18.



Nukkad Nataks (street plays), capacity building workshops for community workers, establishment of financial literacy and advisory centres, financial literacy workshops and community engagement by workers in the field are among the major highlights of the programme.

Living with dignity

For Agasti Tirki, a resident of New Colony Jagannathpur, her construction labourer husband's monthly income of Rs. 12,000 was not enough to help the family of five meet their daily needs. And their struggle to live in dignity might well have continued had she not happened to see a Nukkad Natak being held down the street close to her home in January 2018. The street play was a learning experience for Agasti, but the survey conducted after it as part of AHFL's '*Sharmaji ke Sawal, Vinodji ke Jawab*' programme changed her life forever. The *Saath* member she met there guided her to get a Pan Card for herself and her husband, and Aadhar cards for all the five family members. She was also encouraged to apply for many new upcoming Government Schemes and policies for financial aid. Thanks to *Saath*, she and her daughter are now getting monetary help under the government's Sukanya Yojana. The dream of living a life of dignity has finally become a reality for the family.

No dream too big

With her husband earning a mere Rs. 12,000 a month from his small business, Leela Devi could only dream of sending her two children to a good school. A Nukkad Natak by Aadhar in her Mausli Bari area changed all that. After the play, Leela met a resource person, Snehlata, who guided her through the difficult transition into financial inclusion. With her help, Leela managed to get her children admitted to good schools under BPL assistance programme of the government. Today she has a bigger dream – to see her children grow into educated and successful individuals.



And we are committed to driving responsible growth...

With our customer-centric business approach directed at the most under-served sections of the society, the need for ensuring total transparency, adherence to compliance norms and minimisation of risks assumes grave importance. We have in place a stringent framework for compliance to the highest norms of quality and safety, with well-structured systems and processes to minimise risk for our customers. Our grievance redressal mechanism ensures that customer complaints are addressed with promptitude and amicability.

We stringently follow fair practices of business, with our diversified mix of employees, drawn from different regions and cultural backgrounds, aligned to our business goal of enabling home ownership for all.

While partnering the customers across the life cycle of their loan, we ensure that quality, transparency and security are maintained at every stage. Our third party channel partners are monitored by our nearest branch, while the risk of cash management is minimised through ECS and post-dated cheque collections.



Robust credit appraisal mechanism

We maintain low delinquencies through stringent credit appraisal with the help of a strong credit appraisal team, which goes beyond documentation to carefully assess the credentials of individual buyer. Given the fact that a good number of our customers are self-employed, with no proper documentation to prove their repayment capability, we follow a meticulous verification process through multi-level credit filtration. Further, timely property valuations are conducted by our in-house legal and technical teams through a structured process.

Our diversified funding mix further enables us to reduce the risk of over-reliance on any particular source of fund. Further, even though we address the bottom end of the customer pyramid, we maintain a moderate loan-to-value ratio with a reasonable security cover.

Ensuring compliances

Our culture of corporate responsibility is manifest in our stringent compliances to our well-defined regulatory and legal framework. We follow the best industry practices, with both our management and employees equally aligned to all the professional codes of business, as well as local, regional and national regulations. We have adopted a robust Corporate Governance model, benchmarked to global standards of the financing industry.

Our superior rating and trust reposed in us by IFC, our equity partner, endorses our robust compliance and corporate governance focus.



Rajangam
Carpenter

I have lived in a rented house for 35 years. When I wanted to buy one of my own, I approached the banks for a loan. However, it was rejected due to incomplete documentation. Being a carpenter, added to the woes of not having proper documents. A friend recommended me to approach Aadhar and I received a loan from them to buy my own house. Aadhar also supported me by providing guidance regarding the same.

Board of Directors



Shri Kapil Wadhawan

Chairman (Non-Executive Director)

Shri Kapil Wadhawan is the guiding light behind revolutionising housing finance, making it accessible and affordable to large sections of the Indian population.

A dynamic leader, he has spearheaded radical changes in systems and processes, bringing in technology and talented manpower, to deliver higher overall efficiencies, thereby boosting performance and growth.

As the Group Chairman, a strategy think-tank and promoter of new ventures, Shri Kapil has ably steered the Group into diversified sectors through businesses in lending, investments, protection and strategic investments.

Shri Kapil Wadhawan is well known for his philanthropic activities, contributing to the upliftment of the economically weaker sections of society.



Shri Deo Shankar Tripathi

Managing Director & CEO

Shri Deo Shankar Tripathi joined Aadhar Housing Finance as its CEO in January 2015. In December 2017, he was elevated as Managing Director and CEO of the Company. He was President and Chief Operating Officer of DHFL effective May 2013, before taking up the Aadhar responsibility.

Aadhar Housing Finance Ltd. (Aadhar) is promoted by Dewan Housing Finance Ltd. (DHFL) group with equity participation from International Finance Corporation (IFC), a member of the World Bank Group, is the largest global development institution focussed exclusively on the private sector in developing countries.

Shri Tripathi brings to Aadhar over 38 years of commercial banking experience. He joined the Union Bank of India in 1977 as Probationary Officer and held diverse positions, managing varied portfolios before being elevated to the level of Top Executive Grade. He holds the distinction of heading premier zones of the Bank, namely Mumbai and New Delhi. His wealth of experience spans several locations across Uttar Pradesh as well.

On functional expertise, Shri Tripathi has managed varied roles covering Corporate Finance & Credit Management, Retail Banking, NPA Management, Rural Banking, Resources Mobilisation, Customer Relationship Management, Branch Network Expansion and HR Management.

A post graduate in Chemistry from Lucknow and a certified Associate of Institute of Bankers, he has attended various management leadership and other training programmes in leading institutions across India and overseas. He is a Guest Speaker at various forums, having spent valuable time coaching young minds on management expertise.



Shri Suresh Mahalingam

Additional Director

Shri Suresh Mahalingam is responsible for enabling the strategic growth objectives of the Group's financial services businesses.

He oversees the Group's ambition to build a seamless customer-centric and innovative culture across all businesses. He also evaluates disruptive technologies in the fintech space and strategic growth opportunities.

Shri Suresh has over three decades of experience in senior leadership roles across the BFSI and FMCG sectors. He is recognised for his distinguished record of driving profitable organisational growth and building sustainable brands. Earlier, he was MD & CEO for Tata AIA Life and before that was Head of Sales and Marketing at HDFC Life. He spent 17 years with ITC, one of India's leading FMCG companies handling sales and distribution across India. Suresh works with leadership teams in the areas of business improvements programmes such as marketing & sales, brand building and similar organisational functions. Suresh is a Director on the Financial Planning Standards Board (FPSB), ex-faculty at IMI, New Delhi, and a key speaker at leading industry and academic forums.



Shri Sridar Venkatesan

Independent Director

Shri Sridar Venkatesan is a veteran of the Indian Banking Industry, with an illustrious career path spanning over 35 years.

A Chartered Accountant by profession, Shri Sridar was formerly Chairman & Managing Director of UCO Bank, where he scripted the bank's spectacular growth story. During his tenure as Chairman & Managing Director, National Housing Bank (NHB), he enjoyed tremendous success, setting new benchmarks along the way.

Shri Sridar is a Member of the Governing Council, United Stock Exchange.



Shri G. P. Kohli

Independent Director

Shri G. P. Kohli is the former Managing Director of Life Insurance Corporation of India (LIC) and worked in different positions in LIC.

He has worked as the Chairman of LIC Asset Management Company and Vice Chairman of LIC International Operations. He is a resident of Kandivli East, Mumbai and has over 35 years of experience in insurance, housing, human resource development, information technology and marketing. He has a Master's Degree in Arts (Hons.) & also an alumni of IIM, Ahmedabad.



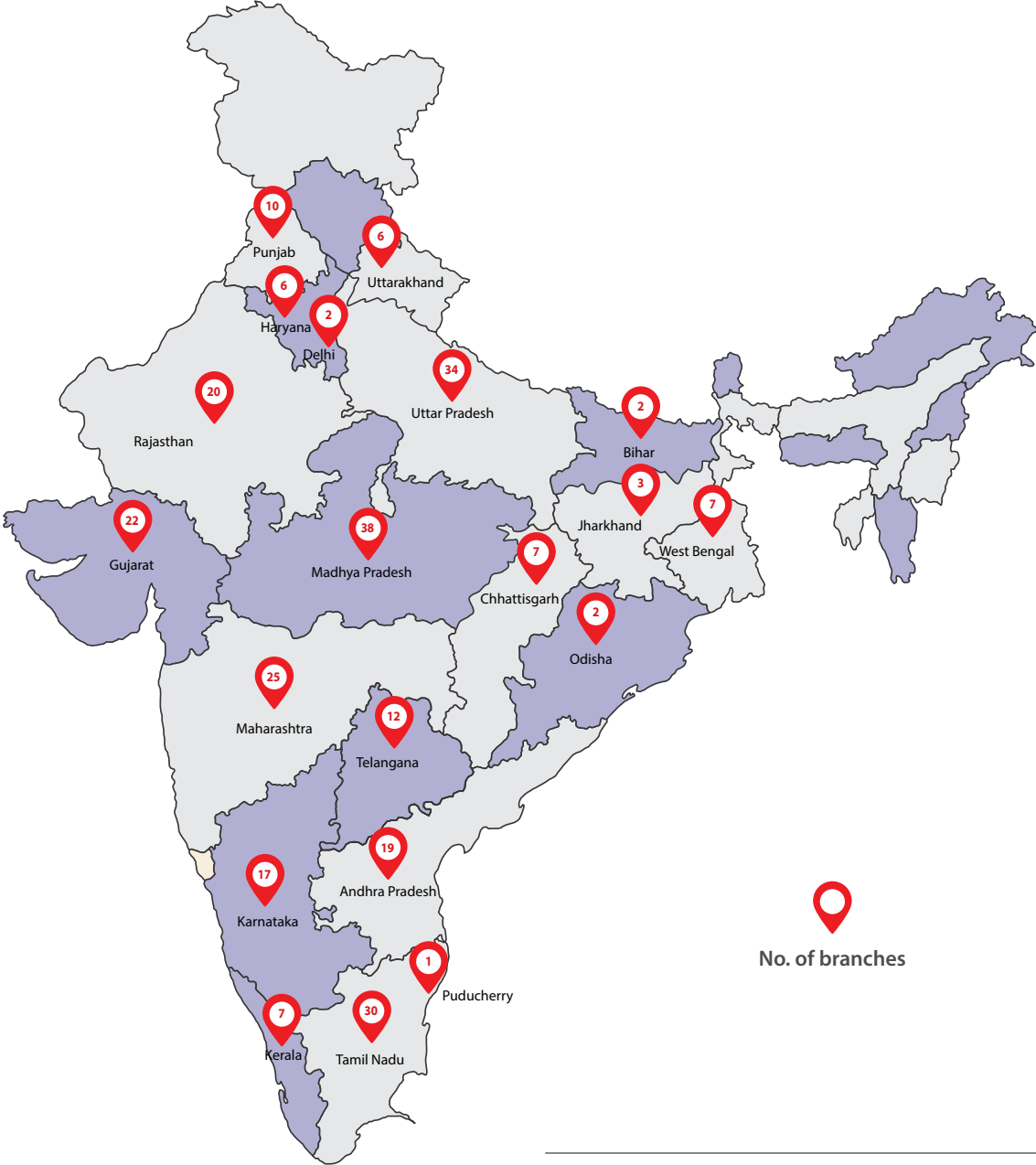
Kumari Sasikala Varadachari

Additional Woman Director




Kumari Sasikala Varadachari, is the former Chief General Manager in Strategic Training Unit in State Bank of India (SBI).

She has a rich experience in Banking, Capital Markets, Branch establishment, Designing new financial products, Restructuring of Training Systems. She has around 40 years of experience in Capital Markets and Banking and has successfully managed different roles in SBI and SBI Capital Markets Limited. She has a Master's degree in Economics. She has a certificate in journalism and certificate in Financial Markets from Securities Institute of Australia, Melbourne. She has completed Executive Development Programme on Corporate Restructuring from Harvard Business School. She is also a Chartered Associate of Indian Institute of Bankers (CAIIB).

The network for everyone



No. of branches

-  Maharashtra includes 1 Corporate Office and 1 Regional Office
-  Karnataka includes 1 Registered Office
-  Madhya Pradesh includes 1 Regional Office
-  Rajasthan includes 1 Regional Office

Map not to scale. For illustrative purposes only.

State	Office	Type
Maharashtra	Mumbai Corporate Office	Corporate Office
Karnataka	Bengaluru	Registered Office
Madhya Pradesh	Indore	Regional Office
Rajasthan	Jaipur	Regional Office
Maharashtra	Virar-CPU	Regional Office

State	Branch Name
Andhra Pradesh	Visakhapatnam
	Kurnool
	Tirupati
	Vijayawada
	Nellore
	Rajamahendravaram
	Kakinada
	Guntur
	Anantapur
	Eluru
	Vizianagaram
	Mangalagiri
	Ongole
	Anakapalle
	Machilipatnam
	Tadepalligudem
	Bhimavaram
Puttur	
Naidupet	
Bihar	Patna
	Muzaffarpur
Chhattisgarh	Raipur
	Bilaspur
	Bhilai
	Dhamtari
	Rajnandgaon
	Mahasamund
Baloda Bazar	
Delhi	Uttam Nagar
	Laxmi Nagar
Gujarat	Ahmedabad
	Himmatnagar
	Surendranagar
	Vadodara
	Nadiad
	Rajkot
	Bhavnagar
	Surat
Vapi	

State	Branch Name
	Junagadh
	Surat-Parvat Patiya
	Jamnagar
	Gandhidham
	Morbi
	Veraval
	Kim
	Halvad
	Naroda
	Ankleshwar
	Godhra
	Umbergaon
	Rajkot Kalawad Road
Haryana	Hisar
	Panipat
	Faridabad
	Ambala
	Rohtak
Jharkhand	Gurugram
	Ranchi
	Jamshedpur
Karnataka	Dhanbad
	Jayanagar
	Malleshwaram
	Mysore
	Hubli
	Bommanahalli
	K R Puram
	Yelahanka
	Whitefield
	Nelamangala
	Kengeri
	Davanagere
	Mandya
Hassan	
Shimoga	
Nanjangud	
Hosakote	

State	Branch Name
Kerala	Kochi
	Calicut
	Palakkad
	Kottayam
	Thrissur
	Vadakkara
	Aluva
Madhya Pradesh	Indore
	Jabalpur
	Bhopal
	Gwalior
	Ujjain
	Dewas
	Ratlam
	Sagar
	Pithampur
	Khandwa
	Hoshangabad
	Rewa
	Guna
	Dhar
	Mandideep
	Vidisha
	Narsinghpur
	Shujalpur
	Shivpuri
	Mandsaur
	Agar
	Chhindwara
	Khargone
	Satna
	Ashta
	Damoh
	Betul
	Baitora
	Sehore
	Sidhi
	Neemuch
	Ashoknagar
	Datia
Manawar	
Katni	
Indore-Annapurna	
Jabalpur Madan Mahal	
Maharashtra	Kalyan
	Nagpur
	Panvel
	Satara
	Akola
	Dhule

State	Branch Name
	Aurangabad
	Pune
	Nashik
	Solapur
	Ahmednagar
	Kolhapur
	Virar
	Palghar
	Yavatmal
	Karjat
	Sangli
	Jalgaon
	Dombivali
	Pune (Shaniwarpeth)
	Malad
	Nashik (Deolali)
	Chinchwad
Odisha	Bhubaneswar
	Balasore
Puducherry	Puducherry
Punjab	Chandigarh
	Jalandhar
	Amritsar
	Ludhiana
	Patiala
	Bathinda
	Khanna
	Kapurthala
	Gurdaspur
	Morinda
Rajasthan	Jaipur
	Jodhpur
	Udaipur
	Kota
	Ajmer
	Bikaner
	Bhilwara
	Alwar
	Sri Ganganagar
	Kankroli
	Jaipur-Vaishali Nagar
	Pali
	Sawai Madhopur
	Nagaur
	Bundi
Banswara	
Sikar	
Beawar	
Behror	

State	Branch Name
Tamil Nadu	Chennai
	Coimbatore
	Kumbakonam
	Madurai
	Trichy
	Nagercoil
	Dindigul
	Erode
	Chidambaram
	Viluppuram
	Karaikudi
	Tirunelveli
	Chengalpet
	Vellore
	Thanjavur
	Pollachi
	Ambattur
	Hosur
	Thiruvallur
	Mettupalayam
	Thiruthuraiipoondi
	Virudhunagar
	Kulithalai
	Marthandam
	Karur
	Theni
	Thiruvannamalai
Sivagangai	
Avinashi	
Cuddalore	
Telangana	Abids
	Kukatpally
	Secunderabad
	Warangal
	Vanasthalipuram
	Karimnagar
	Sangareddy
	Khammam
	Uppal
	Attapur
	Shadnagar
	Wanaparthy
Uttar Pradesh	Lucknow
	Kanpur
	Meerut

State	Branch Name
	Varanasi
	Agra
	Jhansi
	Bareilly
	Allahabad
	Saharanpur
	Ghaziabad
	Aligarh
	Loni
	Moradabad
	Mathura
	Noida
	Gorakhpur
	Faizabad
	Unnao
	Modinagar
	Hapur
	Muzaffarnagar
	Lucknow-LDA Colony
	Sitapur
	Kanpur-Jarauli
	Bijnor
	Badaun
	Mirzapur
	Hardoi
	Firozabad
	Kosi Kalan
Jaunpur	
Pilibhit	
Dadri	
Noida-1	
Uttarakhand	Haldwani
	Rudrapur
	Haridwar
	Dehradun
	Kashipur
	Roorkee
West Bengal	Asansol
	Howrah
	Barrackpore
	Burdwan
	Durgapur
Kolkata	
Kharagpur	

Management Discussion and Analysis



Indian Economy Overview

The Indian economy is in a sweet spot between slowing inflation and accelerating growth rate. Macroeconomic data indicates a revival in industrial production, lowered retail inflation, growth in private consumption, revival in investments and reversion of growth rate to the 7% levels.

As per the IMF estimates, Indian economy achieved a growth rate of 6.7% in FY 2016-17, gradually recovering from the transitory impact of rolling out the GST and demonetisation. The GDP growth is expected to clock a growth rate of around 7.3% and 7.5% in FY 2017-18 and FY 2018-19 respectively. This growth is likely to be largely driven by the accelerated pace of structural reforms, focus towards a rule-based policy framework, and improvement in the ease of doing business. India's recent reforms are expected to encourage formal sector activity, broaden the tax base, and improve long-term growth prospects.

Gross Domestic Product (GDP)(%)



(Source: World Economic Outlook Report dated April 2018)

GST is expected to benefit economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems, drawing informal activity into the formal sector, and expanding the tax base. The Insolvency and Bankruptcy Code was enacted to achieve insolvency resolution in a time-bound manner. The recent recapitalisation package for public sector banks is expected to help resolve banking sector balance sheets, support credit to the private sector, and boost investments.

As a reflection of the cumulative actions to improve the business environment, India's rank jumped 30 spots on the World Bank's Ease of Doing Business rankings. Although higher oil prices kept fiscal deficit and inflation higher than expected, the current pace of structural reforms could keep the fiscal deficit in control, resulting to medium term growth targets at 8% levels.

As per the first forecast of Indian Meteorological Department (IMD), 2018, southwest monsoon is likely to be 'Normal' or around 97% of Long Period Average (LPA) with an error of $\pm 5\%$, and with a fair distribution of rainfall across major parts of the country. In addition, to support agricultural sector, the normal monsoons have a positive impact on the entire rural economy.

The Wholesale Price Index (WPI) has increased to 2.9% in FY 2017-18 as compared to 1.7% registered in FY 2016-17; this was the highest level in the past three years. The Consumer Price Index (CPI) is expected to reach 4.8% in FY 2017-18 as compared to 4.5% registered in FY 2016-17. The fading transitory factors (demonetisation and pulses deflation), rising cyclical drivers (narrowing output gap, higher rural wage growth) and adverse base effects have resulted into these inflationary pressures. However, with the softening of

crude prices, base effect and RBI's tough stance could impact the inflation in the next year.

(Source: http://www.business-standard.com/article/current-affairs/monsoon-2018-forecast-india-normal-rainfall-predicts-met-dept-farmers-relief-all-you-need-to-know-118041600303_1.html)

<http://www.careratings.com/upload/NewsFiles/SplAnalysis/WPI%20Inflation%20March%202018.pdf>

<https://www.thehindubusinessline.com/economy/cpi-inflation-seen-at-48-in-fy18-fears-exaggerated-report/article9645815.ece>

<https://www.thehindubusinessline.com/economy/retail-inflation-may-rise-to-556-in-fourth-quarter-of-2017-nomura/article9680191.ece>

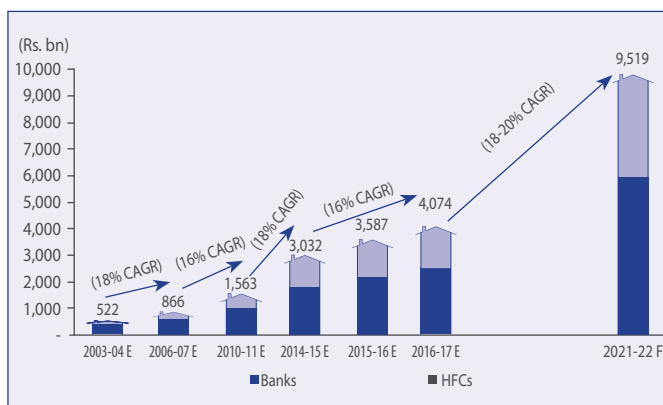
Housing Sector Overview

Indian Housing sector is on a structural growth path due to increased urbanisation, expanding middle class population, rising household income and supportive policy measures. The sustaining demand of affordable and quality urban houses is supported by migration of 10 million people every year into urban centres. The country's strong demographic profile of 35% of the young population (15-35 yrs), growing aspirations and rising disposable income, bodes well for the housing finance sector.

The government's support to the affordable segment in the form of interest rate subsidy, infrastructure status and other incentives is likely to boost the demand for the overall housing loans. This coupled with implementation of the Real Estate Regulatory Act (RERA) will make the industry more transparent and organised.

As per the Crisil estimates, the housing loan disbursements are expected to grow at a CAGR of 18-20% over the next five years. The major contributor of the growth would be affordable housing segment.

Growth in housing finance disbursements



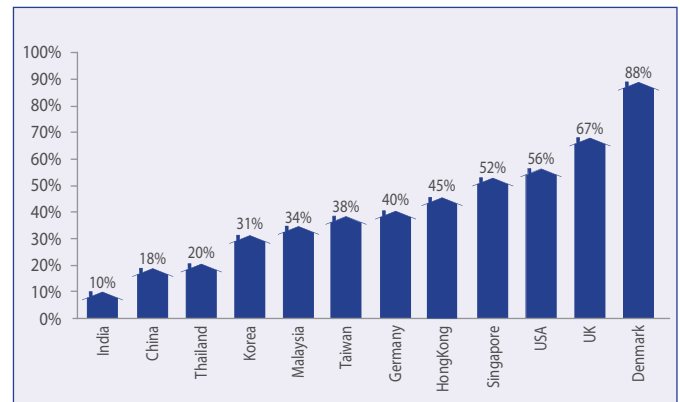
E: Estimated; F: Forecast

Source: CRISIL Research

Low Mortgage Penetration

Historically, India's mortgage penetration rate has been lower, compared to not only the advanced countries, but also, from its Asian counterparts. India's mortgage-to-GDP ratio has improved from 7.4% in FY 2009-10 to 10% in FY 2016-17 and it is expected to accelerate further owing to rising income levels, improving affordability, growing urbanisation, financial inclusion, emergence of Tier 2 and Tier 3 cities, evolution of the nuclear family concept, tax incentives, widening reach of financiers and faster loan sanctioning.

Mortgage penetration (as a percentage of GDP)



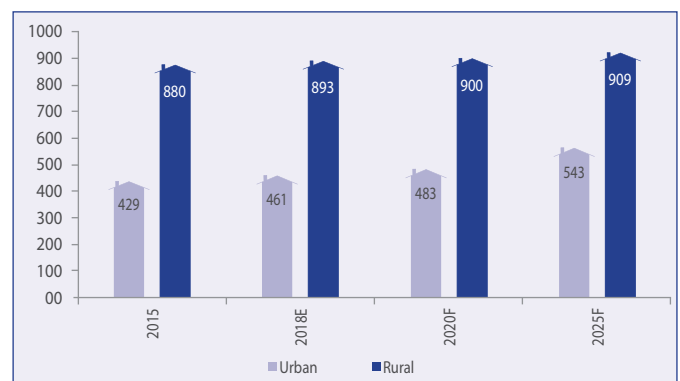
Note: India data for FY 2016-17, Other countries data for CY 2014-15

Source: CRISIL Research

Urbanisation and Housing Shortage in India

Supported by expanding non-rural employment opportunities, increasing disposable income and increasing literacy rates, India's urban population is expected to reach 543 million by 2025 from 461 million in 2015. Additionally, several government initiatives such as various urban development policies and programmes viz. Jawaharlal Nehru National Urban Renewal Mission (JNNURM) are expected to push growth further.

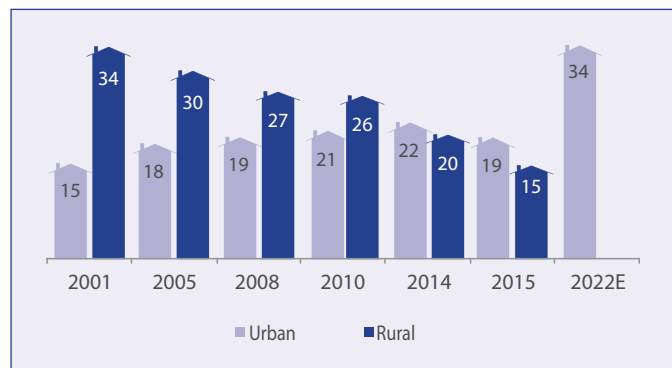
Population breakdown of India (million)



Source: IBEF

This shift of population is leading to growing demand for affordable housing in urban centres and creating a huge shortage. As per IBEF, the urban housing shortage is expected to grow from 19 million in 2015 to reach 34 million by 2022.

Urban-Rural Housing Shortage (million)



Source: IBEF

Government Initiatives

Pradhan Mantri Awas Yojana (PMAY)

Government of India took a major step under 'Housing for All scheme' to ensure that people can own a house within their financial capability. Pradhan Mantri Awas Yojana (PMAY) Urban was launched with a broad vision of providing 2 Crores dwelling units to EWS, LIG & MIG beneficiaries. The scheme was to be implemented in 4041 (now it is increased to 4850) statutory towns/centres. Under this scheme, Credit Linked Subsidy of Rs. 2.67 Lakhs is to be given EWS / LIG beneficiaries for a loan amount of Rs. 6 Lakhs & above and Rs. 2.25 to 2.40 Lakhs to MIG I & MIG II beneficiaries for purchase/construction of houses of specified carpet area.

This PMAY scheme was implemented in 4 verticals:

- Credit Linked subsidy to beneficiaries through Banks/HFCs for loans availed
- Beneficiary lead construction
- In Situ development of slums
- Affordable Housing in partnership through involvement of government agencies and private sector

This scheme will be implemented across 4,854 statutory towns with the initial focus on 500 Class I cities in India. Three phases of the scheme will cover 500 cities around the country by 2022. The scheme is expected to push affordable housing and construction in the country and give a boost to the real estate sector.

Monetary Allocation

Under Union Budget FY 2018-19, Pradhan Mantri Awas Yojana (PMAY) (Gramin) was allocated Rs. 3,000 Crores for the construction of 49 Lakh houses, while the urban programme of the scheme was allocated Rs. 31,500 Crores.

In February 2018, the government had announced the formation of a National Urban Housing Fund (NUHF) with an investment outlay of Rs. 60,000 Crores. The dedicated fund reinforces the government's commitment to the affordable housing sector, which should provide a fillip to the real estate sector and financial institutions supporting PMAY.

Credit-linked Subsidy Scheme (CLSS)

The scheme is available for the first-time home buyers in the Economic weaker section (EWS), Low income group (LIG) and Middle income group (MIG) categories, as under:

- Applicable for customers who are purchasing/constructing their first home. The beneficiary family should not own any other house in their name
- Family means husband/wife/unmarried children
- Actual subsidy amount credited is as approved by the National Housing Bank (NHB)
- 6.50% interest subsidy for loan amount of Rs. 6 Lakhs for 20 years to EWS / LIG beneficiaries having the carpet area which should not exceed 30 sq. mt. (annual household income up to Rs. 3 Lakhs PA), 60 sq. mt. for LIG (annual household income between Rs. 3 Lakhs and Rs. 6 Lakhs PA)
- 4.00% interest subsidy for MIG I category for loan amount up to Rs. 9 Lakhs for 20 years having carpet area of 160 sq. mt. (annual household income between Rs. 6 Lakhs and Rs. 12 Lakhs PA) and 3.00% interest subsidy for MIG II category for loan amount up to Rs. 12 Lakhs for 20 years having carpet area of 200 sq. mt. (annual household income between Rs. 12 Lakhs and Rs. 18 Lakhs PA) as per revised guidelines issued by NHB
- The construction/extension must be completed within 36 months
- The notified areas as per above regulation are eligible for availing the subsidy

Fiscal Incentives

The government has taken many initiatives on supply side such as, exemption under Income Tax on profits of a developer from affordable housing project, the building plan approval process, the affordable housing is given infrastructure status etc. has been eased out.

Your Company has already registered subsidy claims to the tune of Rs. 11.06 Crores for 573 customers for FY 2017-18 under the scheme. The Subsidy claim of about Rs. 90 Crores in over 5,000 cases is under process.

Real Estate Regulatory Act (RERA)

The Act brought real estate developers under the ambit of stringent regulations primarily to protect the interest of buyers, implying a certain order and clarity into the sector. However, at the implementation level, there are certain challenges hampering the functioning of the sector. From the long-term perspective, the regulatory framework will bring more maturity into the sector. It

would prompt the sector players to migrate into organised players. These factors would play a crucial role in the development and growth of the housing finance sector.

Smart Cities Mission

The Government of India has launched a plan to develop 100 cities that will provide core infrastructure and give a decent quality of life to its citizens. The Central government has committed a funding of Rs. 48,800 Crores with an equal contribution from state governments/urban local bodies, adding up to a total investment outlay of Rs. 97,600 Crores. The focus is on sustainable and inclusive development of cities, create a replicable model which will be an example for other aspiring cities.

Recently, Ministry of Housing and Urban Affairs (MoHUA) and World Bank have entered into a partnership to design a performance-based programme for smart cities i.e. The MoHUA – World Bank India Smart Cities Programme. The total outlay of the project is around Rs. 3,200 Crores.

Company Overview/Reforms

Aadhar Housing Finance Ltd. (hereafter to be referred as AHFL/ Company), is the one of the largest affordable housing finance companies in the country. Established in 1990, the Company has the ability to reach to serve 90% of the country's population through a nation-wide network of 270 branches and 19 states with union territories covering 1,500 locations of the country.

AHFL's journey has been an interesting one establishing in 1990 as Vysya Bank Housing Finance Ltd, It was taken over by DHFL and renamed as DHFL Vysya Housing Finance Ltd. (DHFLV HFL) in 2003. Aadhar Housing Finance Ltd. (AHFL) was established by the Group in 2010 with equity participation of IFC and further, it merged with

DHFLV HFL in November 2017, the merged entity was renamed as Aadhar Housing Finance Ltd. on 04th December 2017.

AHFL is the subsidiary of Wadhawan Global Capital, the promoter group of Dewan Housing Finance Corporation Limited (DHFL). As of 31st March 2018, Wadhawan Global Capital held 69.98% stake in the equity of the Company, DHFL directly held 9.15% and promoter family members and other group companies held another 1.63%. About 16.91% equity was held by International Finance Corporation (IFC), Washington, a World Bank arm and the remaining 2.33% by others.

Business Overview

AHFL services the home financing needs of the under-served low-income sections of the society, by providing loans for purchase of house/land, construction/improvement of house, loan against property etc. The Company also extends credit facilities to real estate developers and societies, operating in the affordable housing segment.

As on 31st March 2018, Home loans segment constitutes almost 82.19% of the loan portfolio, while Other Property Loan has 17.8% share. The Company serves to both salaried and self-employed segments. The salaried segment constitutes to a major share of 68% in the loan book as on 31st March 2018 and balance 32% constitutes to self-employed segment.

During FY 2017-18, the Company has crossed the milestone of serving 1 Lakh customer base, with AUM touching Rs. 8,000 Crores.

Key Business Developments

The year gone by, has witnessed some landmark reforms i.e. impact of demonetisation, GST, IBC and RERA implementation. Demonetisation had a brief impact on the Company's operations,

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however, it was a positive for the formal economy and Company's growth plans. GST is expected to benefit economic activity and fiscal sustainability by reducing the cost of complying with multiple state tax systems, drawing informal activity into the formal sector, and expanding the tax base. The Insolvency and Bankruptcy Code aims at achieving insolvency resolution in a time-bound manner, it should support banking sector to control NPA issues. RERA Act brought real estate developers under the ambit of certain regulations, which is likely to bring more maturity and growth in the sector.

During the year under review, the Company has achieved a landmark merger. The merger was synergistic and seamless, with full integration and support of both organisations' teams. In addition to providing an extended reach for serving customers, the merger also supports in mobilising deposits for the Company.

Subsequent to the merger, the Company has become a national player with the largest penetration among all the affordable housing finance players in the industry. At the same time, government's thrust on affordable housing by increasing allocation towards EWS and LIG segments, set-up of dedicated funds and sector maturity due to RERA and GST, pave the way for the Company to achieve higher scale.

To charter the higher growth trajectory, the Company has undertaken several initiatives in the year including re-branding, the opening of new branches, expanding product portfolio, implementing smart technologies etc.

In line with the Company's new brand entity and growing presence, a new website was launched during FY 2017-18. The new website is generating a good response from the target audience. Additionally, a new online portal launched to facilitate branches in acquiring promotional material. As the Company is a national player, revamped marketing collateral has been designed with translation in regional languages. These initiatives will support the Company in establishing a local presence and connect with the regional target audience.

In recognition of its excellence in the industry, AHFL has received its first industry award "Home Loan Provider (Affordable) of the year 2017" by Outlook Money in FY 2017-18.

Marketing and Branding

The Company strives to enhance reach and brand recall value by utilising effective marketing channels and develop customised content for the target audience.

Digital Marketing

During FY 2017-18, the Company had a major focus on digital marketing channels. A new website along with new branding has been launched during the year. During the year under review, the Company has achieved major success through digital marketing channels; few of them are mentioned below:

- ▶ Over 1 Lakh website visits per month – 82% new visitors and 17% returning visitors
- ▶ Generated 4 Lakh leads during the year, with an average of around 30,000 leads generated per month through Google AdWords platform
- ▶ Achieved 5,000 logins with a login value of Rs. 400 Crores
- ▶ Disbursements worth Rs. 165 Crores were booked from these leads across various branches
- ▶ Online advertisements were clicked by about 19 Lakh people across various websites

Advertisements at Movie Theatres

- ▶ In association with UFO Movies Pvt Ltd, India's largest movie distribution Company, the Company broadcast advertisements in movie theatres
- ◆ This association supports the Company to reach the target population in Tier 2 and Tier 3 cities
- ◆ Through these campaigns, the Company reached out to a diverse set of audiences in FY 2017-18 as per the occupancy data provided by the theatres
- ◆ The Company has generated a good brand recall through these campaigns
- ▶ In addition, these campaigns created buzz in the regional markets and enhance brand recall, and leads to increase in website visits and walk-in customers at branches

Social Media Campaign

- ▶ The Company is utilising social media channels viz. Facebook and LinkedIn to reach target audience as per the geography and demographic profiles
- ▶ As on 31st March 2018, the Company has 5,000 and 4,000 followers on Facebook and LinkedIn respectively

Radio Campaign

- ▶ The Company has initiated FM radio campaigns to reach mass population
- ▶ In the month of August 2017, the Company has undertaken a campaign with theme "Kiraye ke Makaan se Azaadi"
- ▶ Another campaign was undertaken during the Navratri/Diwali period with theme "Tewharon ka jashn, Aadhar Home Loan ke Sang"

Ground Level Awareness Drives

- ▶ The Company has a committed focus on ground level awareness drives, to reach the targeted mass population
- ▶ During the year, the Company has organised several unique property exhibitions for low income segment named as 'Aadhar Awas Mela'

- ▶ These exhibitions were conducted in MP, Gujarat and Maharashtra and promoted on FM Radio, local Cable TV, Movie theatre advertisements, Auto rickshaw branding, Vehicle announcements, SMS Blast, Newspaper Inserts and Post Event press releases
- ▶ These exhibitions have generated 7,000 footfalls and 4,800 leads; out of these, 148 already logged in and another 727 are in pipeline

Sales and Distribution

As on 31st March 2018, the Company has 270 branches as compared to 132 in the previous year, mostly added due to the merger. These branches are spreading across 19 states with union territories; reaching out to more than 1,500 locations across the country.

The Company has the most penetrated distribution network in affordable housing finance industry. The Company efficiently serves the customers through its direct sales team, and channel and referral partners. The direct sales team consists of ground sales executives, acts as the first point of contact for a customer. These sales executives are supervised by sales managers at the branches. The Company also engages third party channel and referral partners, for servicing and monitoring purpose. As on 31st March 2018, AHFL has 1,329 channel partners, 539 referral partners, 590 sales managers and 1,091 sales executives.

For widening and deepening the reach and efficient delivery, the Company operates through Hub and Spoke model. Under the model, the Company recruits a local resident as 'Sahyogi' (spokes) to serve 3-4 locations in the periphery of a branch (Hub). This model provides the competitive advantages in terms of regional language support and cost efficiencies. As on 31st March 2018, the Company has 112 Sahyogis supporting 45 branches.

The efficient and motivated sales team is the backbone for any Company in this industry. AHFL boasts about their highly motivated and committed team. The Company has a well-defined career growth plans for all the cadres of the sales force including Sales Executives, Sales Managers, Branch or Cluster Managers to Regional Business Heads. The Company promotes and support the sales force in acquiring knowledge and experience by conducting several training programmes. For better participation in the growth of the Company, best in the industry incentive schemes have been implemented by the Company.

Credit and Operations

AHFL is committed to efficient, fast and robust credit management operations. All the processes have been designed with the objective to achieve both, superior asset quality and healthier return profile.

AHFL has a strong process of client's due diligence and physical verifications. The Company has an experienced team of credit officers across the branches to undertake credit assessment and technical officers with sound subject knowledge for property due diligence.

AHFL's team serves each and every customer very compassionately, by supporting them in all the processes from loan application to disbursements. To avoid default risk or frauds, the team always ensures physical verifications, credit history appraisals, background checks, profiles etc. Along with the internal team, the Company also deploys reputed professional field investigation agencies, valuers and advocates.

With an aim of achieving zero discrepancies in the appraisal process, the Company deploys two-layered credit filtration and verification process for each and every portfolio. For fair and unbiased credit sanctions, the Company has formed a committee.

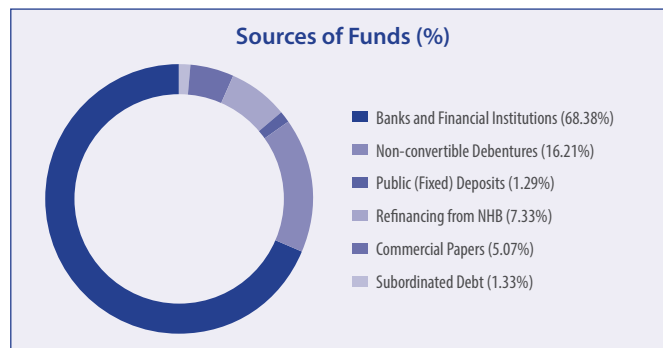
The Company is in the process of digitising all the processes. In addition to the processes - right from client onboarding to loan closure using a technological platform, the Company is also implementing CRM solutions for customers and mobility solutions for collections. These IT-enabled systems support in seamless transaction flow, clear accountability, reducing turnaround time and better monitoring.

AHFL strictly adheres to all the applicable rules, laws and regulations. The Company follows the NHB guidelines on Loan to Value ratio (LTV). For faster turnaround, the Company has a very structured process for loans under Pradhan Mantri Awas Yojana scheme. It has adopted prudent corporate governance policies to foster long-term sustainable growth to bring IT, Risk Management, Fraud Control, Audit, Collection under the policy framework.

Sources of Funds

AHFL has a very strong, diversified and deep pool for sources of funds, primarily due to its balance sheet strength, reputed parentage and shareholder base, and robust business model. These factors enable the Company to maintain very cost efficient funding structures. In FY 2017-18, cost of fund has reduced to 8.77% as compared to 9.15% in the previous year for the Company.

Aadhar Housing Finance Ltd. focusses on a balance mix of short-term and long-term Borrowings from the banking sector, financial institution and capital market. The borrowings include loan from banks, refinance from NHB, Non-convertible Debentures, commercial paper and assignment of Loan book as of March 31, 2018. The Company has multiple banking arrangements with 31 banks.



The recent merger was an enabler for the Company to procure funds through public deposits. The Company's branch network would play an important role in the sourcing of funds through public deposits.

AHFL has robust Board-approved investment policy which is followed by investing surplus funds in relevant investment in Mutual Fund, Banks, Fixed Deposits attracting maximum possible returns.

The Company enjoys a credit rating of AA+ (SO) by both CARE and Brickworks for its long-term funding requirement and A1+ by CRISIL & ICRA for short-term funding requirements.

AHFL Capital Adequacy Ratio (CAR) Stands at 18.76 % as at 31st March 2018 as against the statutory requirement of 12 % for Housing finance companies.

During FY 2017-18, the Company has issued 4,850 Debentures to raise Rs. 485 Crores through Secured Non-Convertible Debentures.

Human Resources

Human resources are the most critical elements responsible for the growth of a Company. The Company values its human capital and provides them ample opportunities to grow. It has in place comprehensive and well-structured HR policies to ensure employee growth both at personal and professional levels.

The Company also boasts of an experienced and talented pool of employees who continue to play key roles in enhancing business efficiency, devising strategies, setting-up systems and evolving business as per the industry requirements.

There is a continuous thrust by the Company towards cultivating a culture of Commitment, Camaraderie and Trust, with the ultimate objective to make it a Happy Place to Work.

As on March 2018, AHFL has 1,742 payroll employees.

Talent Acquisition

The Company values its talent pool and works hard to retain its best talent by providing ample opportunities to grow. Its strong organisational culture also enables it to attract talented resources.

The Company has a well-laid process for recruitment and referrals. The Company follows a stringent verification process through background checks during recruitments. During the year under review, the Company recruited members from the industry as well as some from non-HFC sector.

To promote new talent, innovation and build the inventory of future business leaders, the Company has recruited graduates from Tier 2 and Tier 3 cities during FY 2017-18.



Training and Development

The Company places significant emphasis on training of its personnel and enhancing their skills. It promotes professional development and provides career development opportunities to all of its employees at all ranks. All the employees are provided with required technical training, personality and behavioural upliftment and skill enhancement techniques. The training and development framework has a blend of classroom, on-line and on the job training. The training and development programmes are created with a clear focus on business needs and career path of individuals. With the objective of developing in-house subject matter experts, the Company has a decentralised training approach at both regional and branch level. Besides, for continuous learning of all employees, the Company has implemented an E-Learning module.

On a regular basis, the Company organises instructor-led classroom induction training as well as skill-based functional learning workshops. The Company's management training programme is aimed at creating a pool of future leaders. The Company's Learning, Training and Developments are created to support future growth across the business functions.

To recruit young and bright students, the Company has tied-up with few of the reputed academic institutions to offer skill development programmes and employment opportunities.

Attrition

As the industry is expanding at a rapid pace and with limited growth of experienced manpower, high attrition is a challenge for all the industry players. In addition to providing learning and growth opportunities, the Company is implementing several other HR initiatives to support performing employees. To reduce the attrition, the Company conducts structured exit interviews followed by planned action. To prepare the manpower planning, the Company has designed an attrition predicting mechanism; it has shown some helpful patterns during the year.

The Company believes in retaining its employees, who are technologically-driven and clear performers.

Since its inception, the Company has a focussed approach towards financial literacy and awareness among low and middle-income segment.

Employee Engagement

AHFL is an equal opportunity employer, the Company has devised several employee recognition and reward programmes to nurture the employee relations and promote their engagement. The Company recognises and rewards all high contributors through monetary as well as non-monetary offerings.

The Company also recognises the importance of employee engagement and their valuable feedback. For the same, the Company has instrumented several HR initiatives including online E-sat surveys. As a growing organisation, the Company takes all efforts to engage employees of branches at par with the regional and corporate offices, through regular branch visits of HR team, and feedback mechanism.

Human resource is the biggest asset and enabler for future growth of the Company. The Company visualises their employees as the partners of sustainable growth, and empowers them accordingly.

Management Outlook

With an increasing thrust towards affordable housing by the Government, and high GDP growth coinciding with a record harvest, the Indian affordable housing finance industry is in the cusp of a high growth trajectory. The major game-changing factors for any industry player would be innovative product development; Digitisation & IT implementation and last-mile consumer connect.

AHFL, as a merged entity, is well equipped to mark a leading presence in the industry with agile IT infrastructure and processes, wide and deeper consumer reach with 270 branches across 19 states with Union territories in the country covering over 90% of the target population and strong parentage.



Financial Awareness

Since its inception, the Company has a focussed approach towards financial literacy and awareness among low and middle-income segment. Towards this, the Company organises several on-ground awareness drives to educate this segment about various financial and property related aspects. During FY 2017-18, the Company also undertook several initiatives towards the objective, few of these are listed below:

Aadhar Parichay: Under these events, the Company introduces the concept of housing loan to the workers of factories, shops, showrooms and workshops. The objective is to make them aware of the nuances of housing loan viz. eligibility criterions, benefits, and required documentation.

Aadhar Sanyog: The Company organises camps in low-middle income housing societies to resolve home loan related queries like costing, repayment schedules, eligibility, legal checks, property transfers etc.

Aadhar Paramarsh Shivir: To promote general financial literacy viz. savings, insurance and repayments among low-income groups, the Company regularly conducts consultation camps in target areas.

Aadhar Awaas Mela: A very unique exhibition for the regional developers and potential customers to showcase their projects and support customers in their financing needs.

Developer: To promote an affordable housing concept among builders, the Company conducts customer interactive sessions on business potential and scope of affordable housing, thus resulting in builders' concentration towards developing more properties in the affordable housing segment.

During FY 2017-18, the Company conducted over 7,000 low-cost high impact awareness drives across markets and generated 17,000 leads by reaching around 1 Lakh people.

Corporate Social Responsibility (CSR)

Inclusive progress is no longer a matter of choice. It is imperative to respond to social responsibility of national growth and development. From the inclusion of the customer to the employees and the society at large, we are continually contributing to our social obligations with our culture of transparency, quality and excellence.

For our inclusive proposition towards the communities, we work with a well-constructed platform of Corporate Social Responsibility (CSR).

AHFL has a firm belief that home is one of the important basic necessities of all citizens of the country and the major factors for socio-economic development. The Company envisages an inclusive balanced development of the society, wherein people from under-served sections have easy access to social and financial schemes and are able to participate in India's growth story.

To further its CSR vision is a part of society's journey to become 'financially sustainable'. AHFL has been implementing its Corporate Social Responsibility programmes under the partnership with Group's programme named as 'Sharmaji ke Sawal, Vinodji ke Jawab'. The Company is profoundly implementing this initiative in Varanasi, Uttar Pradesh since FY 2016-17, it has been extended to Ranchi, Jharkhand and Raipur, Chhattisgarh during FY 2017-18. Total contribution made by the Company during FY 2017-18 towards this programmes was Rs. 22.52 Lakhs.

The programme is based on the following pillars:

- ▶ Facilitate transition from informal to formal housing
- ▶ Skills development through NSDC centres
- ▶ Livelihood linkages through micro-finance and mudra loans
- ▶ Linkages to Government Welfare Schemes
- ▶ Promote employment opportunities through financial literacy

The Company's flagship CSR programme is aimed at creating financially literacy in the communities. The programme facilitates individuals with access to formal banking services to manage finances, leverage government welfare schemes and take to businesses, contribute to education or health programmes, manage risk, and thereby, withstand financial uncertainties. Additionally, the programme brings awareness of the Pradhan Mantri Awas Yojana (PMAY) scheme by supporting low-income segment in the transition from informal to formal dwelling.

Programme Highlights of FY 2017-18

- ▶ **Nukkad Nataks** - Engaging street plays to drive awareness on the significance of formal housing and also address social issues like pertaining to health and hygiene, social security and financial independence. The Company has engaged with over 8,300 low-middle income individuals through these street plays during FY 2017-18.
- ▶ **Capacity building workshops of Community Worker** - Training, mentoring and hand-holding of community workers to help them grow as financial connectors or social entrepreneurs. The Company has consulted six such workshops during FY 2017-18. In addition, over 4,680 individuals benefited through personal counselling through door-to-door surveys.
- ▶ **Financial Literacy and Advisory Centre** - 'Sharmaji ke Sawal, Vinodji ke Jawab.' Financial Literacy and Advisory Centres are set up for the underprivileged. The Company has conducted site visits and surveys of over 2,000 households for buying affordable homes or to facilitate required services, during FY 2017-18, over 550 households have availed the services.
- ▶ **Financial Literacy Workshops** - Regional development authority and banking institutions conduct sessions for the underprivileged. The Company has consulted around 1,100 community households during FY 2017-18.

- ▶ **Community Workers on Field** - The Community workers engage with households to understand their needs and help them access social schemes. During FY 2017-18, Community workers facilitated 216 households to apply under PMAY scheme and 109 families build houses under the PMAY

scheme. Also, the workers supported 1,294 individuals for taking various KYC documents/government schemes. The programme has supported 79 and 91 individuals for getting Livelihood linkages and Mudra loan file, respectively.

The Company contributed in the following CSR activities:

Sr. No.	Nature of Expenditure	Recipient Institution	Sector in which the Project is covered	Actual Spent (in Rs.)
1	The overall goal of the project is to support the Government of India's Housing for All (2022) mission which aims to see every Indian living in a pukka house by 2022. The project will do this by facilitating the transition from informal / slum housing to safe, hygiene, secure formal housing	SAMERTH Charitable Trust	Economic empowerment through financial literacy and inclusive growth	14,99,213
2		SAATH Livelihood		7,53,250
Total				22,52,463

Information Technology

The Company's technology transformation programme (Tech 2.0) in association with IBM is a journey towards digital transformation to enhance customer and employee experience. In addition, the Company is exploring advanced technological solutions in the areas of data analytics, mobility and cloud.

The Company has identified digitisation as the requisite of growth and has streamlined operations. During the year, the Company has implemented CRM solutions for customer and mobility solutions for collections. These solutions would support faster decision-making seamless operations and enhance accountability in future. The effective implementation of these solutions could reduce the cost of operations by 10-15%.

Risk Management

The Company has a Comprehensive Risk Management Policy and Framework in place to identify, evaluate and mitigate business risks to protect interests of its stakeholders. The Company's Risk Management framework focusses on ensuring that risks are identified on a timely basis and reasonably addressed.

In addition, the Company has a Risk Management Committee of Board to devise policies and systems to identify and mitigate the risk as early as possible. A comprehensive risk review is done by the committee on an ongoing basis.

Liquidity Risk Management

Liquidity risk arises when there is a mismatch in the maturity profile of assets and liabilities. The Company constantly monitors its liquidity position to meet all its requirements in a timely manner.

The Company has an Asset Liability Committee (ALCO) which oversees and reviews the ALM position every quarter. The ALCO reviews the risk arising from the gaps in the liquidity statements and takes decisions in mitigating the risk by ensuring adequate liquidity and profitability through maturity profile of assets and liabilities.

The Company also obtains refinance from NHB and funds from Public (Fixed) Deposits.

Interest Rate Risk Management

An interest rate gap is prepared by classifying all assets and liabilities into various time-periods as per their sanctioned maturities or expected re-pricing dates. The mismatch that occurs due to the above segregation indicates the extent of exposure to the risk that occurs due to the potential changes in the margins on new or re-priced assets and liabilities.

In order to mitigate this risk, the Company tries to keep the exposure of fluctuations in interest rates within acceptable limits. The Company strives to keep an optimum balance between short-term and long-term borrowings and also between floating and fixed-rate instruments. It prepares interest rate risk reports periodically, which is shared with ALCO and National Housing Bank.

The ALCO periodically reviews the treasury operations, as well as the pricing of products, at specific intervals, to ensure optimised mitigation of interest rate related risks.

Credit Risk

As lending is the core business of the Company, credit risk is inevitable. Lack of assessment of borrower profile or default by the



borrower in fulfilling future obligations may result in losses to the Company.

Mitigation Strategy: The Company's well-defined, balanced and comprehensive credit policy properly guides the credit approval process. This includes detailed and exhaustive risk assessment of the borrower. In addition, the Company's policies mandate the borrower to attach adequate collaterals to provide cover in case of future payment defaults.

All the Credit approvals have to run through the comprehensive credit risk assessment process, which encompasses an analysis of relevant quantitative and qualitative information to ascertain borrower creditworthiness. There is a multi-layered approval process in place, to avoid any credit risk.

Operational Risk

As the Company is achieving higher scale and growth, the Company's operations and financial conditions could have an adverse impact, if it is unable to successfully implement its operational controls. Any breach in processes or systems may result in capital, financial and reputational damage.

Mitigation Strategy: The operational risks are mitigated through the development of well-structured processes from login files to disbursements till loan closure and thereafter preservation of documents as directed by NHB. The Company has set up centralised operations for effective management of key operational functions including safe keeping of security document with warehouse companies. Customer communication and grievance are effectively managed by branches and Central Operation team.

The Company does strict monitoring of portfolio, processes and systems and takes appropriate strategies to tackle any deviations.

Fraud Control Unit

The Company has set up an FCU at Head Office with a unit at all the regional offices. All loan files received at branches are examined by independent empanelled agencies for quality. The suspected financial discrepancies are reviewed and a detailed scrutiny of the same is done before authorising the disbursement. The field and corporate office teams are also cautioned thereafter.

Collection

The Company has in place – a highly robust collection structure to regularly monitor all the loan accounts – from the zero bucket accounts (collection of instalments in standard accounts) to NPAs. In order to restrict the flow from one bucket to the other, employees are advised to maximise collection efficiency in zero bucket accounts. The collection department strategically focusses on Pre-NPA (0-90 days) and NPA cases to ensure lowest delinquency levels. The teams also pursue customers with dignity in case a particular customer is likely to default. However, difficult accounts are recovered through SARFAESI and other legal measures, if the need be.

Vigilance

The Vigilance department undertakes periodical measures for preventive vigilance. Complaints of corruption of any level are investigated and definitive actions are undertaken.

Legal and Technical Risk

The major function of the Company is to advance loans to customers by taking land or building as the collateral. In case the underlying



collateral has any legal defects, it may pose legal, financial and operational loss to the Company.

Mitigation Strategy: The Company has an experienced and dedicated legal team having decades of experience in the sector. The Company has an undisputed process to undertake legal due diligence of the property documents. To ensure compliance with regional laws, the Company has a detailed State Specific Technical Policy to check the compliances of local laws. In case of very specific regional matters, the Company also engages subject matter consultants for an independent due diligence.

All high value clients with requirements of Rs. 30 Lakhs or more are subject to valuation. As an additional precautionary measure – 5% of sample cases of property mortgage for disbursed loans in each month are pushed up for revaluation of property by another external valuer. This helps ascertain the monthly valuation on both internal and external counts. Variance in valuation above 15% is examined for taking necessary remedial measures.

Audit and Internal Financial Controls

The Company has an adequate system of internal controls implemented by the management towards achieving efficiency in operation, optimum utilisation of the Company's resources and effective monitoring thereof and compliance with applicable laws and regulations.

The Company's internal audit department conducts regular audits to ensure adequacy of internal control systems, adherence to management instructions and compliance with local laws and

regulations, as well as to suggest improvements. To ensure audit independence, the Internal Auditor reports directly to the Audit Committee of Board of Directors. The Internal Audit Function provides adequate assurance to the Board and Senior Management in the various Businesses and Functions that the system of internal control deployed is appropriately designed to manage the key business risks and is operating effectively.

The Company is also in the process of setting-up centralised concurrent audits in Mumbai to conduct audit of files with a mere one-month lag.

Statutory audit is carried out by an external auditor and their reports are submitted to the Audit Committee of the Board. Audit plans, Internal auditor's observations and recommendations, significant risk areas assessment and adequacy of internal controls are periodically reviewed by the Audit Committee.

Cautionary Statements

This document contains statements about expected future events, financial and operating results of AHFL, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.

The Company has in place – a highly robust collection structure to regularly monitor all the loan accounts – from the zero bucket accounts (collection of instalments in standard accounts) to NPAs.

WAY FORWARD

The Company envisages a CAGR of 40% to 45% in the medium-term and 35% to 40% in the long-term in business, profits and number of customers while maintaining NPA levels below 1%.

As always, the Company will prefer quality over quantity with a strong compliance in all aspects.

Our expert credit underwriting team and fraud control team are adequately trained to ensure credit quality. Credit quality is the hallmark of the Company's philosophy which begins from selection of borrowers to disbursements and the entire lifecycle.

The credit team is regularly provided with orientation training in this culture.

The huge opportunity in the low income housing segment is not without challenges. The intense competition from growing number of HFCs and banks may pose pressure on margin as well as quality and growth.

The Company has been aggressively implementing digital interventions and centralisation of processes to improve efficiency; hence expect sharp reduction in operational expenses to counter balance the pressure on margin.



Board's Report

for the financial year 2017-18

The Board of Directors of your company have great pleasure in presenting the 28th Annual Report together with the audited Financial Statements of the Company for the year ended 31st March, 2018. Your Company, which was incorporated on 26th November, 1990 with the name "Vysya Bank Housing Finance Ltd. It commenced its operation in terms of Certificate for Commencement of Business No. 08/11409 dated November 27, 1990. In the year 2003, Dewan Housing Finance Ltd.(DHFL) took over the Company from its previous Promoter i.e. ING Vysya and renamed the Company as DHFL Vysya Housing Finance Ltd (DVHFL). Erstwhile Aadhar Housing Finance Limited was established in 2010 by promoter Dewan Housing Finance Corporation Limited (DHFL) and with 20% stake of International Finance Corporation, USA and 14.90% stake of DHFL. Aadhar Housing Finance Limited was merged with DVHFL based on the order passed by NCLT dated 27th October, 2017 and the same was filed with Registrar of Companies (ROC) on 20th November, 2017 being the effective date of merger. Post-merger the company changed its name from DVHFL to Aadhar Housing Finance Limited w.e.f 4th December, 2017.

Further, the process of Merger of the Company (DVHFL/ Transferee Company) and erstwhile Aadhar Housing Finance Ltd. (Transferor Company) was initiated by filing the NCLT Application on 20th March 2017. The Scheme of Amalgamation inter-alia prescribed that the name of Transferee Company post-merger shall be changed to Aadhar Housing Finance Ltd, as per the provisions of Companies Act, 2013.

The National Housing Bank(NHB) had granted their NOC/consent for Merger and change of name of Merged entity i.e. DHFL Vysya Housing Finance Ltd to Aadhar Housing Finance Limited (post-merger entity) on November 25, 2016 & March 7, 2017 respectively and Reserve Bank of India, Competition Commission of India and Insurance Regulatory Authority of India (IRDAI) had granted their NOC/consent for Merger and change of name of Merged entity i.e. DHFL Vysya Housing Finance Ltd to Aadhar Housing Finance Limited (post-merger entity).

Accordingly, the Scheme of Amalgamation has been filed with Hon'ble National Company Law Tribunal, Bengaluru Bench, Karnataka (NCLT) as per provisions of Section 230 and 232 of Companies Act, 2013 read with the rules made thereunder, which was duly approved by NCLT vide their Order dated, October 27, 2017. Further the NCLT also specified in its Order for transfer of Employees & KMPs of AHFL on the effective date to the merged entity and change of name as aforesaid, subject to availability as well as filing of necessary forms with appropriate authority(ies).

Further both the Companies had filed NCLT Order along with necessary forms with Registrar of Companies (ROC) on 20th November, 2017 (being effective date of Merger), which was duly registered by ROC.

Further, the Transferee Company (DVHFL) had applied for change of name of the Company to Aadhar Housing Finance Ltd. (One

Aadhar) as per the scheme & as per provisions of Section 13 of the Companies Act, 2013, which was duly approved by Registrar of Companies (ROC), Bengaluru - Karnataka, by issuing the "Certificate of Incorporation pursuant to change of name", dated December 4, 2017.

The Holding Company of your company is M/s Wadhawan Global Capital Ltd., Mumbai and the Company has a wholly owned Subsidiary i.e. Aadhar Sales and Services Pvt. Ltd.

*Your Company is a Deposit taking Housing Finance Company regulated by National Housing Bank as per Certificate of Regn. No. 04.0168.18, dated April 5, 2018, in the name of in the name of Aadhar Housing Finance Ltd. (Formerly known as DHFL Vysya Housing Finance Ltd.). Currently Company is operating in 19 States with Union Territory, having 270 branches as on March 31, 2018

**The erstwhile Aadhar Housing Finance Ltd. (Transferor Company), has surrendered its NHB Registration Certificate with Registration No. 10.0109.13, dated October 22, 2013 to NHB, vide Company's letter dated December 15, 2017. Your Company has also submitted its NHB Certificate of Registration No. 01.0053.03, dated October 28, 2003, in the name of DHFL Vysya Housing Finance Ltd. vide Company's letter dated December 18, 2017, with a request to issue a fresh Certificate in the name of Merged entity, i.e. Aadhar Housing Finance Ltd. (Formerly known as DHFL Vysya Housing Finance Ltd.). The NHB has issued this Revised Certificate of Registration bearing Registration No. 04.0168.18 dated April 5, 2018 with permission to accept deposits.*

Housing Finance Sector Scenario and Future Prospects:

The Housing finance sector in India is undergoing a fast development. The fact that urban India has an estimated housing shortage of 2 crores, coupled with the focus of the Government through PMAY to provide estimated 2 crores urban housing units in 4,853 listed statutory city/towns, is generating a lot of interest from the general public and also from corporates in the affordable housing & housing finance segment. Under PMAY, the housing ministry will also provide financial assistance to the tune of over Rs. 2 lakh crores over the next five years for enabling two crores urban poor own houses by 2022. PMAY (Rural) is focusing on providing 2.95 crore houses in rural areas, hence there are huge housing and housing finance activities are taking place in country. Many initiatives are taken by Government to support the cause of housing and this will bring many house aspirants under PMAY scheme, hence good opportunity for lenders.

Pradhan Mantri Awas Yojana:

Government of India took a major step under 'Housing for All scheme' to ensure that people can own a house within their financial capability. Pradhan Mantri Awas Yojana (PMAY) Urban was launched with a broad vision of providing 2 crores dwelling units to EWS, LIG & MIG beneficiaries. The scheme was to be implemented in 4041 (now it is increased to 4850) statutory towns/centres. Under this scheme, Credit Linked Subsidy of Rs. 2.67 Lakhs is to be given

EWS/ LIG beneficiaries for a loan amount of Rs. 6 Lakhs & above and Rs. 2.25 to 2.40 lakhs to MIG I & MIG II beneficiaries for purchase/ construction of houses of specified carpet area.

This PMAY scheme was implemented in 4 verticals:-

(a) Credit Linked subsidy to beneficiaries through Banks/HFCs for loans availed, (b) Beneficiary lead construction, (c) Affordable Housing in partnership with In situ and (d) Slum development.

The PMAY Rural scheme aims to construct 2.95 Crores houses in rural areas. Hence, these schemes have created huge opportunities for the company to provide housing loans to these beneficiaries as per the above schemes.

Business Overview, State of Affairs & Operations of the Company:

Post the merger with DHFL Vysya Housing Finance, strategic moves and geographical spread through the year, FY 2017-18, Aadhar

Housing Finance Ltd. (AHFL) has shown remarkable performance and rapid growth.

AHFL, as a merged entity on comparable basis, has reported a rise of 56% per cent in net profit compared to the last financial year. In the financial year 2017-18, the company has reported a profit of around Rs. 100 crores compared to Rs. 64 Cr (DHFL Vysya Housing Finance Rs. 23 Cr and Erstwhile Aadhar Housing Finance Ltd Rs. 41 Cr) in FY 2016-17.

The total income increased to Rs. 798 crores from Rs. 543 crores in the last year period.

The loan disbursement during the year FY 2017-18 is Rs. 3905 crores as against Rs. 2338 crores in FY 2016-17. The Gross Retail NPA(on AUM) is at 0.58% as on March 31, 2018.

The total assets under management (AUM) grew to Rs. 7966 crore by the end of FY 2017-18 from Rs. 4991 crores in FY 2016-17 a growth of 60%.

Financials:

A summary of financial statements and profitability for the year ended March 31, 2018 are given below for the information of members of the Company:

Particulars	Consolidated		Standalone	
	FY 2017-18 (a)	FY 2017-18 (b)	Last FY 2016-17 (DHFL Vysya Housing Finance Ltd.) (c)	FY 2016-17 (erstwhile Aadhar Housing Finance Ltd.) (d)
Total Income from Operations	807.31	798.20	212.02	356.52
Less:				
Total Expenditures	648.40	639.15	176.26	294.84
Profit before Taxes	158.91	159.05	35.76	61.68
Provision for Taxes	59.29	59.32	12.55	20.91
Profit after Taxes	99.62	99.73	23.21	40.77
Appropriations:				
Transfer to Special Reserve under NHB Act	28.14	28.14	8.00	12.30
Deferred tax on Special Reserve	-	-	-	0.24
Transfer to General Reserve	-	-	5.00	-
Proposed equity dividend*	-	-	7.75	-
Dividend distribution tax*	-	-	1.58	-
Retained Profits	71.48	71.59	0.88	28.22
Balance at the beginning of the year	28.14	35.99	35.11	23.36
Addition due to amalgamation for the year ended March 31, 2017	25.87	25.87	-	-
Reduction due to amalgamation for the year ended March 31, 2017 - Transferred to Special reserve	12.30	12.30	-	-
Reduction due to amalgamation for the year ended March 31, 2017 - Deferred tax liability on opening special reserve U/s 36(1)(viii) of Income Tax Act, 1961	0.24	0.24	-	-
Balance at the end of the year	120.80	120.91	35.99	51.58
Earnings per share- Basic/ Diluted	46.41	46.46	24.56	3.85

Note:- for correct comparison figures mentioned in (c) & (d) for FY 2016-17 be clubbed together.

*The Board of Directors, at the meeting held on April 24, 2018 has proposed a final dividend of Rs. 7/- per equity share aggregating to Rs. 21.19 Crore, inclusive of tax on dividend. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4-Contingencies and Events Occurring after the Balance Sheet date as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2018.

Profitability:

The Company made all efforts to improve the profitability during the year under Report. Profit before tax increased from Rs. 35.76 crores (last year) to Rs. 159.05 crores as on 31st March, 2018, registering a robust growth on standalone basis. The profit after tax stood at Rs. 99.73 crores as against Rs. 23.21 crores of DVHFL and Rs. 40.77 crores of AHFL (transferor company) in previous year, registering a growth on standalone basis.

Share Capital:

Your Company's capital structure during the financial year under report stood as given in the below table;

Share Capital	Amount in (Rs.)
Authorized Share Capital (22,00,00,000 Equity Shares of Rs. 10 each)	2,200,000,000
Issued, Subscribed and Paid-up Share Capital (251,48,472 Equity Shares of Rs. 10 each)	25,14,84,720

Changes in Capital Structure and shareholding position

Change in Authorised Share Capital :

During the year under review, the Authorised Share Capital of the Company was increased from Rs. 20 Crores, divided in 2 Crores shares of Rs. 10 each to Rs. 220 Crores, divided into 22 crores equity shares of Rs.10 each, due to Combination of Authorised Capital, pursuant to approval of Scheme of Amalgamation, approved by NCLT, Bengaluru Bench, vide its Order dated, October 27, 2017 effective from 20th November, 2017.

Change in Paid-up share Capital:

During the year, there is a change in shareholding position of the shareholders of the Company. During the year, the Board of Directors of the Company, at their meeting held on 5th December, 2017, allotted 10,125,360 Equity shares of Rs. 10 each fully paid-up for total 12,04,91,803 nos. of Equity Shares held by the shareholders of Transferor Company, i.e. 10(Ten) fully paid Equity Shares of Rs. 10/- each of the Company for every 119(One Hundred and Nineteen) fully paid Equity Shares of Rs. 10/- each held in Transferor Company" as per Share Exchange Ratio, mentioned in the Scheme of Amalgamation, approved by NCLT, Bengaluru Bench, vide its Order dated, October 27, 2017. The allottees, included the Promoter/ Promoter Group, the details of allotment, including the name and number of shares allotted under the shares exchange ratio is given in the Financial Statements, 2017-18.

During the year the Share Transfer and Allotment Committee of Directors, at their Meeting held on 8th March, 2018, allotted 39,42,407 Equity shares of Rs. 10/- each fully paid-up, at an issue price of Rs. 291.70/- per share, to Wadhawan Global Capital Ltd. (Holding Company) and International Finance Corporation, USA, i.e. existing Shareholders of the Company, under preferential issue of Shares, approved by the Shareholders at their Extra-Ordinary

General Meeting, held on January 31, 2018. The total Issued, Subscribed & Paid-up Share capital stood at Rs. 25.15 Crores as on 31st March, 2018. The Company has filed required forms ARF and FCGPR with RBI for intimation of Foreign Direct Investment received by the Company and with respect to Merger during the year under report. The Company has also registered with for online reporting under the new notification issued by RBI applicable for the Foreign Investment receiving Companies in July, 2018.

Employees Stock Appreciation Right Plan 2018:

During the year under review, formulated Aadhar Housing Finance Limited- Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018/"Plan"), duly recommended and approved by the Nomination and Remuneration Committee and Board at its meeting held on February 26, 2018 and by the Shareholders of the Company, vide their Extra-Ordinary General Meeting held on 26th March, 2018.

The objective of the ESAR 2018 PLAN, is to reward the Employees of the Company for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Plan to retain talent working with the Company. The Company views equity based compensation plans as an integral part of employee compensation at senior level, which enable alignment of personal goals of the Employees with organizational objectives by participating in the ownership of the Company through share based compensation Plan.

Further, as per the ESAR 2018, approved by the Shareholders, Board of Directors and the Nomination and Remuneration Committee, approved the grant of ESARs to eligible permanent Employees of the Company at its meeting held on 26th March, 2018, and the same will be effective from 1st April, 2018 to be vested in 3 years as per the plan. The ESAR price shall be equal to the Fair Market Value, per share on the grant date, as per ESAR 2018.

Resource Mobilisation:

Your Company's resource planning policy has been approved by the Board. The Company has vide special resolution passed by shareholders at their Extra-Ordinary General Meeting held on January 31, 2018, under Sections 42, 71, 180(1)(c) read with 181(1)(a) of the Companies Act, 2013 and other applicable provisions, authorised the Board of Directors to raise or borrow any sum or sums of money (including non-fund based facilities) by way of loan(s) in rupee currency and/or foreign currency from Banks and Financial Institution(s), Inter- Corporate Deposit(s) and/or securities comprising of Secured/Unsecured, Fully/ Partly paid-up, Convertible and/or Non-Convertible Debentures and/or Bonds and/or all other securities with or without detachable or non-detachable warrants and/or secured premium notes/bonds and/or fixed/floating rate notes/ bonds or pass through Certificate(s) of Mortgage Backed Securitized Assets or any other debt/money market instruments, Refinance from Banks/Regulators, Securitization of loans or instruments issued/to be issued by the Company in India or outside India, in one or more tranches, from time to time at their discretion,

which together with the money already borrowed by the Company (apart from temporary loans, overdrafts obtained or to be obtained from the Company's Bankers in the ordinary course of business), may at any time, exceed the aggregate of the paid up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) provided that the total amount so borrowed, shall be up to an amount of Rs. 10,000 Crores (Rupees ten thousand crores) or upto 16 times of Net Owned Fund (NOF) of the Company, whichever is lower, as per provisions of National Housing Bank (NHB) Act/ NHB Directions(s)/Circulars & Notification/ Guidelines.

Your Company continued to use a variety of funding sources to optimise funding costs, protect interest margins and maintain a diverse funding portfolio which further strengthened its funding stability and liquidity needs. Your Company continued to keep tight control over the cost of borrowings through negotiations with lenders and thus, raised resources at competitive rates from its lenders while ensuring proper asset liability match. The weighted average borrowing cost as at March 31, 2018 was 8.77% which is reduced from 9.15% as at 31st March, 2017. As on March 31, 2018, your Company's sources of funding were primarily from banks and financial institutions 68.38%. followed by non-convertible debentures 16.21%, Public deposits 1.29%, commercial papers 5.07%, NHB refinance 7.33% and Subordinate debt 1.33%. Your Company continues to gradually reduce its reliance on the borrowings from banks and financial institutions and focus on capital market instruments with lower funding costs.

Another strategy adopted by the Company to keep a balanced ALM was to enter into strategic partnership with banks that are keen on good-quality assets and assign long-tenor receivables to them at mutually beneficial terms.

Loan from banks / Financial Institution

As part of its liability management, your Company endeavours to diversify the sources of its resource base in order to achieve an appropriate maturity structure and minimise the weighted average cost of borrowed funds.

Your Company continued to leverage on its long term relationship with banks/Financial institution and have received processed from loan to the extent of Rs. 2316.95 Cr during the year at competitive rates available in the market

Non-Convertible Debentures (NCDs):-

Secured Redeemable Non-Convertible Debentures (NCDs)

Your Company continues to issue fully Secured Redeemable Non-Convertible Debentures on private placement basis. Pursuant to the Special resolution passed by the Members of the Company at the last Annual General Meeting held on July 24, 2017 & at Extra-Ordinary General Meeting held on January 31, 2018 and as per the Board approved Resource Planning Policy for private placement of Non-Convertible Debentures (NCDs) formulated as per the guidelines issued by National Housing Bank, your Company issued

Secured Redeemable Non-Convertible Debentures (the NCDs) during the year amounting to Rs. 485 crores to various investors. The outstanding balance of Debentures as on March 31, 2018 amounts to Rs. 1,026.40 crores. The proceeds of the aforesaid issue were utilised for making disbursement to meet the finance requirements of the borrowers of the Company, as well as for general corporate purposes.

As a security for the Non-Convertible Debenture Holders your Company has duly executed and registered Debenture Trustee Agreements, Deed of Hypothecations and Debenture Trust Deeds/ Simple Mortgage Deed with Catalyst Trusteeship Limited and Beacon Trusteeship Limited in various tranches and are duly modified as and when the NCDs are redeemed.

Your Company has duly paid the interest due on the aforesaid Debentures on time and reported the same to BSE/SEBI and Trustees. The Company's NCDs have been assigned the rating of "CARE AA+ (SO)" by Credit Analysis and Research Limited (CARE) and "BWR AA+ (SO)" by Brickwork Ratings India Private Limited (Brickwork).

Your Company being Housing Finance Company is exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Since the Debenture issues of the Company till date are through private placement, no DRR has been created.

Unsecured Subordinated Non-Convertible Debentures

As at March 31, 2018, your Company's outstanding unsecured subordinated debts were Rs. 84 crores. The debt is subordinated to present and future senior debt of your company.

Commercial Paper:

The Commercial Paper (CP) programme of your Company have been assigned the rating of CRISIL A1+ (A One Plus) by Credit Rating and Information Services of India Limited (CRISIL) and ICRA A+ by ICRA Limited. As at March 31, 2018, Commercial Papers outstanding amount stood at Rs. 320.71 crores (net of unamortised discount of Rs. 4.29 crore).

Security Coverage for the Borrowings:

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No. 5 & 8 in the Notes to accounts forming part of the audited financial statements for the year ended March 31, 2018.

Capital Adequacy:

As required under National Housing Bank Directions, your Company is required to maintain a minimum capital adequacy of 12% on a stand-alone basis. The following table sets out Company's Capital Adequacy Ratios as at March 31, 2018, 2017 and 2016.

Particulars	As on 31st March		
	2018	2017	2016
Capital Adequacy Ratio	18.76%	19.37%	23.12%

The Capital Adequacy Ratio (CAR) of your Company was at 18.76% as on March 31, 2018, as compared to the regulatory requirement of 12%. In addition, the National Housing Bank Directions also requires that your Company transfers minimum 20% of its annual profits to a Special Reserve fund, which the Company has duly complied with.

Non-Performing Assets and Provisions for Contingency:

Your Company adhered to the prudential guidelines for Non-Performing Assets (NPAs), under the Housing Finance Companies (NHB) Directions, 2010, as amended from time to time. The Company did not recognise income on such NPAs, and further created provisions for contingencies on standard as well as non-performing housing loans and property loans, in accordance with the National Housing Bank Directions, 2010. The Company has also made additional provisions to meet unforeseen contingencies. The following table set forth Company's gross NPAs, net NPAs, cumulative provisions and write-offs for the periods indicated:

(Rs. in Crores except %)

Particulars	As on March 31				
	2018	2017	2017 (erstwhile Aadhar Housing Finance Ltd.)	2016	2016 (erstwhile Aadhar Housing Finance Ltd.)
Gross Non-Performing Assets	86.29	28.11	32.76	18.50	12.73
% of Gross NPA to Total Loan Portfolio	1.17%	1.55%	1.07%	1.26%	0.70%
% of Gross NPA to Retail AUM	0.58%	1.04%	0.69%	0.78%	0.49%
Net Non-Performing Assets	57.39	19.93	22.16	13.05	9.76
% of Net NPA to Total Loan Portfolio	0.78%	1.10%	0.80%	0.89%	0.54%
Total cumulative provision loans and other assets	28.91	8.18	10.60	5.45	2.97
Write-off	3.32	0.21	-	-	-

The Standard Asset provision was reduced from 0.40% to 0.25% by National Housing Bank vide. Notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated 2nd August, 2017.

Investments:

The Investment Committee constituted by the Board of Directors as Executive Committee is responsible for approving investments in line with the policy and limits as set out by the Board. The investment policy is reviewed and revised in line with the market conditions and business requirements from time to time. During the year, the Investment policy was reviewed and revised by the Board of Directors. The decision to buy and sell up to the approved limit is delegated by the Board to the Investment committee consisting of Company's senior executives. The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity. Considering the time lag between raising of resources and its deployment, the surplus funds are generally being parked with liquid fund schemes of mutual funds and short-term deposits with banks. During the year, your Company earned Rs. 14.62 Crores of the FY 2017-18 by way of income from mutual funds & other operations and Rs. 2.39 Crores of the FY 2017-18 by way of interest on deposits placed with banks and bonds.

Information Technology:

To support Company's growth, improve operational efficiency and optimise costs through the use of technology your Company proposed to continue availing the support services from its associate company (related party- Dewan Housing Finance Corporation Ltd.) to leverage its existing know how and professional expertise and

for building up robust practices and processes towards the benefit of your Company.

This programme is expected to establish a scalable and flexible technology landscape, improve customer centricity, enable faster decision making through automation and analytics, thereby taking the technology platform to a new level. Your Company aims to align its technology landscape to evolving business needs, which would support the Company in its growth targets.

Under new proposed technology platform named Tech-2.0, during the year, your Company plans to replace its legacy systems and business application platforms with proven commercial-off-the-shelf products, which would provide best fit solutions to the business functions. Your Company has further plans to upgrade its existing information technology infrastructure by increasing network bandwidth and bringing in new servers for the core applications, thereby improving its performance.

The amount payable for the financial year 2018-19, to the Associate Company for the said services has been approved by the Board and Audit Committee after considering all the relevant factors at arm's length basis. The expenses are towards the implementation of upgraded IT platforms/systems/applications (Tech 2.0).

Insurance:

Your Company has insured its various properties and facilities against the risk of fire, theft and other perils, etc. and has also

obtained Directors' and Officers' Liability Insurance Policy, which covers the Company's Directors and Officers (employees in managerial or supervisory position) against the risk of financial loss including the expenses pertaining to defence cost and legal representation expenses arising in the normal course of business.

Moreover, your Company has obtained money policy to cover 'money in safe and till counter and money in transit' for the Company's branches and various offices. All the vehicles owned by the Company are also duly insured.

Your Company also has in place a mediclaim policy for its employees and their dependent family members, group term life and group personal accident policies, which provide uniform benefits to all the employees.

Asset Liability Management Committee (ALCO):

The Asset Liability Management Committee (ALCO) lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. ALCO ensures that the liquidity and interest-rate risks are contained within the limits laid down by the NHB. The Company has duly implemented the NHB's Asset Liability Management Guidelines.

National Housing Bank Guidelines:

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.

During the year your Company has availed Refinance facility from NHB amounting to Rs. 31.8 Crores and as on March 31, 2018 the outstanding balance amounts to Rs. 463.81 crores. Also the Company has executed MOU for availing the Schemes such as PMAY/ CLSS scheme and Rural Subsidy Scheme with National Housing Bank.

During the year under report, as per NHB policy circular No. NHB (ND)/DRS/Policy Circular No.87/ 2017-18 dated February 6, 2018, the Company has executed an agreement with Information Utility i.e. National e-Governance Services Limited (NeSL) for submission of Financial information and information relating to Assets in relation to which any security interest has been created.

Your Company maintains the Fixed Deposit (FD) register and also sends prior intimation about the maturity date of the Fixed Deposits to its FD holders as per NHB Directions.

Central Registry of Securitisation Asset Reconstruction and Security Interest (CERSAI):-

Your Company has duly registered with CERSAI and has submitted various required information and uploading of charge creation details for mortgage loans on timely basis.

Related Party Transactions:

There was no materially significant related party transaction during the year i.e. transactions of material nature, with its promoters, directors or senior management or their relatives etc., that may have potential conflict with the interest of company at large. Transactions entered with all related parties/ entities/ group companies as defined under the Companies Act, 2013 and as per applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2017-18 were mainly in the ordinary course of business and at arm's length basis.

Prior approval of the Audit Committee is obtained by the Company before entering into any major related party transaction as per the applicable provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As per the provisions of Section 188 of the Companies Act, 2013, approval of the Board of Directors is also obtained for entering into related party transactions by the Company. A quarterly update is also given to the Audit committee and the Board of Directors on the Related Party Transactions undertaken by the Company for their review and consideration.

The details with respect to the related party transactions are mentioned in the notes to the audited financial statements. The Policy on Related Party Transactions is approved by the Board. None of the Directors have any pecuniary relationships or transactions vis-à-vis with the Company.

Appraisal and evaluation of mortgaged property:

Your company has finalised and implemented a number of state-wise Technical Policies and Processes dealing with various properties mortgaged in various loans. These policies are based on the state government/ urban and local authorities, gram panchayat guidelines pertaining to residential properties.

The company has also empaneled the technical agencies at various locations for the valuation of property in addition to our own technical staff. The empanelment of these valuers is done on the basis of their experience, market report etc. through a pre-defined process.

Your company also approved the project of builders through a laid down process to facilitate branches and field team for financing flats in these buildings without repeatedly doing legal and technical evaluation.

Strong Credit Underwriting Framework :

The credit evaluation and credit portfolio management methodologies are designed to ensure consistent underwriting standards. New loan products are introduced considering need of target segment and market trend. The exposure limits of new products are gradually increased after critical review of performance of the product over a period of time. The risk management techniques and processes enable early identification

of problematic loans. This includes early default analysis, product analysis and probability of default. The company works with strong analytic data to leverage areas of opportunity in Highly Competitive industry scenario.

Efficient Process and Cost Optimization:

The company is constantly working towards enhancing efficiencies and eliminating wastages. Aadhar leverage technologies to speed up processes like central processing of salaried profile of customer's loan application and focus by optimizing resources. Besides, the company has put lot of emphasis on training across hierarchy in line with evolving customer aspiration. Our well designed systems with proper checks and balances enable the credit approvals by the correct authority and complete digitalization of credit decision process without movement of physical files.

Sound Asset Quality Management:

The company has a strong retail book with a large customer base. The underwriting skills and well-built system further reduce our risk. As the company sources majority of the customers through branches, it is able to maintain a high level of customer quality checks. The credit underwriting teams are well trained and verification processes are well aligned to the target customer segment in affordable housing industry. Each proposal passes through the maker and checker mechanism and credit decisions are taken in a committee based approach to ensure proper transparency. The company has an in-house technical team to evaluate the properties to finance and ensure proper compliances and correct valuation of the security under mortgage.

Well defined Decision Making Process:

The operational architecture of the company is a well-balanced system of centralized and decentralized decision making process. The wide distribution network, coupled with insights of local customer needs has enabled the company to provide relevant financial products to the customers. Clearly defined credit authority to make decisions on loan amount, in house appraisals and technical evaluation, credit analysis in even at the smallest location is inbuilt in the structure and is meticulously monitored bringing in accountability and responsibility at every level.

Continuous Risk Review and Monitoring:

The company is continuously strengthening the capabilities of the teams and processes and the overarching governance framework for sustainable growth. For the assurance of strong governance framework, the company continuously monitors the processes and level of compliances through regular visit of Area level Managers, internal audits, hind sighting of quick mortality cases and risk review meetings. The Company has also setup Fraud Control Unit (FCU) for real time screening of sanctioned filed, keeping track of adverse trend in various locations and guidance to field team.

Collections / Recovery:

The Company has established a robust collection process with a strong commitment to timely action. Robust internal process

controls are set up whereby information on cheque bounces and returns are received real-time. The company is further streamlining this process through a Collection mobilization to ensure unified approach and control on recovery. The field collection team keeps regular touch with borrowers to ensure high collection efficiency.

- Effective monitoring of all Standard accounts to capture early alert/signals and to recover overdue instalments.
- Voice messages are sent to delinquent customers for reminding the overdue.
- Persuasion with all NPA borrowers through personal contacts for recovery of overdue amount and to upgrade the account to standard category.
- PEHAL – Initiatives taken to encourage Customers to clear their overdues by inviting them to branch and counselling alone for paying the EMI.

The collection efforts got impetus with Government of India' Gazette of 18th December 2015 which gave the company a useful recovery tool, The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

- Initiation of SARFAESI act to recovery on all NPA accounts, this has helped to upgrade a large number of accounts.
- The stringent recovery procedure and implementation of the provision of the SARFAESI Act for recovery of NPAs have helped the company to keep the NPA level low. As on March 31st 2018, the gross NPA's stood at 1.17%. The gross NPA amount on retail loans stood at Rs. 45.76 Crores which is 0.58% of the Retail AUM.

Dividends:

The Board of Directors, at the meeting held on April 24, 2018 have recommended a final dividend of Rs. 7/- per equity share for each equity share having a face value of Rs. 10/ each, for the Financial Year ended March 31, 2018, to be paid subject to the approval of Shareholders, in ensuing Annual General Meeting, which will aggregate to Rs. 21.19 Crore, inclusive of tax on dividend.

Marketing and Branding:

- From the inception, Aadhar has put great emphasis on awareness drives to educate the low income segment about various financial and property related aspects. Aadhar's awareness drives named Aadhar parichay, Aadhar Sanyog, Aadhar Paramarsh Shivir etc foster one on one interaction with information and problem solving. More than 7000 such low cost high impact awareness drives conducted across markets generating 17000 leads touching with reach of around 1 lakh people.
- During the year Aadhar also conducted 6 Aadhar Awaas Melas conducted at Bhopal(MP), Jabalpur(MP), Pithampur(MP), Surat(GJ), Morbi(Gj) and Virar(MH) with unprecedented

response from the general public. Aadhar Awaas Mela is a uniquely designed property exhibition for the low income segment where customer, property developers, legal and technical experts and branch home loan team gather under one umbrella to provide end to end solution to a customer. These 6 Aadhar Awaas Melas were attended by more than 7000 people.

- Apart from the above, Aadhar also uses a judicious mix of ATL, digital and PR campaigns to penetrate deeper in its markets. Some of the successfully used mediums are FM Radio, Movie theatre advertisements, Search Engine Marketing(PPC ads), Press Releases etc.
- During the year, Aadhar has also launched a brand new logo and a revamped website for the Company has also activated itself on Social media sites, facebook, Linkdin.

Ratios:

The main Financial Ratios of the Company are;

	FY 2017-18	FY 2016-17	FY 2016-17 (Erstwhile AHFL)
Earning per share (EPS)	Rs. 46.46	Rs. 24.56	Rs. 3.85
Capital to Risk Asset Ratio (CRAR)	18.76%	19.37%	18.05%
Debt Equity Ratio (DE Ratio)	9.05	11.04	11.41
Net Owned Fund (NOF)	Rs. 683.03 crores	Rs. 151.87 crores	Rs. 210.76 crores

Lending Operations:

The sanctions and disbursements of housing loans during the financial year under report is shown in the below table;

Financial Year	2017-18	2016-17	2015-16	2014-15
Sanction in values (Rs. in crores)	6,062.00	696.82	450.25	420.56
Disbursement in values (Rs. in crores)	3,904.65	645.65	442.38	426.46

The sanctions and disbursements of erstwhile Aadhar Housing Finance Ltd. is shown in below table:-

Financial Year	2016-17	2015-16	2014-15
Sanction in values (Rs. in crores)	2,638	1,484	816
Disbursement in values (Rs. in crores)	1,696	1,011	541

Fixed Deposits from Public:

Your Company is among the selected housing finance companies with permission to accept public deposits under Section 29A of the National Housing Bank Act, 1987. Your Company has been striving to offer best-in-class deposit products that encourage savings amongst households. Your Company's Fixed Deposits provide

attractive interest rates. Your Company's FD programme has a rating from CRISIL, which was revised to CRISIL FAA/ Stable rating, revised on 28.05.2018, by CRISIL Ltd. The tenure of fixed deposits accepted by your Company is in the range of 12 to 120 months and present rate of interest is in the range of 8.25% to 8.50% with additional interest rate upto 0.25% to senior citizen and staff. As on March 31, 2018, your Company's outstanding Fixed Deposits amount to Rs. 84.01 Crores.

The Company has maintained sufficient amount invested in unencumbered approved securities/ bank deposits for an amount of such percentage as prescribed by NHB of the deposit outstanding at the last day of second preceding quarter, in the safe custody of the designated Bank.

The Company has also issued the statement in lieu of advertisement for soliciting public deposits as prescribed by NHB from time to time.

As per para 10 of National Housing Bank Direction, 2010, the Company's number of unclaimed/ unpaid public deposits accounts of the depositors after the date on which the deposit became due for repayment and the total amount due under such unclaimed/ unpaid accounts as on March 31, 2018 are mentioned in the below and also the company had sent individual notices to each of the deposit holders before March, 2018.

Sr. No.	Total No. of unclaimed/ outstanding Public Deposits Accounts	Total Amount
1	150	Rs. 2.35 Crores

Unclaimed/Unpaid Deposit:

During the financial year under review, there was no Unclaimed Deposit or Interest amount due to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, that remained unclaimed and unpaid for a period of seven years from the date it became first due for payment. The amount of public deposit matured, during the year under review was duly paid to the Deposit Holder.

The Company has already taken appropriate steps from time to time by sending reminder letters to concerned depositors to claim their unpaid deposits at the earliest.

Unclaimed/ Unpaid Dividend

During the financial year under review, your Company has transferred unclaimed final dividend of Rs. 36,350, to the Investor Education and Protection Fund (IEPF) established by the Central Government after the expiry of seven years from the date of transfer to unclaimed/ unpaid dividend account. This total amount includes final dividend amounting to Rs. 14,900 declared for the FY 2009-10 and the same was transferred to IEPF account on January 10, 2018 and interim dividend amounting to Rs. 21,450/- declared for the FY 2010-11 and the same was transferred to IEPF account on 20th March, 2018.

Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, [IEPF Rules] your Company had initiated the actions as laid down under the IEPF Rules and accordingly the communication letters dated 25th April, 2018 were sent to 26 shareholders of the Company whose dividend had remained unclaimed for past seven years and a public notice in this regard was also published in English and Kannad newspapers dated 25th April, 2018. Members and Depositors of the Company are requested to claim their unclaimed dividend/deposit, if any, and for the purpose may correspond with the Company Secretary or the Registrar and Share Transfer Agent. Members and Depositors of the Company are requested to note that any dividend/ deposit remaining unclaimed/unpaid for a period of more than seven (7) years, will be transferred to the IEPF, as per the provisions of

Companies Act. Members to further note that as per the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven (7) consecutive years shall be transferred to the IEPF.

Credit Rating:

The company's borrowings has received following credit ratings from Credit Analysis and Research Limited (CARE), Brickwork Ratings India Pvt. Limited CRISIL and ICRA during the year 2017-18, which is valid for a period of one year and it indicates high degree of safety regarding timely servicing of financial obligation. These ratings are backed by a letter of comfort issued by DHFL.

Nature of Borrowing	Rating/ Outlook			
	CARE	Brickworks (BWR)	CRISIL	ICRA
Non-Convertible Debentures	CARE AA+ (SO)	BWR AA+ (SO)	-	-
Unsecured Non-Convertible Debentures	CARE AA (SO)	BWR AA+ (SO)	-	-
Long Term Borrowings	CARE AA+ (SO)	-	-	-
Fixed Deposits	-	-	CRISIL FAA-/, Stable (*CRISIL FAA/ Stable rating revised on 28.05.2018)	-
Commercial Papers	-	-	CRISIL A1+	ICRA A1+

Details of Fraud Reporting, as per provisions of section 134 (3) (ca), read with section 143 (12) of the Companies Act, 2013:

There was regular reporting of frauds detected, made by the Company to Regulators, NHB and to the Audit Committee or Board of Directors, during the year under review. The said confirmation is also stated in the Independent Auditors' Report for the financial year 2017-18.

Fair practice code, KYC norms, Anti Money Laundering standards and Policy for prevention, prohibition and Redressal of Sexual Harassment:

The company continued to ensure that Fair Practice Code, KYC Norms and Anti Money Laundering (AML) Standards as per the guidelines issued by the NHB from time to time are invariably adhered to and duly complied by the company. The Company has put in board approved robust KYC/AML policy for compliance by the branches. The Company has also registered with Financial Intelligence Unit (FIU) India, New Delhi and also make periodical reporting from time to time as per the applicable provisions of AML policy. The Internal Auditors conducted audit of the branches to ensure adherence of these AML standards during the year under report. The Company ensures prevention, prohibition and Redressal of Sexual Harassment complaints at workplace, as per the policy and procedure with the approval of Board.

Internal Audit Compliance and Internal Financial Control:

The Company has proper system of auditing the branches periodically by a team of competent internal auditors under the supervision of Head Internal Audit. The audit reports are thoroughly examined at the Head Office. The gist of audit observations is reported to the Audit Committee of Board for their suggestions/directions. In addition to that, management has set up a process for checking/verification of various activities by Area level Managers posted in each region. The Company is also in process of setting up centralized Concurrent Audit in Mumbai, with effect from 1st June, 2018 to scrutinize defined parameters in all loan files before sending for safe custody.

Further the Company has policies and procedures in place for Internal Financial Control 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.

During the year, the Company had co-opted and appointed Mr. Yogesh Udhoji, CA, Head Internal Audit & Risk of erstwhile Aadhar Housing Finance Ltd. as Internal Head in place of Mr. G. Kannan, based on the Scheme of Amalgamation duly approved by NCLT vide their order dated October 27, 2017.

Secretarial Audit Compliance:

During the year under review, the Company has appointed M/s Roy Jacob & Company, Company Secretaries, Mumbai, having Membership Number - FCS 9017 and Certificate of Practice Number 8220 PCS of Transferor Company, as Secretarial Auditor, pursuant to section 204(1) of Companies Act, 2013 in place of Secretarial Auditor of the Company Mr Sudhindra K. S. Practising Company Secretary, Bengaluru who had given his NOC, to conduct Audit of the company during the year 2017-18. The Secretarial Audit Report dated May 23, 2018 has been annexed with this Board's Report for information as Annexure VII. Since there was no adverse remark or observation made by the Practising Company Secretary in his report, hence there is no clarification submitted as provided under this section of the Act.

Securities and Exchange Board of India (SEBI):

During the year under report, your company has complied with various provisions, regulations and guidelines prescribed by SEBI (LODR) Regulations, 2015 as amended from time to time i.e Chapter V- Obligations of listed entity which has listed its Non-Convertible Debt securities or Non-Convertible Redeemable Preference Shares or both as applicable to its listed NCDs. The Company has also registered with SEBI- SCORES for monitoring and reporting/ resolving of investor's complaints.

Insurance Regulatory and Development Authority of India (IRDAI):

Your Company has entered into a Corporate Agency arrangement with DHFL Pramerica Life Insurance Company Ltd. and Cholamandalam MS General Insurance Company Ltd. During the year under report, your company has entered into a Corporate Agency Agreement to act as a Corporate Agent of DHFL General Insurance Ltd. During the year, the Company has also obtained revised Composite Certificate of Registration dated 28th Dec 2017 issued by IRDAI in the name of Aadhar Housing Finance Ltd, post-merger & name change of the company, earlier which was in the name of DHFL Vysya Housing Finance Ltd. The Corporate Agent Registration Number is CA0012 and effective from April 1, 2016 valid upto March 31, 2019.

Future Plans:

The 'Housing for all' scheme has given a big boost to the affordable housing finance segment, as the result of which the performance of the merged entity has been excellent for the FY 2017-18. Aadhar expect to continue with its robust performance in business and financial parameters while keeping asset quality.

The Compliances under Companies Act, 2013:

Annual Return:

During the year 2017-18, Annual General Meeting (AGM) was duly held on July 24, 2017 and Annual Return filing was done within prescribed time limit.

As provided under section 92(3) and 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return is annexed as **Annexure-I** to this Report in Form MGT-9.

Number of meetings of the Board- section 134(3)(b):

During the year under review the Board of Directors met ten times

to deliberate various issues, policy matters etc. The details of Board of Directors and their Meetings and also various other Board level Committees are furnished separately under the Corporate Governance Reporting mentioned under section 134(3)(i).

Directors Responsibility Statement:

As required by section 134(3)(c) of the Companies Act, 2013, the Board of Directors states that.

- a) in the preparation of the Annual Financial Statements for the year ended March 31, 2018, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit or loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the Annual Financial Statements on a going concern basis;
- e) the Directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

In terms of section 134(3)(d), your Board states that, the independent directors, have given a declaration under section 149(6) of the Companies act, 2013.

With regard to section 134(3)(e) of the Companies Act, 2013, the Board has adopted Nomination (including Boards' Diversity), Remuneration & Evaluation Policy, which, interalia, lays down the approach to diversity of the Board, criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, alongwith the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013. During the financial year under review, your Company has amended the NRE Policy to align the same with the applicable regulatory requirements.

The said policy is available on the website of the Company, i.e. www.aadharhousing.com.

As per section 134(3)(f) of the Companies Act, 2013, your Board states that during the year under report, there are no adverse comments or qualifications made by the Auditors of the Company, during the course of their audits.

In terms of section 134(3)(g) of the Companies Act, 2013, details of all loans, guarantees or investments, including that of made under section 186 of the Companies Act, 2013, are given in Financial

Statements and Notes of Accounts, thereto, which is forming part of Annual Report.

Particulars of transactions with related parties under section 134(3) (h) and section 188:

During the year under report, the company has executed Related Party Agreements/ Contracts with Group/associate companies in which Directors are interested, after due compliance with the provisions of the sections 134(3)(h) and 188 of the Companies Act, 2013 and read with Companies (Meetings of Board and its Powers) Rules, 2014.

During the year under report, in terms of section 188(1) of the Companies Act, 2013, your Company has entered into various contracts with related parties under arm's length basis after taking required approvals from the Audit Committee/Board/Shareholders, the details of such transactions with Related Parties have been separately mentioned in the AOC-2, Annexure V to the Board Report.

Corporate Governance Reporting :

Since the Specified Securities of the Company is/are not listed,

the detailed corporate governance reporting is not mandatory. However, the company is making voluntary disclosures about various disclosures to fulfil its obligations to stake-holders and members as given below:-

Your company is managed by the Board of Directors duly assisted by the Audit Committee, Assets & Liabilities Management Committee, Management Committee, Nomination & Remuneration Committee, Share Transfer Committee, Stakeholders Relationship Committee Corporate Social Responsibility Committee and Risk Management Committee.

A brief note about the Board and other Board level Committees are furnished below;

Composition of Board of Directors:

The Board is headed by Shri Kapil Wadhawan, as a Non-Executive Chairman of the Board and other Board Members are experts from various fields like housing finance/finance sector, company affairs, etc. During the financial year 2017-18, the Board of Directors met 10 (Ten) times which was attended by following Directors;

Name of the Director (Shri/ Smt./ Ms.)	Date of Board Meetings attended										No. of Meetings Attended
	28/04/2017	30/06/2017	20/07/2017	31/08/2017	14/10/2017	02/11/2017	05/12/2017	17/01/2018	26/02/2018	26/03/2018	
Mr. Kapil Wadhawan, Chairman	Yes	No	Yes	Yes	No	No	No	Yes	No	No	4
Mr. Bikram Sen, Director	Yes	Yes	No	Yes	Yes	Yes	No**	-	-	-	5
Mr. R. Nambirajan, Managing Director	No	Yes*	-	-	-	-	-	-	-	-	1*
Mr. V. Sridar, Independent Director	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9
Mr. G. P. Kohli, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	10
Ms. Sasikala V.***, Additional Director	-	-	-	-	-	-	Yes	Yes	No	Yes	3
Mr. Suresh Mahalingam***, Additional Director	-	-	-	-	-	-	No	Yes	Yes	No	2
Mr. Deo Shankar Tripathi ***, Managing Director & CEO	-	-	-	-	-	-	Yes	Yes	Yes	Yes	4

Note:-

* Mr. R. Nambirajan attended through teleconference and he has retired from service in July, 2017.

** Mr. Bikram Sen, tendered his Resignation with effect from December 5, 2017.

*** Ms. Sasikala V. and Mr. Suresh Mahalingam were co-opted/appointed as Additional Directors and Mr. Deo Shankar Tripathi was appointed as Managing Director, with effect from December 5, 2017. Ms. Sasikala Varadachari has tendered her resignation from directorship of the Company with effect from 13th June, 2018.

Also note that during the year under review the Transferor Company i.e erstwhile Aadhar Housing Finance Ltd., had duly conducted 5 (five) Board meetings dated 28-04-2017, 30-06-2017, 20-07-2017, 14-10-2017 and 02-11-2017.

i) Composition of Audit Committee-

As per section 177 of the Companies Act, 2013, Company have Audit Committee of Directors. It consist Mr. V. Sridar, Independent Director as the Chairman of the committee and Mr. Kapil Wadhawan, Mr. G. P. Kohli and Ms. Sasikala V. are the other Members. During the financial year 2017-18, the Audit Committee met 4 (Four) times. The Committee makes suitable recommendation to the Board from time to time after careful consideration of matters related to finance, accounts, inspection, audits, etc.

Audit Committee meetings were held, which were attended by following members;

Name of the Members	Date of Audit Committee Meetings attended				No. of Meetings Attended
	28/04/2017	20/07/2017	14/10/2017	17/01/2018	
Mr. V. Sridar*, Chairman	Yes	Yes	Yes	Yes	4
Mr. Kapil Wadhawan*	-	-	-	Yes	1
Mr. G. P. Kohli	Yes	Yes	Yes	Yes	4
Mr. Bikram Sen**	Yes	No	Yes	-	2
Ms. Sasikala V.*	-	-	-	Yes	1

Note:-

* The Audit Committee was re-constituted with effect from December 5, 2017, i.e. post-Merger. Further from December 5, 2017 onwards, the Chairman of the Audit Committee was changed from Mr. G.P. Kohli to Mr. V Sridar and Ms. Sasikala V and Mr. Kapil Wadhawan were also designated as Members of the Committee.

** Mr. Bikram Sen, resigned from the post of Director of the Company, w.e.f. December 5, 2017.

Also note that during the year under review the Transferor Company i.e erstwhile Aadhar Housing Finance Ltd., had duly conducted 3 (three) Audit Committee meetings dated 28-04-2017, 20-07-2017 and 14-10-2017.

ii) Composition of Asset Liability Management Committee (ALCO)-

During the financial year 2017-18 post merger the ALCO Committee was re-constituted and members are Mr. Kapil Wadhawan, Mr. G. P. Kohli and Mr. Deo Shankar Tripathi.

Total 4 (four) ALCO meetings were held in the year, which were attended by following members:

Name of the Members	Date of Asset Liability Management Committee Meeting attended				No. of Meetings
	24/04/2017	13/07/2017	10/10/2017	17/01/2018	
Mrs. Komala Nair	Yes	Yes	Yes	-	3
Mr. M S L Nathan	Yes	Yes	Yes	-	3
Mr. K L Rajesh	Yes	Yes	Yes	-	3
Mr. KV Balaji	Yes	Yes	Yes	-	3
Mrs. B S Vanitha	Yes	Yes	Yes	-	4
Mr. Kapil Wadhawan*	-	-	-	No	0
Mr. G.P. Kohli*	-	-	-	Yes	1
Mr. Deo Shankar Tripathi*	-	-	-	Yes	1

Note:

*Post-Merger i.e. post November 20, 2017 the Asset Liability Management Committee was reconstituted, with Mr. Kapil Wadhawan- Non-Executive Chairman of the Board, Mr. G.P. Kohli- Independent Director and Mr. Deo Shankar Tripathi- Managing Director & CEO of the Company.

Also note that during the year under review the Transferor Company i.e. erstwhile Aadhar Housing Finance Ltd., had duly conducted 3 (three) ALCO Committee meetings dated 28-04-2017, 20-07-2017 and 13-10-2017.

iii) Composition of Management Committee (MC)-

The committee members are; Mr. Kapil Wadhawan, Director, Mr. G.P. Kohli, Directors and Mr. Deo Shankar Tripathi, Managing Director & CEO. One of the Member present will act as the chairman of this committee. During the financial year 2017-18, 6 (Six) meetings were held, which were attended by following members:-

Name of the Members	Date of Management Committee Meeting attended						No. of Meetings
	05/02/2018	05/03/2018	06/03/2018	14/03/2018	23/03/2018	28/03/2018	
Mr. Kapil Wadhawan	Yes	Yes	Yes	Yes	Yes	Yes	6
Mr. G.P. Kohli	No	No	No	No	No	No	-
Mr. Deo Shankar Tripathi	Yes	Yes	Yes	Yes	Yes	Yes	6

Note:

Also note that during the year under review the Transferor Company i.e erstwhile Aadhar Housing Finance Ltd., had duly conducted 15 No. of Management Committee meetings dated 25-05-2017, 29-05-2017, 13-06-2017, 15-06-2017, 05-07-2017, 24-07-2017, 04-08-2017, 09-08-2017, 23-08-2017, 24-08-2017, 13-09-2017, 27-09-2017, 28-09-2017, 06-11-2017 and 16-11-2017.

iv) Composition of Nomination & Remuneration Committee (NRC)-

The constitution of Nomination and Remuneration Committee is in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013, and the members who attended the meeting are mentioned in the below and the meetings are held as and when required. During the year under report 3 (three) committee meetings were held.

Name of the Members	Date of Nomination & Remuneration Committee Meeting attended			No. of Meetings
	05/12/2017	26/02/2018	26/03/2018	
Mr. Bikram Sen*	Yes	-	-	1
Mr. Kapil Wadhawan**	No	-	-	0
Mr. G. P. Kohli**	Yes	Yes	Yes	3
Mr. V. Sridar**	-	Yes	Yes	2
Ms. Sasikala V**	-	-	Yes	1

Note:

*Mr. Bikram Sen, ceased to be Member of Nomination & Remuneration Committee, due to his resignation from the office of Director w.e.f. December 5, 2017.

**Nomination & Remuneration Committee was reconstituted w.e.f. December 5, 2017, consisting of Mr. V Sridar, Independent Director, as Chairman, in place of MR. G.P. Kohli, and Mr. G.P. Kohli & Ms. Sasikala V, as other Members.

Note:

Also note that during the year under review the Transferor Company i.e erstwhile Aadhar Housing Finance Ltd., had duly conducted Nomination & Remuneration Committee meetings dated 20-07-2017 and 14-10-2017.

v) Composition of Corporate Social Responsibility Committee (CSR):

As per section 135 of the Companies Act, 2013 the Company had duly constituted CSR Committee, consist of; Mr. Kapil Wadhawan, Chariman of the Committee and Mr. G. P. Kohli, Mr. Bikram Sen & Mr. R. Nambirajan other members of the Committee. During the year under report post-merger the Committee was re-constituted and consist of- Mr. V. Sridar, Independent Director, as Chairman of the Committee, Mr. G.P. Kohli, Independent Director and Mr. Suresh Mahalingam, Additional Director, as Members of the Committee. During the financial year 2017-18, CSR meeting was held on 26th March, 2018, which was attended by the members Mr. V. Sridar and Mr. G. P. Kohli.

vi) Composition of Stakeholders Relationship Committee (SRC):

As per section 178(5) of the Companies Act, 2013, your Company has duly constituted Stakeholders Relationship Committee, consist; Mr. G.P. Kohli, Independent Director as Chairman, Mr. V. Sridar, Director, Independent Director and

Mrs. Komala Nair, Senior Vice-President of the Company, as Members of the Committee. During the financial year 2017-18, SRC meeting was held on 26th March, 2018, which was attended by Mr. G. P. Kohli, Chairman and Mr. V. Sridar, member.

vii) Composition of Share Allotment/ Transfer Committee:

This committee consists of Mr. Kapil Wadhawan, Non-Executive Director, as Chairman and Mr. Deo Shankar Tripathi, Managing Director & CEO and Mr. Suresh Mahalingam, Additional Director, as Members of the Committee. During the financial year 2017-18, one meeting was held.

Name of the Member	Date of Share Allotment/ Transfer Committee Meeting attended	
	08/03/2018	No. of Meetings
Mr. Kapil Wadhawan	No	0
Mr. Deo Shankar Tripathi	Yes	1
Mr. Suresh Mahalingam	Yes	1

viii) **Composition of Risk Management Committee –**

This committee consists of Mr. G. P. Kohli, Independent Director, as Chairman and Mr. V. Sridar, Independent Director and Mr. Suresh Mahalingam, Additional Director, as Members of the Committee. During the financial year 2017-18, one meeting was held.

Name of the Member	Date of Risk Management Committee Meeting attended	No. of Meetings
	16/01/2018	
Mr. G. P. Kohli	Yes	1
Mr. V. Sridar	Yes	1
Mr. Suresh Mahalingam	Yes	1

Note:

Also note that during the year under review the Transferor Company i.e erstwhile Aadhar Housing Finance Ltd., had duly conducted 2 (two) Risk Management Committee meetings dated 17-07-2017 and 13-10-2017.

ix) **Composition of Investment Committee-**

This committee consists of Mr. G. P. Kohli, Independent Director, as Chairman and Mr. Deo Shankar Tripathi, Managing Director & CEO, as Member of the Committee. During the financial year 2017-18, one meeting was held.

Name of the Member	Date of Investment Committee Meeting attended	No. of Meetings
	16/01/2018	
Mr. G. P. Kohli	Yes	1
Mr. Deo Shankar Tripathi	Yes	1

Note:

Also note that during the year under review the Transferor Company i.e erstwhile Aadhar Housing Finance Ltd., had duly conducted 2 (two) Investment Committee meetings dated 17-07-2017 and 13-10-2017.

Transfer of profits to Reserves, in terms of section 134(3)(j) of the Companies Act, 2013, Company has not transferred any amount to General Reserve and a sum of Rs. 28.14 Crore to the Special Reserves under Section 29C of National Housing Bank Act, 1987 and Section 36(1)(viii) of the Income Tax Act, 1961, during the year under report.

In terms of section 134(3)(k) of the Companies Act, 2013, your Board has recommended Final Dividend of 70% on the paid up Equity Share Capital of the Company i.e Rs. 7/- per share of face value of Rs. 10/- each, to the Members of the Company for the financial year 2017-18, subject to the approval of the Shareholders at their ensuing Annual General Meeting.

In terms of section 134(3)(l) of the Companies Act, 2013, there were no material change and commitment, affecting the financial position of the Company, between the end of the financial year to which the above financial statement relates to and till the date of this report.

Conservation of Energy, Technology upgradation and Foreign Exchange Earnings and Outgo in terms of Section 134(3)(m):

Conservation of Energy

Your company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, we always take adequate measures to ensure optimum utilization and maximum possible saving of energy. We have also conducted the electrical audit at various locations to identify and to eradicate wastage of energy if at all. Subsequently we have also implemented process to install all the energy saving devices in the branches such as PLC, LED Light, 5 Star Inverter ACs, etc. which runs on very nominal energy with high impact.

Technology Upgradation

In terms of Rule 8(3) B of the Companies (Accounts) Rules, 2014, the latest Technology absorption measures adopted by the company, had helped to efficiently manage inter-connectivity and system based loan processing and accounting facilities at all levels of the organisation and improve efficiency by using this platform from time to time provided by our Promoter/Parent Company, DHFL. Tech 2 system is proposed to be implemented in FY 2018-19. The Company is in process of implementing various digital solution to improve efficiency and customer superior experiences.

In terms of Rule 8(3) C of the Companies (Accounts) Rules, 2014, Foreign exchange earnings and outgo etc. and other provisions of reporting as per the provisions of the Companies Act, 2013 are given below as applicable to the company during the year under report.

Particulars	As at March 31, 2018	As at March 31, 2017
	Amount in Rs. (in lakhs)	Amount in Rs. (in lakhs)
Foreign business travel	4	-
Directors sitting fees (IFC)	3	-
Total	7	-

Risk Management under Section - 134(3)(n) -

The company has put in place adequate risk management processes for its operations, including identification of element of risk, if any, which in the opinion of the Board may jeopardize the interests of the company. During the year under report, the Board reviewed its Comprehensive Risk Management Policy in the Board Meeting and made necessary amendments and modifications and the same was circulated to various branches of the company.

The company has set up Risk Management Committee (RMC) consisting of Directors & to be attended by relevant functional Heads at Head Office as invitee members to periodically review the operational and credit risk of the Company. As per the policy,

risk arising out of the channel partners and vendors are also reviewed. The various aspects related to risk in all the functions of the Company are reported to Risk Management Committee of the Board for their review/directions. The Committee consists of members viz: Mr. G. P. Kohli, Independent Director, Chairman of the Committee, Mr. Sridar V. and Mr. Suresh Mahalingam, Directors are other members of Committee and 2 Committee meetings were duly held during the year under report.

Section - 134(3)(o) Corporate Social Responsibility:

The Corporate Social Responsibility (CSR), under section 135(1) of the Companies Act, 2013 is applicable to the company during the year under report. Your company has in place, Corporate Social Responsibility Policy, as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014, which lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. According to the provisions of the section the Corporate Social Responsibility Committee was formed by the company. The annual report on CSR activities is annexed separately to this report. The total amount of CSR contribution and payment details are given in Annexure III to this Board's Report.

Inclusive progress is no longer a matter of choice. It is imperative to respond to social responsibility of national growth and development. From the inclusion of the customer to the employees and the society at large, we are continually contributing to our social obligations with our culture of transparency, quality and excellence.

For our inclusive proposition towards the communities, we work with a well-constructed platform of Corporate Social Responsibility (CSR).

AHFL has a firm belief that home is one of the important basic necessities of all citizens of the country and the major factors for socio-economic development. The Company envisages an inclusive balanced development of the society, wherein people from under-served sections have easy access to social and financial schemes and are able to participate in India's growth story.

To further its CSR vision is a part of society's journey to become 'financially sustainable'. AHFL has been implementing its Corporate Social Responsibility programmes under the partnership with group's programme named as 'Sharmaji ke Sawal, Vinodji ke Jawab'. The Company is profoundly implementing this initiative in Varanasi, Uttar Pradesh since FY 2016-17, it has been extended in Ranchi, Jharkhand and Raipur, Chhattisgarh during the FY 2017-18. Total contribution made by the company during the FY 2017-18 towards this program was Rs. 22.52 Lakhs.

The amended CSR Policy is available on the website of the Company, i.e. www.aadharhousing.com.

Formal Annual Evaluation of the Board, under section 134(3)(p) and rule 8(4) of the Companies (Accounts) Rules, 2014-

Pursuant to the provisions of the Companies Act, 2013 and its Rules, an annual evaluation of the performance of the Board, its Committees and of Individual Directors, were carried out during the year. The details of evaluation process as carried out and the evaluation criteria have been explained in the Corporate Governance Report, forming part of this Annual Report.

Vigil Mechanism / Whistle Blower Policy-

In terms of section 177(9) of the Companies Act, 2013 and Rule 7 Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors has put in place a Vigil Mechanism and adopted a Whistle Blower Policy to provide for adequate safeguards against victimization of employees and directors who may avail of the vigil mechanism/ whistle blower, by directly sending mail to the Chairman of the Audit Committee, Shri V. Sridar.

These provisions are already circulated to the employees through the intra-net. Hence, the company has complied with the provisions of the Act and NHB Directions.

During the year Fair Practice Code (FPC) Policy of the Company has been duly amended as per NHB circulars & notifications and approved by the Board and the Grievance Redressal Mechanism forms part of the FPC policy.

Investments made loans and guarantees given by the Company-

Your Board further states that during the year under report, your company did not make any major investment in other companies, bodies corporate, provided loans and given guarantees, etc. above the limits prescribed under section 185, 186 and 187 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, as applicable to the company.

Name of the Companies, which have become or ceased to become Subsidiary, Joint Venture or Associate Company, during the year under review :

During the year under review, Aadhar Sales and Services Private Limited "ASSPL" (CIN U74999MH2017PTC297139), promoted by erstwhile Aadhar Housing Finance Ltd. (Transferor Company), which was incorporated on July 10, 2017, became a Wholly Owned Subsidiary, with the objective to act agents and service provider for manpower services, recruitment, training, assignment of staff for specific or general purpose.

Further, a Statement containing salient features of financial statements of the subsidiary/ associate companies in the prescribed

format AOC-1, pursuant to the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 forms part of this Board's report as "Annexure -IV"

Further, as per the Scheme of Amalgamation, approved by the NCLT, Bengaluru, vide its Order, dated October 27, 2017, which was effective from November 20, 2017, i.e. the date of filing the NCLT Order, with ROC, Bengaluru/Effective date, ASSPL became the subsidiary of the Company.

Further, details of Holding Company and Group Companies are disclosed in Financial Statements, forming part of the Annual Report.

Details of significant and material Order, passed by the Regulators or Court or Tribunals, impacting the going concern status and company's operations in future :

Apart from Order passed by NCLT, Bengaluru, bench, dated October 27, 2017, approving the Scheme of Amalgamation, there is no other significant and material Order, passed by the Regulators or Court or Tribunals, impacting the going concern status and company's operations in future.

Appointment of Statutory Auditors-

Further, in view of the Merger of both erstwhile Aadhar Housing Finance Ltd. (Transferor Company) and DHFL Vysya Housing Finance Ltd. (Transferee Company or Company) branches & increasing business activities of the Company and pursuant to the provisions of Sections 139, 141, 142 and 177 of the Companies Act, 2013 read with rules made thereunder, applicable Regulations of National Housing Bank Directions, the Audit Committee and Board of Directors of the Company at their meeting held on January 17, 2018, have considered and recommended for the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai having Firm Registration Number (FRN) : 117366W/W-100018, who has given their consent of appointment, as Joint Statutory Auditors of the Company, till the conclusion of next Annual General Meeting, as per approval given by Members of the Company. The consent & confirmation given by the Joint Statutory Auditors as per the provisions of Companies Act, 2013 was also noted by the Audit Committee and Board of Directors of the Company at their meetings.

The shareholders, at their Extra Ordinary General Meeting held on 26th March, 2018, had appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, as Joint Statutory Auditors, to hold the position till the date of conclusion of next AGM.

M/s. Deloitte Haskins & Sells LLP has furnished written consent and a confirmation to the effect that they are not disqualified to be appointed as the Joint Statutory Auditors of the Company in terms of the provisions the Companies Act, 2013 and Rules framed thereunder.

Further, M/s Chaturvedi SK & Fellows, Chartered Accountants, Mumbai on the recommendation of the Board of Directors was appointed as Statutory Auditors by the Members of the Company at their 27th Annual General Meeting (AGM) held on July 24, 2017, will continue to hold office for the period of 5 years i.e. from the conclusion of 27th AGM till the conclusion of 32nd AGM.

Training & Development-

During the FY 2017-18, the company has conducted 4422 man-days of functional training for on-roll and off-roll employees. The trainings were imparted on various aspects including Risk Management, KYC and Anti-Money Laundering, Credit Process, Operational Effectiveness, Business Development, Branch Manager Effectiveness Workshops, Process & Product update training & Soft Skills.

Human Resources-

While the company maintains cordial and harmonious relationship with its employees, continuous training programmes are conducted by the company to enhance their efficiency. The Company has adopted a Robust Process of learning and development for its employees which comprises of specific training related to product and services by the Company along with management and administration training which enables the company to deliver required support to the employees with proper motivation for improved quality of service. The Company has also formulated a policy for recruitment of management trainees from various B-schools campuses and colleges across our business locations. These management trainees are being trained in all functions with a view to nurture and mould them in multitasking. One such batch is taken this year.

Human Resources are cornerstone of Company's growth and progress. Aadhar team also grew stronger from 290 on roll employees prior to merger last year to 1754 on roll employees during the current year under report. Your Board would like to make a special mention about the competence, hard work, solidarity, co-operation, support and commitment of the employees at all levels, who caused achievement of several milestones in the growth of the company during the year under report.

Buy-back of the Company's Own Shares-

During the year under report, the Company did not buy back any of its shares, hence the provisions of section 68 of the Companies Act, 2013, are not applicable.

Directors and Key Managerial Personnel –

During the year under review, Mr. R. Nambirajan was ceased to be Managing Director of the Company, due to their retirement, w.e.f. July 2, 2017. Mr. Bikram Sen was also resigned from the Board w.e.f. December 5, 2017.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association, Mr. Kapil Wadhawan (DIN: 00028528), Non-Executive Chairman, being the longest in office among directors who is liable to retire by rotation, and being eligible; offers himself for re-appointment at the ensuing AGM.

Mr. Deo Shankar Tripathi, CEO of erstwhile Aadhar Housing Finance Ltd. (Transferor Company) was appointed/co-opted as CEO of the Company, w.e.f. November 21, 2017, without any break and interruption of Services, as per NCLT Order, approving the Scheme of Amalgamation. He was further appointed as Managing Director of the Company, post-merger w.e.f. 5th December, 2017 for got period of 5 years. He will retire being the Additional Director and proposed for his re-appointment at the ensuing AGM.

Mr. Suresh Mahalingam, was appointed as an Additional Director of the Company, w.e.f. December 5, 2017. He will retire at the ensuing AGM.

Ms. Sasikala Varadachari, Woman Director of erstwhile Aadhar Housing Finance Ltd. (Transferor Company) was appointed/co-opted as an Additional Director of the Company, w.e.f. December 5, 2017. She also holds directorship in other housing finance Company and as per their internal policy to avoid conflict of interest, she has submitted her resignation from the directorship of our Company with effect from June 13, 2018 & it is accepted by the Board.

Mr. Anmol Gupta, CFO of erstwhile Aadhar Housing Finance Ltd. (Transferor Company) was appointed/co-opted as CFO of the Company, w.e.f. November 21, 2017, without any break and interruption of Services, as per NCLT Order, in place of Mr. Balaji K V, CFO of the Company.

Mr. Sreekanth V N, Company Secretary of erstwhile Aadhar Housing Finance Ltd. (Transferor Company) was appointed/co-opted as Company Secretary of the Company, w.e.f. November 21, 2017, without any break and interruption of Services, as per NCLT Order, in place of Mr. M S L Nathan, Company Secretary of the Company. Mr. M S L Nathan, Continued to work as Deputy Vice President/Dy. Company Secretary in Secretarial dept. till March 31, 2018, being the last date of his contract period.

All Independent Directors have given declarations that they meet the criteria of independence, as laid down under Section 149(6) of the Companies Act, 2013 as Annexure II.

None of the Directors of your Company are related to each other.

Brief resume of the Director, proposed to be appointed, nature of his expertise in specific functional areas and names of other companies in which he holds Directorship alongwith the Membership/ Chairmanship of Committees of the Board as stipulated under Secretarial Standard (SS-2) on General Meetings are provided in the

annexure to the Notice of the Twenty Eighth (28th) AGM, being sent to the Members along with the Annual Report.

Particulars of employees in receipt of remuneration above the limits and other applicable provisions of the Companies Act, 2013:

The various provisions of section 197 of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure VI to this Board Report.

Acknowledgement:

Your directors would like to place on record their sincere gratitude to the Regulators, National Housing Bank, Registrar of Companies, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs International Finance Corporation, Stock Exchange, all Bankers to the company, other Associate companies, Dewan Housing Finance Corporation Ltd., DHFL Pramerica Life Insurance Company Limited, DHFL General Insurance Ltd., Avanse Financial Services Ltd., Central & State governments, Debenture Trustees, Debenture holders, Registrars, other stake-holders, customers and all other business associates for their continued support during the year under report. The Directors would also like to thank the Bombay Stock Exchange Limited, National Securities Depository Limited and Central Depository Services (India) Limited and the Credit Rating Agencies for their support & co-operation.

Your Directors wish to acclaim the hard work and commitment of the employees at all levels who had contributed their might for improving the performance of the company year by year.

For and on behalf of the Board,

Sd/-

Kapil Wadhawan

Chairman (DIN- 00028528)

Registered Office:

2nd Floor, No. 3, JVT Towers,
8th A Main Road, Sampangi Rama Nagar,
Hudson Circle, Bengaluru, Karnataka- 560027

Date : 6th July, 2018

Annexure - I

Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018

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

I. Registration and Other Details:

1.	Corporate Identity Number (CIN) of the Company	U66010KA1990PLC011409
2.	Registration date	26-11-1990
3.	Name of the Company	Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited)
4.	Category / Sub-Category of the Company	Company Limited by Shares
5.	Address of the Registered office and contact details	2nd Floor, No. 3, JVT Towers, 8th A Main Road, Sampangi Rama Nagar, Hudson Circle, Bengaluru, Karnataka- 560027 Phone- 022-39509900 Fax- 022-39509934 E-mail- customercare@aadharhousing.com Contact Person- Mr. Sreekanth V. N. Company Secretary
6.	Whether listed Yes/ No	No (Non- Convertible Debentures listed in debt segment with BSE)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	1) TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind House, 20, Sr. E Moses Road, Near Famous Studio, Mahalaxmi, Mumbai- 400011. Phone: 022-66578484 2) Link Intime India Private Limited. C-13, Pannalal Silk Mills Compound, L. B. S Marg, Bhandup (W), Mumbai- 400078. Phone: 022-25923837

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:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	To advance long term financial assistance to person or persons of lower and middle income group or economically weaker section of the society or co-operative society or AOP or company or corporation, jointly or individually for purpose of construction, purchase, acquisition of residential houses or flats on terms and conditions specified. To solicit and procure Insurance Business as Corporate Agent and to undertake such other activities incidental and ancillary thereto.	65	100%

III. Particulars of Holding, Subsidiary and Associate Companies -

Sr. No.	Name and Address of the Company	Corporate Identity Number	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Wadhawan Global Capital Limited, 4th Floor, HDIL Towers, Anant Kanekar Marg, Bandra East, Mumbai- 400051.	U67110MH2010PLC204063	Holding	69.98%	2(46)
2	Aadhar Sales and Services Private Limited, 201, Raheja Point-1, Near SVC Bank, Vakola Pipeline, Nehru Road, Santacruz, Mumbai-400055	U74999MH2017PTC297139	Wholly-Owned Subsidiary	100%	2(87)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total-Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	1,60,000	-	1,60,000	1.44%	4,12,068	-	4,12,068	1.64%	0.20%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Body Corporate	1,03,44,930	-	1,03,44,930	93.36%	1,98,98,805	-	1,98,98,805	79.13%	(14.23%)
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	1,05,04,930	-	1,05,04,930	94.80%	2,03,10,873	-	2,03,10,873	80.77%	(14.03%)
(2) Foreign									
(a) NRIs- Individual	-	-	-	-	-	-	-	-	-
(b) Other Individual	-	-	-	-	-	-	-	-	-
(c) Body Corporate	-	-	-	-	-	-	-	-	-
(d) Banks/ FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A) (1) + (A) (2)	1,05,04,930	-	1,05,04,930	94.80%	2,03,10,873	-	2,03,10,873	80.77%	(14.03%)
B. Public Shareholding									
1. Institutions									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Banks/ FI	4,65,000	-	4,65,000	4.20%	4,65,000	-	4,65,000	1.85%	(2.35%)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	42,53,389	-	42,53,389	16.91%	16.91%
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Funds Others	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):-	4,65,000	-	4,65,000	4.20%	47,18,389	-	47,18,389	18.76%	14.56%
2. Non- Institutions									
a) Body Corporates									
i) Indian	30,200	7,000	37,200	0.34%	38,603	7,000	45,603	0.18%	(0.16%)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual									
i) Individual Shareholders holding nominal share capital upto Rs.1 Lakh	28,600	39,975	68,575	0.62%	28,600	40,007	68,607	0.27%	(0.35%)
ii) Individual Shareholders holding nominal share capital in excess of Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
c) Other Trust	5,000	-	5,000	0.05%	5,000	-	5,000	0.02%	(0.03%)
Sub-total (B) (2):-	63,800	46,975	1,10,775	1.01%	72,203	47,007	1,19,210	0.47%	(0.54%)
Total Public Shareholding (B) = (B) (1) + (B) (2)	5,28,800	46,975	5,75,775	5.21%	47,90,592	47,007	48,37,599	19.23%	14.02%
C. Shares held by Custodian for GDRs & ADRs									
-----NIL-----									
Grand Total (A+B+C)	1,10,33,730	46,975	1,10,80,705	100.00%	2,51,01,465	47,007	2,51,48,472	100.00%	-

ii) Shareholding of Promoters and Promoter Group

Sr. No.	Shareholder's Name (Sh./ Smt./ M/s)	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged/ encumbered to	No. of shares	% of total Shares of the company	% of Shares Pledged/ encumbered to	
1	Wadhawan Global Capital Limited	92,95,941	83.89%	NIL	1,75,97,715	69.98%	NIL	(24.81%)
2	Kapil Wadhawan	50,000	0.45%	NIL	1,34,017	0.53%	NIL	0.08%
3	Dheeraj Wadhawan	50,000	0.45%	NIL	1,34,017	0.53%	NIL	0.08%
4	Aruna Wadhawan	60,000	0.54%	NIL	1,44,034	0.57%	NIL	0.03%
5	Dewan Housing Finance Corp. Ltd.	10,48,989	9.47%	NIL	23,01,090	9.15%	NIL	(0.32%)

iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)-

Sr. No.	Shareholder's Name	Shareholding at the beginning/ end of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
1	a. M/s. Wadhawan Global Capital Limited	92,95,941	83.89%	92,95,941	83.89%
	b. Sh. Kapil Wadhawan	50,000	0.45%	50,000	0.45%
	c. Sh. Dheeraj Wadhawan	50,000	0.45%	50,000	0.45%
	d. Sh. Aruna Wadhawan	60,000	0.54%	60,000	0.54%
	e. M/s Dewan Housing Finance Corporation Limited	10,48,989	9.47%	10,48,989	9.47%
2	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	1. Allotment of Equity Shares on the basis of Swap Ratio post-merger on 5th December, 2017. 2. Allotment Equity Shares on the basis of Preferential Issue on 8th March, 2018 to M/s Wadhawan Global Capital Ltd.			
	At the end of the year:-				
	a. M/s. Wadhawan Global Capital Limited	1,75,97,715	69.98%	1,75,97,715	69.98%
	b. Sh. Kapil Wadhawan	1,34,017	0.53%	1,34,017	0.53%
	c. Sh. Dheeraj Wadhawan	1,34,017	0.53%	1,34,017	0.53%
	d. Sh. Aruna Wadhawan	1,44,034	0.57%	1,44,034	0.57%
	e. M/s Dewan Housing Finance Corporation Limited	23,01,090	9.15%	23,01,090	9.15%

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

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during/ end the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1	International Finance Corporation, USA	-	-	42,53,389	16.91%
2	ICICI Bank Ltd.	4,65,000	4.20%	4,65,000	1.85%
3	RAMCO Industries Limited	30,000	0.27%	30,000	0.12%
4	Variya Hospitality & Investments Pvt. Ltd.	-	-	8,403	0.03%
5	Mr. Ramesh Gelli	7,900	0.07%	7,900	0.03%
6	H R B Family Trust	5,000	0.05%	5,000	0.02%
7	Pennar Paterson Securities Ltd.	5,000	0.05%	5,000	0.02%
8	Mr S. Rama Murthy	5,000	0.05%	5,000	0.02%
9	Mr.R Nambirajan	3,500	0.03%	3,500	0.01%
10	Mr. M Nanjunda Setty	2,000	0.02%	2,000	0.01%

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	a) Shri Kapil Wadhawan				
1	At the beginning of the year	50,000	0.45%	50,000	0.45%
2	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	Increase in Directors Shareholding due to Allotment of Equity Shares on basis of Swap Ratio post-merger.			
3	At the end of the year	1,34,017	0.53%	1,34,017	0.53%

V. Indebtedness

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

Particulars	Secured Loans and NCDs excluding deposits	Unsecured Loans	Deposits	(Rs. in Lakhs)
				Total Indebtedness
a) Indebtedness at the beginning of the financial year				
i) Principal Amount	1,63,042	-	6,752	1,69,794
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	634	-	101	735
Total (a) (i+ii+iii)	1,63,676	-	6,853	1,70,529
Change in Indebtedness during the financial year				
Addition	4,23,764*	47,998	1,614	4,73,376
Reduction	-	4,518	-	4,518
Net Change	4,23,764	43,480	1,614	4,68,858
b) Indebtedness at the end of the financial year				
i) Principal Amount	5,81,877	42,971	8,401	6,33,249
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,563	509	66	6,138
Total (b) (i+ii+iii)	5,87,440	43,480	8,467	6,39,387

Note:- *An amount of Rs. 2,01,872 (in Lakhs) (Term Loan, Non-Convertible Debentures and interest accrued thereon) of the Transferor Company (Aadhar Housing Finance Ltd.) is also included being change and addition during the year on basis of Merger.

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. No.	Particulars of Remuneration	Name of Managing Director, Whole Time Directors and/or Manager		Total Amount (Rs. in Lakhs)
		Mr. R. Nambirajan (MD- till 20-07-2017)	Mr. Deo Shankar Tripathi (MD- from 05-12-2017)	
1	Gross salary (Rs. in lakhs)			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18	191	209
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-

Sr. No.	Particulars of Remuneration	Name of Managing Director, Whole Time Directors and/or Manager		Total Amount (Rs. in Lakhs)
		Mr. R. Nambirajan (MD- till 20-07-2017)	Mr. Deo Shankar Tripathi (MD- from 05-12-2017)	
4	Commission as % of profit	-	-	-
	others, specify....	-	-	-
5	Others, please specify			
	Bonus, P.F. Contribution, Gratuity provision, etc.	1	7	8
	Car Transfer	20	-	20
	Total (A)	39	198	237
	Ceiling as per the Act (Companies Act, 2013)	As per section 197 read with Schedule V of Companies Act, 2013 is Rs. 4.99 crores		

B. Remuneration to other directors:

Sr. No.	Name of Directors	Particulars of Remuneration (Rs. in lakhs)			Total Amount (Rs. in Lakhs)
		Fees for attending Board/ committee meetings	Commission*	Others	
1	Independent Directors				
a)	Sh. V Sridar	7	-	-	7
b)	Sh. G. P. Kohli	10	2	-	12
	Total B(1)	17	2	-	19
2	Other Non-Executive Directors				
a)	Sh. Kapil Wadhawan	2	-	-	2
b)	Sh Bikram Sen	4	2	-	6
c)	Sh. Suresh Mahalingam	-	-	-	-
d)	Ms. Sasikala V.	3	-	-	3
	Total B(2)	9	2	-	11

* This does not include Rs. 15,00,000/- provision made towards commission to directors for the financial year 2017-18.

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel *				Total (Rs. In Lakhs)
		Sh. Balaji K. V. Chief Financial Officer	Sh. M. S. L. Nathan Company Secretary	Sh. Anmol Gupta Chief Financial Officer	Sh. Sreekanth V. N. Company Secretary	
1.	Gross Salary (Rs. In Lakhs)					
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	16	16	85	46	163
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-

Sr. No.	Particulars of Remuneration	Key Managerial Personnel *				Total (Rs. In Lakhs)
		Sh. Balaji K. V. Chief Financial Officer	Sh. M. S. L. Nathan Company Secretary	Sh. Anmol Gupta Chief Financial Officer	Sh. Sreekanth V. N. Company Secretary	
4.	Commission					
	as % of profits	-	-	-	-	-
	others	-	-	-	-	-
5.	Others	-	-	-	-	-
	Provident Fund	1	2	4	2	9
	Total (Rs. in Lakhs)	17	18	89	48	172

*Based on the merger order duly approved by NCLT approving the Scheme of Amalgamation, Mr. Balaji K. V. and Mr. M. S. L. Nathan were re-designated as Vice-President- Accounts and Deputy Vice President- Secretarial respectively of the Company with effect from 21-11-2017 and Co-opted/ appointed Mr. Anmol Gupta and Mr. Sreekanth V. N. as Chief Financial Officer and Company Secretary respectively w.e.f. 21-11-2017. The terms of remuneration mentioned above are annualized for the Financial Year 2017-18.

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty					
Punishment			NIL		
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			NIL		
Compounding					

Annexure - II

Specimen Declaration from Independent Directors on Annual Basis

The Board of Directors

Aadhar Housing Finance Limited

Dear Sir,

I undertake to comply with the conditions laid down in Sub-clause of Clause 49 read with section 149 and Schedule IV of the Companies Act, 2013 in relation to conditions of independence and in particular:

- (a) I declare that upto the date of this certificate, apart from receiving director's remuneration, I did not have any material pecuniary relationship or transactions with the Company, its promoter, its directors, senior management or its holding Company, its subsidiary and associates as named in the Annexure thereto which may affect my independence as director on the Board of the Company. I further declare that I will not enter into any such relationship/transactions. However, if and when I intend to enter into such relationships/transactions, whether material or non-material I shall keep prior approval of the Board. I agree that I shall cease to be an independent director from the date of entering into such relationship/transaction.
- (b) I declare that I am not related to promoters or persons occupying management positions at the Board level or at one level below the board and also have not been executive of the Company in the immediately preceding three financial years.

- (c) I was not a partner or an executive or was also not partner or executive during the preceding three years, of any of the following:
- (i) the statutory audit firm or the internal audit firm that is associated with the company, and,
 - (ii) the legal firm(s) and consulting firm(s) that have a material association with the company
- (d) I have not been a material suppliers, service provider or customer or lessor or lessee of the company, which may affect independence of the director, and was not a substantial shareholder of the Company i.e., owning two percent or more of the block of voting shares.

Thanking You.

Yours Faithfully,

Sd/-

Shri V. Sridar

DIN:- 02241339

(Independent Directors)

Sd/-

Shri G. P. Kohli

DIN:- 00230388

Date: 6th July, 2018

Place: Mumbai

Annexure - III

The Annual Report on Corporate Social Responsibility (CSR) Activities

As per the provisions of Section 135 of the Companies Act, 2013, your Company had constituted a Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee assists the Board in fulfilling its duty towards the community and society at large by identifying the activities and programmes that can be undertaken by the Company, in terms of the CSR Policy of the Company.

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.

The Company believes in engaging and giving back to the community in a good way and in line with the Companies commitment to philanthropy. It intends to undertake the CSR activities strategically, systematically and more thoughtfully and to move from institutional building to community development through its various CSR programs and projects.

This policy, which encompasses the company's philosophy for delineating its responsibility as a corporate citizen, lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as "AHFL Corporate Social Responsibility Policy".

This policy aims to ensure that the Company as a socially responsible corporate entity contributes to the society at large.

a) The Composition of the CSR Committee:-

Pre-merger the CSR Committee comprised of following Directors as members;

- 1) Sh. Kapil Wadhawan, Chairman
- 2) Sh. R. Nambirajan, Managing Director
- 3) Sh. G. P. Kohli, Independent Director
- 4) Sh. Bikram Sen, Independent Director

Post-merger w.e.f December 5, 2017, the CSR Committee comprises of following members:

- 1) Sh. Sridar Venkatesan, Chairman
- 2) Sh. G. P. Kohli, Member
- 3) Sh. Suresh Mahalingam, Member

b) Average net profit of the company for last three financial years:-

Financial Year	Net Profit (Rs. In Lakhs)
2014-15	Rs. 4,313/-
2015-16	Rs. 4,001/-
2016-17	Rs. 8,234/-
Total	Rs. 16,548/-
Average Net Profit	Rs. 5,516

c) Prescribed CSR Expenditure (two per cent. of the amount as in Sr. No (b) above):-

Prescribed CSR expenditure at 2% of the average net profit is Rs. 110 Lakhs.

d) Details of CSR spent during the financial year 2017-18:-

The Company has spent Rs. 22,52,463/- during the financial year under report.

e) Total amount to be spent for the financial year 2017-18:-

The total amount to be spent for the financial year 2017-18 - 2% of average net profit that is Rs. 110 Lakhs.

f) Amount unspent, if any and the reasons for not spending the amount and proposed initiatives:-

The unspent amount for the year under report is Rs. 87.48 Lakhs. The total amount mentioned above in Sr. No. (d) is spent in two CSR activities.

Note:- The unspent amount of the previous year is Rs. 144.50 Lakhs, for both transferor & transferee company upon merger, which will be utilized by the Company in the future CSR activities/ programmes during the current year onwards. Also the unspent amount of the Transferor Company, erstwhile Aadhar Housing Finance Ltd. during the year, has been included in the unspent amount of the Company

g) Manner in which the amount spent during the financial year is detailed below:-

Sr. No.	CSR project or Activity identified		Sector in which the project is covered	Annual outlay or program wise actual spent (in Rs.)		Projects or Programs		Amount spent on the project or programs (in Rs.)		Cumulative Expenditure upto the reporting period (in Rs.)	Amount Spent direct or through implementing agency, if any
	Nature of Expenditure	Recipient Institution		Actual Spent	Budget	Local area or other	State and district where project or programs undertaken	Direct expenditure on the project or program	Over-heads		
1	The overall goal of the project is to support the Government of India's Housing for All (2022) mission which aims to see every Indian living in a pukka house by 2022. The project will do this by facilitating the transition from informal/ slum housing to safe, hygiene, secure formal housing.	SAMERTH Charitable Trust	Economic empowerment thorough financial literacy and invlusive growth	14,99,213	14,99,213	Other	Raipur, Chhattisgarh	14,99,213	NA	14,99,213	Direct
2		SAATH Livelihood		7,53,250	7,53,250	Other	Ranchi, Jharkhand	7,53,250	NA	7,53,250	Direct

h) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company:-

The CSR Committee confirms that the CSR Policy as approved by the Board has been duly implemented and that the Committee monitors the implementation of various projects and activities and the same is in compliance with the CSR objectives and policy of the Company.

Sd/-
V. Sridar
 DIN:- 02241339
 Chairman of Committee

Sd/-
G. P. Kohli
 DIN:- 00230388
 Member of Committee

Sd/-
Suresh Mahalingam
 DIN:- 01781730
 Member of Committee

Place:- Mumbai
 Date:- 6th July, 2018

Annexure - IV

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	M/s Aadhar Sales and Services Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Yes, the reporting period is From July 11, 2017 to March 31, 2018
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	Rs. 1,00,000/-
5.	Reserves & surplus	Rs. (10,10,167/-)
6.	Total assets	Rs. 1,67,18,039/-
7.	Total Liabilities	Rs. 1,67,18,039/-
8.	Investments	NIL
9.	Turnover	Rs. 9,13,14,639/-
10.	Profit before taxation	Rs. (13,65,090/-)
11.	Provision for taxation	Rs. (3,54,923/-)
12.	Profit after taxation	Rs. (10,10,167/-)
13.	Proposed Dividend	Not Applicable/ NIL
14.	% of shareholding	100%

The following information shall be furnished:-

- Names of subsidiaries which are yet to commence operations – NIL
- Names of subsidiaries which have been liquidated or sold during the year- NIL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Note:- Your Company does not hold significant influence in any other Associate Company, as per section 2(87) and 129(3) are disclosed in the Notes to Accounts and Related Party details in the Audited Financials.

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN: 112627W

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

For and on behalf of the Board of Directors

Sd/-

Srikant Chaturvedi
Partner
ICAI MN: 070019

Sd/-

G.K Subramaniam
Partner
ICAI M N : 109839

Sd/-

Kapil Wadhawan
Chairman
DIN 00028528

Sd/-

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Sd/-

Suresh Mahalingam
Director
DIN 01781730

Sd/-

Sridar Venkatesan
Director
DIN 02241339

Sd/-

G. P. Kohli
Director
DIN 00230388

Sd/-

Anmol Gupta
Chief Financial Officer

Sd/-

Srikant V.N.
Company Secretary

Place: Mumbai
Dated: July 6, 2018

Annexure - V

Form No. AOC-2

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

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

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

- a) Name(s) of the related party and nature of relationship
- b) Nature of contracts/arrangements/transactions
- c) Duration of the contracts/arrangements/transactions
- d) Salient terms of the contracts or arrangements or transactions including the value, if any NOT APPLICABLE
- e) Justification for entering into such contracts or arrangements or transactions
- f) Date(s) of approval by the Board
- g) Amount paid as advances, if any:
- h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188.

2. Details of contracts or arrangements or transactions at arm's length basis:-

(i)

(a) Name(s) of the related party and nature of relationship	DHFL Pramerica Life Insurance Company Limited
(b) Nature of contracts/ arrangements/ transactions	To act as a Corporate Agent for Life Insurance product for securing their life cover against any future eventualities..
(c) Duration of the contracts/ arrangements/ transactions	3 (Three) years
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Corporate Agency Agreement with DPLI for sale of Life Insurance products with a yearly payment of Rs. 35 lakhs.
(e) Date(s) of approval by the Board, if any:	17/01/14
(f) Amount paid as advances, if any:	NIL

(ii)

(a) Name(s) of the related party and nature of relationship	Dewan Housing Finance Corporation Ltd.
(b) Nature of contracts/ arrangements/ transactions	Agreement for availing various services such as IT systems, software & broadband, Internal Audit and for sharing of office premises & services.
(c) Duration of the contracts/ arrangements/ transactions	1 (one) year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Co-operation Agreement for IT Software applications/ developments & Hardware system Rs. 75 Lakhs, for Internal Audit support Rs. 40 Lakhs and sharing of office premise & services with a yearly payment of Rs. 15 Lakhs (5% increase on existing rent for yearly renewal) p.m. and for
(e) Date(s) of approval by the Board, if any:	20-07-2017 and ratification approval on 17-01-2018
(f) Amount paid as advances, if any:	NIL

(iii)

(a) Name(s) of the related party and nature of relationship	Avanse Financial Services Limited
(b) Nature of contracts/ arrangements/ transactions	Co-operation Agreement for sharing of office premises/ sub-lease of office premises & other resources at Branches of the company for its activities and loan/property relates services.
(c) Duration of the contracts/ arrangements/ transactions	3 (Three) years
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Co-operation Agreement for sharing of office premise & maintenance expenses to be received by the Company for business sourcing upto Rs. 10 Lakhs (at the rate of Rs. 5000/- per work station)
(e) Date(s) of approval by the Board, if any:	17-01-2018
(f) Amount paid as advances, if any:	NIL

(iv)

(a) Name(s) of the related party and nature of relationship	Pramerica Asset Managers Private Limited
(b) Nature of contracts/ arrangements/ transactions	To act as a Corporate Agent for distribution of Mutual Fund products to AHFL customers.
(c) Duration of the contracts/ arrangements/ transactions	3 (Three) years
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Distribution Agreement with PAMC for sale of mutual funds products with a yearly payment upto Rs. 25 lakhs.
(e) Date(s) of approval by the Board, if any:	20-10-2014
(f) Amount paid as advances, if any:	NIL

(v)

(a) Name(s) of the related party and nature of relationship	ArthVeda Fund Management Pvt. Ltd.
(b) Nature of contracts/ arrangements/ transactions	To enter into a Joint Association Agreement for assisting in implementation of ASHA Fund and Social Impact Fund.
(c) Duration of the contracts/ arrangements/ transactions	3 (Three) years
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Joint Association Agreement for assisting in implementation of ASHA Fund and Social Impact Fund by providing various services in project consultancy. Management fees will be received by Aadhar for the services rendered.
(e) Date(s) of approval by the Board, if any:	24-04-2015
(f) Amount paid as advances, if any:	NIL

(vi)

(a) Name(s) of the related party and nature of relationship	WGC Management Services Pvt. Ltd.
(b) Nature of contracts/ arrangements/ transactions	To enter into an agreement for availing consultancy and advisory services.
(c) Duration of the contracts/ arrangements/ transactions	1(One) year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Availing advisory and consultancy services with maximum fees of Rs. 12.50 Lakhs per month.
(e) Date(s) of approval by the Board, if any:	21-07-2015
(f) Amount paid as advances, if any:	NIL

(vii)

(a) Name(s) of the related party and nature of relationship	Dewan Housing Finance Corporation Ltd.
(b) Nature of contracts/ arrangements/ transactions	Sale of Mortgage Portfolio & other IT services
(c) Duration of the contracts/ arrangements/ transactions	1(one) year or till the loan account is matured
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	As per the portfolio sale agreement to be executed from time to time, upto the limit of Rs. 400 Crores.
(e) Date(s) of approval by the Board, if any:	20-07-2017 and Board re-approved on 17-01-2018.
(f) Amount paid as advances, if any:	NIL

(viii)

(a) Name(s) of the related party and nature of relationship	Aadhar Sales and Services Private Ltd.
(b) Nature of contracts/ arrangements/ transactions	Contract entered for manpower services and agreement entered for payment of Security Deposit.
(c) Duration of the contracts/ arrangements/ transactions	1(one) year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	As per the contract executed for manpower services and the agreement entered for payment of Security Deposit upto Rs. 3 crore or one month's service charges whichever is less.
(e) Date(s) of approval by the Board, if any:	Approval on 17-01-2018.
(f) Amount paid as advances, if any:	NIL

Annexure VI

The statement of disclosure of Remuneration under sub-Section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure
1	The Ratio of the remuneration of each Director to the median remuneration of the employees for the Financial Year 2017-18	<p>Executive Director Mr. Deo Shankar Tripathi - MD & CEO - 40.56X</p>
		<p>Non-Executive Directors (only sitting fees and commission paid)</p>
		Mr. Kapil Wadhawan - 0.56x
		Mr. Bikram Sen - 1.67x
		Mr. Suresh Mahalingam
		Ms. Sasikala V. - 0.83x
		<p>Independent Directors (only sitting fees and commission paid)</p>
		Mr. V Sridar - 1.94x
		Mr. G. P. Kohli - 3.33x
2	The percentage increase/(decrease) in remuneration of each Director, Chief Financial Officer and Company Secretary in the Financial Year	<p>Executive Director Mr. Deo Shankar Tripathi - MD & CEO - 20%</p>
		<p>Non-Executive Directors</p>
		Mr. Kapil Wadhawan- 53.24%)
		Mr. Bikram Sen- 1.13*
		Mr. Suresh Mahalingam**
		Ms. Sasikala V.**
		<p>Key Managerial Personnel</p>
		Mr. Sreekanth V N - 8%
		Mr. Anmol Gupta***
		Mr. Nambirajan R - 14%
		Mr. M S Lourdanathan - 25%
		Mr. Balaji KV - 78%
3	The percentage increase in the median remuneration of employees in the Financial Year	12.03%
4	The number of permanent employees on the rolls of the Company	1742

Sr. No.	Requirements	Disclosure
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage increase made in the salaries of employees other than the key Managerial Personnel was 12% (approx.) while the average percentage increase in the salaries of Key Managerial Personnel was 8% The increase in the remuneration is in line with the Company's Performance appraisal policy.
6	Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration is as per the Nomination (including Board's Diversity), Remuneration and Evaluation Policy of the Company.

Note:- * Mr. Bikram Sen has tendered his resignation from directorship of the Company w.e.f. 5th December, 2017.

** Mr. Suresh Mahalingam and Ms. Sasikala V. were appointed as Additional Director of the Company, by the Board of Directors, at their meeting held on 5th December, 2017, so disclosure of % increase is not applicable.

***Mr. Anmol Gupta, was appointed as Chief Financial Officer of the erstwhile Aadhar Housing Finance Ltd. (Transferor Company) in April, 2017 and post-merger he was co-opted/appointed as CFO of the Company w.e.f. 21st November, 2017, as per NCLT order approving the Scheme of Amalgamation, on basis of the same his percentage increase/ decrease in remuneration is not comparable.

Annexure VII



Roy Jacob & Co

Company Secretaries

207, Anjani Complex, Nr. WEH Metro Station, Pereira Hill Road, Off Andheri-Kurla Road, Andheri (East), Mumbai - 400099.
Tel: 022 4005 8178 / Mob.: 93223 85629 / 91671 63322 Email : royjacobandco@gmail.com / jacob@hushai.co.in

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members,

AADHAR HOUSING FINANCE LIMITED,
(Formerly known as DHFL Vysya Housing Finance Ltd.)

I have conducted the secretarial audit of the Company for checking the compliance of applicable statutory provisions and the adherence to good corporate practices as defined in the current scenario / industry by **AADHAR HOUSING FINANCE LIMITED having the CIN No. U66010KA1990PLC011409** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
The Company accepts Public Deposits.
- (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;

Timely filings have been made with respect to the foreign capital received from International Finance Corporation, USA. FIRC, FC-GPR and Form PAS-3 has been filed with respective authorities in a timely manner for recording of inward remittance and allotment of Equity shares for the application money received.

- (v) 1. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and which are applicable to the company:-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

The Company has complied with the above mentioned laws and regulations of the SEBI Act. It has completed the necessary processes and procedures for listing of their secured, redeemable, non-convertible debentures on the Bombay Stock Exchange (BSE).

2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and which are not applicable to the company:-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998:
- (vi) (a) The following Directions issued by National Housing Bank under sections 30, 30A, 31 and 33 of the National Housing Bank Act, 1987 (53 of 1987) are applicable to the Company.
- i) Housing Finance Companies (NHB) Directions, 2010 and National Housing Bank Act, 1987
 - ii) Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014
- The Company has filed all its monthly, quarterly and half yearly returns with the National Housing Board in a timely manner.

Other Regulatory provisions/laws applicable to the company are:-

- (b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- (c) The payment of Bonus Act, 1965
- (d) ESIC Act
- (e) The payment of Gratuity Act, 1972.
- (f) IRDA Act - Registration as Corporate Agent is taken

The Company has a well-defined HR policy with respect to the payment of salaries, gratuity, perquisites, contribution to provident fund, etc. for its employees.

I have also examined compliance with the applicable clauses of the following:-

- (i) Secretarial Standards 1 & 2 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.

I further report that:

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

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

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

I further report that as per the information & explanation given to us the company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, ESI, Income Tax, Wealth Tax, Service Tax, Value Added Tax and other statutory dues applicable to it.

I further report that I rely on statutory auditors reports in relation to the financial statements and accuracy of financial figures for sales Tax, Wealth Tax, Value Added Tax, Related Party Tax, Provident Fund etc. as disclosed under the financial statements of the Company.

I 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.

I further report that during the audit period AADHAR HOUSING FINANCE LIMITED, the Transferor Company had merged with the Company vide NCLT Order dated 27th October, 2017 and the NCLT order was duly filed with ROC on 20th November, 2017 being the effective date of Merger and as provided in the sanctioned Scheme of Merger the name of the Company was changed from DHFL VYSYA HOUSING FINANCE LIMITED (Transferee Company) to AADHAR HOUSING FINANCE LIMITED. The Company has completed the necessary formalities with respect to the issue of shares to the shareholders of the transferor company pursuant to the sanctioned scheme and completed all other formalities in these respects.

I further report that during the audit period the Company has filed Form IEPF-1 with respect to Unpaid/ Unclaimed dividend.

I further report that:

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. I 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 the test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices I followed provide a reasonable basis for our opinion.
3. Wherever required, I have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events, etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of documents/procedures on the test basis.
5. The secretarial audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai
Date : 26/05/2018

For **Roy Jacob & Co.,**
Company Secretaries

Sd/-
Roy Jacob
Proprietor
FCS No. 9017
COP No.: 8220

Independent Auditors' Report

To The Members of

Aadhar Housing Finance Limited

(Formerly known as DHFL Vysya Housing Finance Limited)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of AADHAR HOUSING FINANCE LIMITED (the "Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

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

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.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

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, and the Cash Flow Statement 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 Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 31st March, 2018 which would impact its financial position except, as disclosed in Note no. 29 of the standalone financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts as at 31st March, 2018, for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, 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 LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G.K Subramaniam

Partner
(Membership No. 109839)

Place : Mumbai

Dated: 24th April, 2018

For CHATURVEDI SK & FELLOWS

Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi

Partner
(Membership No. 070019)

Independent Auditors' Report

Annexure "A" to the Independent Auditors' Report (Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Aadhar Housing Finance Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone 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 (the "Guidance Note") 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 policy, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial

reporting were operating effectively as at 31st March, 2018, 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 issued by the Institute of Chartered Accountants of India.

For Deloitte HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

For CHATURVEDI SK & FELLOWS

Chartered Accountants
(Firm's Registration No. 112627W)

G.K Subramaniam

Partner
(Membership No. 109839)

Srikant Chaturvedi

Partner
(Membership No. 070019)

Place : Mumbai

Dated: 24th April, 2018

Independent Auditors' Report

Annexure "B" to the Independent Auditors' Report (Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except for the property at Mangala Nagar alias Sri Arunachala Nagar. The property at Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu continues to be held in the erstwhile name of the company i.e., DHFL Vysya Housing Finance Limited. The Company does not have any immovable properties taken on lease and disclosed as fixed assets in the financial statements.
- (ii) To the best of our knowledge and according to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provide guarantees under the provisions of Sections 185 and 186 of the Act and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) As per the Ministry of Corporate Affairs notification dated 31st March, 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and hence reporting under Clause 3(v) of the Order is not applicable.
- (vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.
- (vii) To the best of our knowledge and according to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Value Added Tax, Employees' State Insurance, Income-tax, Service Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. There were no amounts payable in respect of Sales Tax, Customs Duty, Work Contract Tax, and Excise Duty.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Value Added Tax, Employees' State Insurance, Income-tax, Service Tax,, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.
 - (c) In respect of disputed amounts of Income tax aggregating to Rs.127 lakh ,the Company has deposited the demand amount with appropriate authorities. There are no amounts in dispute in respect of Provident Fund, Value Added Tax, Service Tax, cess or any other material statutory dues.
- (viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken any loan from government and financial institutions.

- (ix) To the best of our knowledge and according to the information and explanations given to us, the money raised by way of the term loans and debentures have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanation 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 Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.
- In respect of the above issue, we further report that:
- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
 - b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised other than temporary deployment pending application.
- (xv) To the best of our knowledge 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 him 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 LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G.K Subramaniam

Partner
(Membership No. 109839)

Place : Mumbai

Dated: 24th April, 2018

For CHATURVEDI SK & FELLOWS

Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi

Partner
(Membership No. 070019)

Balance Sheet

As At March 31 , 2018

(Rs. in Lakh)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
I. EQUITY AND LIABILITIES			
1. Shareholders' fund			
a. Share capital	3	2,515	1,108
b. Reserves and surplus	4	67,445	14,265
Total shareholders' funds		69,960	15,373
2. Non-Current Liabilities			
a. Long-term borrowings	5	5,10,488	1,39,536
b. Deferred tax liability [net]	6	1,818	1,721
c. Long term provisions	7	5,669	1,754
Total non-current liabilities		5,17,975	1,43,011
3. Current Liabilities			
a. Short term borrowings	8	37,110	-
b. Trade payables	9		
a) Total outstanding dues to micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,377	259
c. Other current liabilities	10	1,55,987	33,881
d. Short term provisions	11	333	953
Total current liabilities		1,94,807	35,093
Total equity and liabilities		7,82,742	1,93,477
II. ASSETS			
1. Non current assets			
a. Fixed assets			
(i) Tangible assets	12	1,830	238
(ii) Intangible assets	12	83	8
		1,913	246
b. Non current investments	13	472	968
c. Long term housing and property loans	14	6,99,125	1,70,096
d. Other long term loans and advances	15	1,744	470
e. Other non current assets	16	135	280
Total non current assets		7,03,389	1,72,060
2. Current Assets			
a. Current investments	17	20,483	96
b. Trade receivables	18	1,331	496
c. Cash and bank balance	19	19,634	8,684
d. Short term portion of housing and property loans	14	36,145	10,903
e. Short term loans and advances	20	647	164
f. Other current assets	21	1,113	1,074
Total current assets		79,353	21,417
Total assets		7,82,742	1,93,477

See accompanying notes forming part of financial statements 1 to 38

In terms of our report attached

For Chaturvedi S.K. & Fellows
Chartered Accountants
ICAI FRN: 112627W

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI FRN : 117366W/W-100018

Srikant Chaturvedi
Partner
ICAI MN: 070019

G.K Subramaniam
Partner
ICAI M N : 109839

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
DIN 0028528

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Suresh Mahalingam
Director
DIN 01781730

Sridar Venkatesan
Director
DIN 02241339

G. P. Kohli
Director
DIN 00230388

Sasikala Varadachari
Director
DIN 07132398

Anmol Gupta
Chief Financial Officer

Srikant V.N.
Company Secretary

Place : Mumbai
Dated: April 24, 2018

Place: Mumbai
Dated: April 24, 2018

Statement of Profit and Loss

for the year ended March 31, 2018

(Rs. in Lakh)

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
1. Income			
Revenue from operations	22	79,806	21,198
Other Income	23	14	4
Total Income		79,820	21,202
2. Expenses:			
Finance costs	24	46,201	14,632
Employees benefits expense	25	9,878	1,728
Depreciation and amortisation	12	363	55
Provision for contingencies	7.4	1,987	425
Other expenses	26	5,486	786
Total expenses		63,915	17,626
3. Profit Before Tax		15,905	3,576
4. Tax expense			
Current tax		5,673	1,206
Current tax of earlier year		-	-
Deferred tax		259	49
5. Profit for the year		9,973	2,321
6. Earnings per equity share	27		
Basic and diluted earnings per share (Rs.)		46.46	24.56
See accompanying notes forming part of financial statements	1 to 38		

In terms of our report attached

For Chaturvedi S.K. & Fellows
Chartered Accountants
ICAI FRN: 112627W

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI FRN : 117366W/W-100018

Srikant Chaturvedi
Partner
ICAI MN: 070019

G.K Subramaniam
Partner
ICAI M N : 109839

Place : Mumbai
Dated: April 24, 2018

Place: Mumbai
Dated: April 24, 2018

For and on behalf of the Board of Directors

Kapil Wadhawan
Chairman
DIN 0028528

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Suresh Mahalingam
Director
DIN 01781730

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Director
DIN 00230388

Sasikala Varadachari
Director
DIN 07132398

Anmol Gupta
Chief Financial Officer

Srikant V.N.
Company Secretary

Cash Flow Statement

for the year ended March 31, 2018

Particulars	(Rs. in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Cash flow from operating activities		
Net profit before tax	15,905	3,576
Adjustments for:		
Depreciation	363	55
Loss on sale of fixed assets sold (Net)	-	1
Provision for contingencies	1,987	425
Profit on sale of investment in mutual fund and other investments	(1,462)	-
Operating profit before working capital changes	16,793	4,057
Adjustments for:		
Increase/(Decrease) in liabilities and provisions	33,601	2,157
(Increase)/Decrease in trade receivables	(366)	(57)
(Increase)/Decrease in loans and advances	(451)	30
(Increase)/Decrease in other assets	64	(1,047)
Cash generated from operations during the year	49,641	5,140
Tax paid	(5,691)	(1,269)
Net cash flow from operations	43,950	3,871
Housing and other property loans disbursed	(3,90,465)	(64,565)
Housing and other property loans repayments	89,967	30,485
Net cash used in operating activities [A]	(2,56,548)	(30,209)
B. Cash flow from investing activities		
Proceeds received on sale / redemption of investments	7,14,257	-
Payment towards purchase of investments	(7,16,337)	(482)
Investment in fixed deposits (net of maturities)	1,784	(527)
Payment towards purchase of fixed assets	(776)	(177)
Proceeds received on sale of fixed assets	19	6
Net cash used in investing activities [B]	(1,053)	(1,180)
C. Cash flow from financing activities		
Proceeds received on allotment of equity shares	11,500	-
Proceeds from loans from banks/institutions	2,31,695	56,320
Proceeds from loans from NCDs	48,500	9,940
Repayment of loans to banks/institutions	(62,447)	(40,112)
Repayment of loans to NCDs	(8,800)	-
Net proceeds / (repayment) of short term Loan	(5,988)	-
Proceeds from fixed deposits	3,878	4,908
Repayment of fixed deposits	(2,230)	(1,616)
Proceeds from assignment of portfolio	35,341	-
Dividend paid	(775)	(111)
Tax paid on dividend	(158)	(23)
Net cash generated from financing activities [C]	2,50,516	29,306
Net increase / (decrease) in cash and cash equivalents [A+B+C]	(7,085)	(2,083)
Cash and cash equivalents at the beginning of the year	7,357	9,440
Cash and cash equivalents acquired on amalgamation	18,566	-
Cash and cash equivalents at the end of the year	18,838	7,357
See accompanying notes forming part of financial statements	1 to 38	

In terms of our report attached.

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi

Partner
ICAI MN: 070019

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

G.K Subramaniam

Partner
ICAI M N : 109839

For and on behalf of the Board of Directors

Kapil Wadhawan

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DIN 07153794

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Director
DIN 02241339

Sasikala Varadachari

Director
DIN 07132398

Srikant V.N.

Company Secretary

Place: Mumbai
Dated: April 24, 2018

Place: Mumbai
Dated: April 24, 2018

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

1. Corporate information

Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited) 'the Company' was incorporated in India in the name of Vysya Bank Housing Finance Limited on 26th November 1990 and is carrying business of providing loans to retail customers including individuals, Companies, Corporations, Societies or Association of Persons for purchase / construction / repair and renovation of residential property, loans against property and provide other property related services. The Company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987. The Company is subsidiary of Wadhawan Global Capital Limited.

2. Significant accounting policies :

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on an accrual basis to comply in all material aspects with applicable accounting principles in India including accounting standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, the relevant provisions of the Companies Act, 2013 ("the Act"), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions 2010 issued by National Housing Bank to the extent applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) on the date of financial statement and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in the current and future periods. Example of such estimates includes provision for non - performing loans, provision for employee benefit plans and provision for income taxes.

2.3 Revenue Recognition

Income from housing and property loans :

- i. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest basis in terms of financing scheme opted by the borrower. Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time. Revenue from interest on non-performing assets is recognised on a receipt basis as per the guidelines prescribed by the National Housing Bank.
- ii. Processing fees and other loan related charges are recognised when it is reasonable to expect ultimate collection which is generally at the time of Login/ disbursement of the loan.
- iii. Prepayment charges, delayed payment interest and other income are recognized on receipt basis.

Revenue from other services / other income

- i. Dividend income on investments is recognised when the unconditional right to receive dividend is established. In term of Housing Finance Companies (NHB) Direction 2010, Dividend Income on units of Mutual Funds held by the Company are recognised on cash basis.
- ii. Interest income on Deposits and Other Debt Instruments is recognised on accrual basis. The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.
- iii. Income from other services is recognised after the service is rendered and to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

2.4 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts

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and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

2.5 Intangible assets

Intangible assets including software are capitalized where it is expected to provide future enduring economic benefits. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

2.6 Depreciation / amortization

i. Tangible assets

- a) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.
- b) Depreciation on tangible fixed assets has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the assets, in whose case the life of the assets has been assessed differently, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Office Equipment	5 – 10 Years
Vehicles	4 – 10 Years
Leasehold improvements	Lease Period

- c) Company has changed its depreciation method from WDV to SLM method during the year ended March 31, 2017.

ii. Intangible assets

Intangible assets are amortised over their estimated useful life on straight line method. Computer software is amortised over 3 years on the 'Straight Line Method' basis for the number of days the assets have been put to use for their intended purposes.

2.7 Impairment of assets (other than Loan Assets)

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalue amount, in which case any impairment loss of the revalue asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalue asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalue assets such reversal is not recognised.

2.8 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

2.9 Employee benefits

Employee benefits are accrued in accordance with Accounting Standard-15 (Revised) "Employee Benefits".

i. Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

ii. Defined benefits plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the

Significant Accounting Policies and Notes to the Accounts

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Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Long-term leave has been valued on actuarial basis as at the year end.

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 recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

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

iv. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.10 Finance costs

Interest accrued on cumulative fixed deposit and payable at the time of maturity is clubbed with the principal amount on the date of periodical rest when interest is credited in Fixed Deposit account in accordance with the particular deposit scheme.

Interest and related financial charges (including ancillary transaction cost) are recognised as an expense in the period for which they are incurred as specified in Accounting Standard (AS 16) on "Borrowing Costs".

2.11 Provisions for non-performing assets and standard assets

The recognition of non-performing ("NPA") and provision on Standard and Non-Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the prudential norms) if required is made as per the Guidelines approved by the Board of Directors from time to time.

2.12 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss over the lease term.

2.13 Foreign currency transaction and balances

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.14 Current and deferred tax

- i. Tax expense comprises of current tax and deferred taxes.
- ii. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

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- iii. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- iv. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.15 Earnings per share

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

decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Provisions, contingent liability and contingent assets

A provision is recognised when the Company has a present obligation 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 in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

2.17 Special Reserve

The company creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

2.18 Housing and property loans

Housing loans include outstanding amount of Housing Loan disbursement directly or indirectly to individual, Project Loan for residential building and other borrowers. Property loans include mortgage against residential / commercial property and loan against the lease rental income from properties in accordance with the directions of National Housing Bank. EMI / Pre-EMI receivable from borrowers less than or equal to 3 months against the above loans are shown under Trade Receivables.

2.19 Assignment of portfolio

The Company periodically transfers the pools of mortgages and housing loans. Such assets are derecognised, if only if, the company loses the control of the contractual rights that comprise the corresponding pools of housing and mortgage loans transferred.

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Transfer of pools of Mortgages and Housing Loans involves the transfer of proportionate share in the pools of housing loan and mortgage loans. Such transfers results in de-recognition only of that portion of mortgage and housing loans as meet the criteria of de-recognition. The portion retained by the Company continue to be accounted for as described above

2.20 Cash flow statement

Cash flows are reported using the indirect method as envisaged in Accounting Standard (AS) 3 Cash Flow Statements, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.21 Cash and cash equivalents

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

2.22 Operating cycle:

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

3. Share capital

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised share capital		
22,00,00,000 (March 31, 2017 : 2,00,00,000) Nos. of equity shares of Rs.10 each	22,000	2,000
Issued share capital		
2,51,48,472 (March 31, 2017 : 1,10,80,705) Nos. of equity shares of Rs.10 each	2,515	1,108
Subscribed and paid up capital		
2,51,48,472 (March 31, 2017 : 1,10,80,705) Nos. of equity shares of Rs.10 each	2,515	1,108
Total	2,515	1,108

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Equity shares at the beginning of the year	1,10,80,705	1,10,80,705
Add: Shares issued during the year		
On Amalgamation (refer note 28)	1,01,25,360	-
Preferential Allotment	39,42,407	-
Equity shares at the end of the year	2,51,48,472	1,10,80,705

b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. Dividend declared towards equity shares will be subject to the approval of shareholder in the Annual General Meeting.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

- c) For the year ended March 31, 2018, the Company has proposed final dividend @ Rs.7 per equity share (March 31, 2017 : Rs.7 per equity share) to the equity shareholders subject to the approval of the shareholders at the ensuing Annual General Meeting.
- d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	March 31, 2018		March 31, 2017	
	% of Holding	Number of shares	% of Holding	Number of shares
Wadhawan Global Capital Ltd (Holding Company)	69.98%	1,75,97,715	83.89%	92,95,941
Dewan Housing Finance Corporation Ltd	9.15%	23,01,090	9.47%	10,48,989
International Finance Corporation (IFC Washington)	16.91%	42,53,389	0.00%	-

4. Reserves and surplus

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Capital reserve on amalgamation		
Balance at the beginning of the year	-	-
Add: Addition during the year	6	-
Balance at the end of the year	6	-
Securities premium		
Balance at the beginning of the year	1,304	1,304
Add: Premium on equity shares to be issued on amalgamation (refer note 28)	28,503	-
Add: Premium on preferential allotment of equity shares	11,106	-
Balance at the end of the year	40,913	1,304
Statutory reserve (Special reserve as per Section 29C of National Housing Bank Act, 1987 and Special reserve as per Section 36(1)(viii) of the Income Tax Act, 1961 (refer note below)		
Balance at the beginning of the year	7,095	6,295
Add : Transferred from Statement of Profit and Loss	2,814	800
Add : Transferred on amalgamation (refer note 28)	1,029	-
Add : Transferred from Statement of Profit and Loss due to amalgamation for the year ended March 31, 2017	1,230	-
Balance at the end of the year	12,168	7,095
General Reserve		
Balance at the beginning of the year	2,267	2,463
Add : Transferred from Statement of Profit and Loss	-	500
Add : On account of change in depreciation method	-	36
Less : Deferred tax liability on opening special reserve U/s 36(1)(viii) of Income Tax Act, 1961	-	732
Balance at the end of the year	2,267	2,267
Surplus in Statement of Profit and Loss:		
Balance at the beginning of the year	3,599	3,511
Add : Profit for the year	9,973	2,321
Add : Addition due to amalgamation for the year ended March 31, 2017	2,587	-
Less : Appropriations :		
Special reserve	2,814	800
Reduction due to amalgamation for the year ended March 31, 2017 - Transferred to Special reserve	1,230	-
Reduction due to amalgamation for the year ended March 31, 2017 - Deferred tax liability on opening special reserve U/s 36(1)(viii) of Income Tax Act, 1961	24	-
General reserve	-	500
Proposed equity dividend (refer note below)	-	775
Dividend distribution tax (refer note below)	-	158
Balance at the end of the year	12,091	3,599
Total	67,445	14,265

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- a) The Board of Directors, at the meeting held on April 24, 2018 has proposed a final dividend of Rs. 7/- per equity share aggregating to Rs. 2,119 Lakh, inclusive of tax on dividend. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4-Contingencies and Events Occurring after the Balance Sheet date as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2018.
- b) Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017.

	(Rs. in Lakh)	
	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	543	424
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	6,552	5,871
c) Total	7,095	6,295
Transferred on amalgamation (refer note 28)		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	61	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	968	-
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 for the year ended March 31, 2017	1,230	-
d) Total	2,259	-
Additions during the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	104	119
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,710	681
c) Total	2,814	800
Utilised during the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c) Total	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	543
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	11,460	6,552
c) Total	12,168	7,095

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

- c) The National Housing Bank vide circular No.NHB(ND)/DRS/Policy Circular 65/2014-15 dated 22.08.2014 has clarified that contingent deferred tax liability in respect of opening balance under special reserve as at 01.04.2014 may be adjusted/ provided from free opening reserves of the Company over a period of 3 years in the ratio of 25:25:50 respectively. Accordingly, the Company has provided the contingent deferred tax liability amounting to Nil during March 31, 2018 (Rs. 732 Lakh from the general reserves during the year ended March 31, 2017).

5. Long term borrowings

(Rs. in Lakh)

Particulars	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Redeemable Non convertible debentures	92,640	9,940	10,000	-
Term loan from banks	3,63,357	81,648	66,960	20,182
Term Loan from National Housing Bank	40,997	43,730	5,384	7,542
Total secured long term borrowings	4,96,994	1,35,318	82,344	27,724
Unsecured				
Redeemable Non convertible debentures	8,400	-	-	-
Deposit				
Fixed deposit	5,094	4,218	3,072	2,455
Total unsecured long term borrowings	13,494	4,218	3,072	2,455
Total	5,10,488	1,39,536	85,416	30,179
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 10)			(85,416)	(30,179)
Net Amount	5,10,488	1,39,536	-	-

- 5.1 Company has raised Rs. 48,500 Lakh (March 31, 2017 : Rs. 9,940 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year. NCDs are long term and are secured by way of jointly ranking pari passu inter-se first charge, along with NHB and other banks, on the Company's book debts, housing loans and on a specific immovable asset of the Company . NCDs including current maturities are redeemable at par on various periods.
- 5.2 The secured term loans from all other banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2018 and March 2033. These loans (current and non-current portion) are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable.
- 5.3 Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2018 and September 2028. These loans from National Housing Bank (current and non-current portion) are secured / to be secured by way of first charge to and in favour of NHB, other banks and NCD holders and jointly ranking pari passu inter-se, on the Company's book debts, housing loans and the whole of the present and future movable and immovable assets wherever situated excluding SLR assets (read with note no.5.6 hereinafter) and are also guaranteed by some of the promoters and promoter director.
- 5.4 Unsecured Redeemable Non-Convertible Debentures aggregating Rs. 8,400 Lakh (March 31, 2017 : Nil), outstanding as at March 31, 2018, are subordinated to present and future senior indebtedness of the Company. These Unsecured Redeemable Non-Convertible Debentures qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity at the end of various periods.
- 5.5 Fixed Deposits, including short term fixed deposits are repayable as per individual contracted maturities ranging between 12 months to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

Significant Accounting Policies and Notes to the Accounts

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5.6 The National Housing Bank Directives requires all HFCs, accepting public deposits, to create a floating charge on the statutory liquid assets maintained in favour of the depositors through the mechanism of a Trust Deed. The Company has accordingly appointed SEBI approved Trustee Company as a Trustee for the above by executing a trust deed. The public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

5.7 Department of Company Affairs with reference to the General Circular No. 4/2003 vide G.S.R. 413 (E) dated 18.06.2014, had clarified that, Housing Finance Companies registered with National Housing Bank are exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures.

5.8 Maturity pattern of long term borrowings :

(Rs. in Lakh)

Particulars	1-3 Years	3-5 Years	>5 Years	Grand Total
Secured				
Redeemable Non convertible debentures (8.30% to 10.75%)	56,900	20,450	25,290	1,02,640
Term loan from banks (Linked with MCLR/Base Rate of respective banks)	2,17,627	1,14,752	97,938	4,30,317
Loan from National Housing Bank (4.86% to 9.75%)	17,067	11,159	18,155	46,381
Unsecured				
Redeemable Non convertible debentures (9.75% to 10.00%)	-	1,800	6,600	8,400
Fixed deposit (8.25% to 11%)	7,175	866	125	8,166
Total	2,98,769	1,49,027	1,48,108	5,95,904

6. Deferred tax liabilities / (assets) net

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Deferred tax liabilities		
Deferred tax liability on special reserve	3,882	2,241
On difference between book balance and tax balance of assets	75	-
	3,957	2,241
B. Deferred Tax Assets		
On account of provision for contingency	1,872	462
On difference between book balance and tax balance of assets		2
On account of provision for employee benefits	103	-
Others	164	56
	2,139	520
Total (A-B)	1,818	1,721

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

7. Long term provisions

(Rs. in Lakh)

Particulars	As at	
	March 31, 2018	March 31, 2017
Provision for contingencies		
On standard assets	2,635	793
On non performing assets	2,603	818
Provision for employee benefits		
Provision for gratuity	8	-
Provision for compensated absences	423	143
Total	5,669	1,754

7.1 Provision for non Performing housing and property loans

Provision in respect of standard, sub standard, doubtful and loss assets (read with note no.14) are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and are as follows:

(Rs. in Lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Portfolio	Provisions	Portfolio	Provisions
Standard assets				
Housing loans	5,87,040	1,632	1,62,028	677
Other property loans	1,39,816	1,003	16,161	116
	7,26,856	2,635	1,78,189	793
Sub standard Assets				
Housing loans	3,790	766	1,796	270
Other property loans	318	71	83	13
	4,108	837	1,879	283
Doubtful assets				
Housing loans	3,872	1,514	713	354
Other property loans	391	209	158	121
	4,263	1,723	871	475
Loss assets				
Housing loans	43	43	40	40
Other property loans	-	-	20	20
	43	43	60	60
Total	7,35,270	5,238	1,80,999	1,611
Summary				
Housing loans	5,94,745	3,955	1,64,577	1,341
Other property loans	1,40,525	1,283	16,422	270
Total	7,35,270	5,238	1,80,999	1,611

7.2 Movement of provision for contingencies :

(Rs. in Lakh)

Particulars	Standard Assets		Non Performing Assets	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	793	647	818	547
Add: Provision during the year	913	146	1,061	279
Add: Transferred on amalgamation	1,179	-	760	-
Less: Utilised during the year	250	-	36	8
Balance at the end of the year	2,635	793	2,603	818

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

8. Short term borrowings

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured		
Loan repayable on demand from banks	2,539	-
Unsecured		
Commercial paper (net of unamortised discount of Rs.429 Lakh (March 31, 2017 : Nil))	32,071	-
Inter-corporate deposit	2,500	-
Total	37,110	-

8.1 Loans repayable on demand comprises of Cash credit facilities from banks and are secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable. All cash credit facilities are repayable as per the contracted / rollover term.

8.2 Commercial papers of the Company have a maturity value of Rs. 32,500 Lakh (March 31, 2017 : Nil). Yield on commercial papers varies between 7.20% to 7.90% (March 31, 2017 : Nil).

9. Trade payables

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Total outstanding dues to micro enterprises and small enterprises	-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
Payable to service providers	1,377	259
Total	1,377	259

There is no amount due and payable to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. No interest has been paid/ is payable by the Company during / for the year to these 'Suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

10. Other current liabilities

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowing (refer note 5)	85,416	30,179
Interest accrued but not due - fixed deposit	66	101
Interest accrued but not due - other borrowings	6,072	634
Unclaimed dividend	6	5
Unclaimed matured deposits and interest accrued thereon	235	79
Others		
Book overdraft	59,075	2,338
Advance from customers	355	122
Statutory remittances	396	21
Amount payable under securitisation/ joint syndication transaction	1,795	-
Other current liabilities	2,571	402
Total	1,55,987	33,881

10.1 The Company has transferred a sum of 0.38 Lakh during the year March 31, 2018 (March 31, 2017 : Rs. 0.55 Lakh) being Unclaimed Dividend to Investor Education and Protection Fund under section 124 of the Companies Act, 2013 .

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

11. Short term provisions

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits		
Provision for compensated absences	-	20
Others		
Provision for Income tax (net of advance tax)	333	-
Proposed dividend	-	775
Provision for dividend distribution tax	-	158
Total	333	953

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Particulars of Assets	Gross Block at Cost				Accumulated Depreciation			Net Block			
	As at April 1, 2017	Acquired on Amalgamation	Additions	Disposal / Adjustment	As at March 31, 2018	Upto April 1, 2017	Depreciation for the year	Deduction / Adjustment	Upto March 31, 2018	As on March 31, 2018	As on March 31, 2017
Tangible Assets :											
Freehold Land	20	7	-	-	27	-	-	-	-	27	20
(Previous Year)	(20)	-	-	-	(20)	-	-	-	-	(20)	(20)
Building - Owned	-	13	-	-	13	-	-	-	-	13	-
(Previous Year)	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fixture	200	697	233	-	1,130	119	105	-	224	906	81
(Previous Year)	(154)	-	(46)	-	(200)	(125)	(13)	(19)	(119)	(81)	(29)
Office Equipments	114	228	106	-	448	71	55	-	126	322	43
(Previous Year)	(78)	-	(38)	(2)	(114)	(66)	(12)	(7)	(71)	(43)	(12)
Vehicles	26	1	36	23	40	6	5	6	5	35	20
(Previous Year)	(24)	-	(24)	(22)	(26)	(19)	(2)	(15)	(6)	(20)	(5)
Computer	234	284	345	2	861	160	174	-	334	527	74
(Previous Year)	(197)	-	(69)	(32)	(234)	(175)	(23)	(38)	(160)	(74)	(22)
Sub Total	594	1,230	720	25	1,289	356	339	6	689	1,830	238
Intangible Assets :											
Software	69	43	56	-	168	61	24	-	85	83	8
(Previous Year)	(69)	-	-	-	(69)	(61)	(5)	(5)	(61)	(8)	(8)
Sub Total	69	43	56	-	168	61	24	-	85	83	8
(Previous Year)	(69)	-	-	-	(69)	(61)	(5)	(5)	(61)	(8)	(8)
Total (As at March 31, 2018)	663	1,273	776	25	2,687	417	363	6	774	1,913	246
Previous Year (As at March 31, 2017)	(542)	-	(177)	(56)	(663)	(446)	(55)	(84)	(417)	(246)	

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

13. Non current investments

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in Subsidiary Company (Unquoted equity instruments)		
Investment in Aadhar Sales and Services Private Limited (10,000 Equity Shares of Face value of Rs. 10 each (March 31, 2017 : Nil))	1	-
	1	-
Investment in quoted equity instruments		
Reliance Power Limited (222 Equity Shares of Face value of Rs.10 each (March 31, 2017 : 222 Equity Shares))	1	1
Capital First Limited (172 Equity Shares of Face value of Rs.10 each ((March 31, 2017 : 172 Equity Shares))	1	1
Mangalore Refinery and Petrochemical Limited (3000 Equity Shares of Face value of Rs.10 each ((March 31, 2017 : 3000 Equity Shares))	3	3
	5	5
Investment in quoted Bonds (Government Securities)		
6.05% GOI Bonds 2019 (Nos : Nil (March 31, 2017 : 5,00,000) Face Value of Rs. 100/- each)	-	483
6.57% GOI Bonds 2033 (Nos : 5,00,000 (March 31, 2017 : 5,00,000) Face Value of Rs.100/- each)	480	480
	480	963
Total investments	486	968
Less : Provision for diminution in the value of investment	(14)	-
Total	472	968
Aggregate book value of quoted investments	485	968
Aggregate book value of unquoted investments	1	-
Market value of quoted investments	471	968

13.1 Investment in government securities aggregating to Rs. 480 Lakh (March 31, 2017 Rs. 963 Lakh) carry a floating charge in favour of depositors of fixed deposits read with note no 5.6.

13.2 Movement of provision for diminution in the value of investment

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	-	2
Add: Provision during the year	14	-
Less: Utilised / reversed during the year	-	2
Balance at the end of the year	14	-

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

14. Housing and property loans

(Rs. in Lakh)

Particulars	Non-Current Portion		Current Portion	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Secured				
Housing loans				
Standard loans	6,15,649	1,52,819	30,662	9,209
Sub-Standard loans	3,790	1,796	-	-
Doubtful loans	3,872	713	-	-
Loss assets	43	40	-	-
Total Housing Loans	6,23,354	1,55,368	30,662	9,209
Less : Assigned Portion of Housing Loans	58,320	-	1,624	-
Net Housing loans	5,65,034	1,55,368	29,038	9,209
Other property loan				
Standard loans	1,34,099	14,467	7,088	1,694
Sub-Standard loans	318	83	-	-
Doubtful loans	391	158	-	-
Loss assets	-	20	-	-
Total Other Property Loans	1,34,808	14,728	7,088	1,694
Less : Assigned Portion of Property Loans	1,334	-	37	-
Net Other Property loans	1,33,474	14,728	7,051	1,694
Other loans				
Loan given to Dewan Housing Finance Corporation Limited under joint syndication for project Loan	617	-	56	-
	617	-	56	-
Total Loan Book	6,99,125	1,70,096	36,145	10,903
Summary:				
Housing loans	6,23,354	1,55,368	30,662	9,209
Other property loan	1,34,808	14,728	7,088	1,694
Total Housing and Property Loans under Company's management	7,58,162	1,70,096	37,750	10,903
Add : Other loans	617	-	56	-
Less : Assigned Portion of Housing & Property Loans	59,654	-	1,661	-
Total Housing and Property Loans	6,99,125	1,70,096	36,145	10,903

14.1 Loans granted by the company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of Life Insurance Policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good.

14.2 Composite loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before March 31, 2015 in which construction has not started till March 31, 2018, as per information available with the Company, is excluded from the housing loan and regrouped under other property loans in above outstanding as on March 31, 2018 aggregating to Rs. 2,164 Lakh (March 31, 2017 : Nil)

14.3 Property loans consists of non housing loans such as mortgage loans, commercial loans, plot loans and lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of NHB.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

14.4 Housing loan (Current and non current) includes Rs. 1,085 Lakh (March 31, 2017 : Rs. 341 Lakh) given to employees of the Company under the staff loan. .

14.5 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loans. The Insurance portion amounting to Rs. 29,623 lakh (March 31, 2017 : Rs. 4,625 Lakh) helps in mitigating the risk and secures the Company's Loan portfolio against any eventuality.

14.6 Total Housing and Property Loans include Rs. 474 Lakh (March 31, 2017 : Rs. 239 Lakh) on account of principal portion of EMI receivable / due for more than 90 days.

14.7 The Company has entered into a loan syndication agreement with Dewan Housing Finance Corporation Ltd (DHFL) to provide housing and property loans to borrowers wherein DHFL originates loan files through its branches and get it processed under common credit norms. Aadhar Housing Finance Ltd has agreed to participate in some of the loan disbursed by DHFL under the loan syndication agreement

14.8 The Company has assigned pool of certain housing and property loans and managed servicing of such loan accounts.

The balance outstanding in the pool, as at the reporting date aggregates Rs. 61,315 Lakh (March 31, 2017 : Nil). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms.

14.9 Detail of Assignment transactions undertaken during the year :

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	As at March 31, 2017
1 No of accounts / Pools	3	-
2 Aggregate value (Net of Provisions) of accounts assigned	35,341	-
3 Aggregate consideration	35,341	-
4 Additional consideration realized in respect of accounts transferred in earlier years	-	-
5 Aggregate gain over net book value for the year	-	-

14.10 The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non- Performing Assets in preparation of accounts. The Company has made adequate provision on Non-performing Assets as prescribed under Housing Finance Companies (NHB) Directions 2010.

The Company has made provision on outstanding standard loans as prescribed under Housing Finance Companies (NHB) Directions 2010 and Notifications as amended from time to time.

15. Other long term loans and advances

(Rs. in Lakh)

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	As at March 31, 2017
Unsecured and considered good unless stated otherwise		
Security deposits	365	149
Loans to employees	-	2
Prepaid expenses	1,074	85
Income tax paid in advance (net of provisions)	128	228
Capital advance	177	6
Total	1,744	470

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

16. Other non current assets

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Bank balance in deposit account balance maturity date more than twelve months (refer note 19.1)	135	280
Total	135	280

17. Current investments (At cost or market value whichever is lower)

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment in quoted mutual funds		
Units 115682.565 (March 31, 2017 : Nil) HSBC Cash Fund	2,000	-
Units 80701.305 (March 31, 2017 : Nil) IDBI Liquid Fund	1,500	-
Units 83711.913 (March 31, 2017 : Nil) Invesco India Liquid Fund	2,000	-
Units 52291.943 (March 31, 2017 : Nil) Peerless Liquid Fund	1,000	-
Units 124997.281 (March 31, 2017 : Nil) BOI AXA Liquid Fund	2,500	-
Units 84030.277 (March 31, 2017 : Nil) L&T Mutual Fund - Liquid Fund	2,000	-
Units 47665.475 (March 31, 2017 : Nil) LIC Mutual Fund - Liquid Fund	1,500	-
Units 88983.742 (March 31, 2017 : Nil) M & M Liquid Fund - Direct Growth	1,000	-
Units 54607.458 (March 31, 2017 : Nil) Mirea Assets Cash Management Fund - Direct Growth	1,000	-
Units 118258.287 (March 31, 2017 : Nil) Principal Cash Management Fund - Direct Growth	2,000	-
Units 35431.482 (March 31, 2017 : Nil) Reliance Liquid Fund Treasure Plan - Direct Growth	1,500	-
Units 52129.115 (March 31, 2017 : Nil) SBI Magnum Insta Cash Plus Fund - Direct Growth	2,000	-
	20,000	-
Current maturity of Non Current Investments		
Investment in quoted Bonds (Government Securities)		
6.25% GOI Bonds 2018 (Nos : Nil (March 31, 2017 : 1,00,000) Face Value of Rs.100/- each)	-	96
6.05% GOI Bonds 2019 (Nos : 5,00,000 (March 31, 2017 : Nil) Face Value of Rs.100/- each)	483	-
	483	96
Total	20,483	96
Aggregate book value of quoted investments	20,483	96
Aggregate book value of unquoted investments	-	-
Market value of quoted investments	20,507	96

17.1 Current maturity of investment in government securities aggregating to Rs. 483 Lakh (March 31, 2017 : Rs. 96 Lakh) carry a floating charge in favour of depositors of fixed deposits read with note no 5.6.

18. Trade Receivables

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Secured and considered good		
Less than six months		
EMI / PEMI receivable due for less than 90 days	1,067	480
Others	264	16
Total	1,331	496

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

19. Cash and bank balances

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Cash and cash equivalents		
Cash on hand	636	24
Balances with banks		
In current accounts	13,202	5,333
In deposits accounts with original maturity of less than 3 months	5,000	2,000
Total cash and cash equivalents	18,838	7,357
Other bank balances		
Fixed deposits less than 12 months maturity	796	1,327
Fixed deposits more than 12 months maturity	135	280
	931	1,607
Less: Fixed deposits more than 12 months maturity (refer note 16)	(135)	(280)
Total other bank balances	796	1,327
Total	19,634	8,684

19.1 Bank balance in deposit account maturity less than twelve months and more than twelve months to the extent of Rs. 293 Lakh (March 31, 2017 : Rs. 280 Lakh) carry a floating charge in favour of depositors of Fixed Deposits read with note no 5.6.

20. Short term loans and advances

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
<i>Unsecured and considered good unless stated otherwise</i>		
Receivable from related parties		
Security deposits	65	-
Other dues from related parties	22	-
Investment in inter-corporate deposits	300	-
Less : Provision for diminution in the value of investment	(300)	-
Others		
Loans to employees	12	4
Prepaid expenses	494	94
Advance for expenses	54	44
Other receivables	-	22
Total	647	164

21. Other current assets

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Asset held for sale (refer note 21.1)	1,017	1,017
Interest accrued on investments	96	56
Gratuity asset (net)	-	1
Total	1,113	1,074

21.1 Asset held for sale consists of properties purchased by the Company in auction under SARFAESI Act being non banking asset.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

22. Revenue from operations

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income		
Interest on housing and property loans	70,536	19,482
Interest on fixed deposits	171	410
Interest on government bonds	68	45
Other interest	5	4
	70,780	19,941
Revenue from other financial services		
Loan processing fee	5,255	787
Other loan related charges	1,681	434
	6,936	1,221
Intermediary services	628	36
Other operational treasury income (net)		
Profit on sale of investments in mutual funds and other investments	1,462	-
	1,462	-
Total	79,806	21,198

22.1 Revenue from other financial services is net of the amount paid / payable towards Business Sourcing and related expenses amounting to Rs. 2,490 Lakh (March 31, 2017 : Rs. 25 Lakh).

22.2 The Company has de-recognized total interest income on Non Performing Assets upto March 31, 2018 of Rs. 1,621 Lakh (upto March 31, 2017 Rs. 648 Lakh) in accordance with the requirement of the National Housing Bank.

23. Other income

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit on sale of fixed assets	-	1
Miscellaneous income	12	2
Rent income	2	1
Total	14	4

24. Finance costs

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on term loans	31,896	13,256
Interest on fixed deposits	740	561
Interest on non convertible debentures	9,150	634
Interest on others	3,564	-
Finance charges	851	181
Total	46,201	14,632

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

25. Employee benefits expense

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, bonus and other allowances	8,639	1,437
Contribution to provident fund and other funds	950	272
Staff welfare expenses	289	19
Total	9,878	1,728

26. Admin and other expenses

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	806	184
Rates and taxes	4	16
Travelling expenses	997	74
Printing and stationery	256	40
Advertisement and business promotion	573	33
Insurance	239	16
Legal and professional charges	513	54
Auditors remuneration (refer note below 26.2)	65	34
Postage, telephone and other communication expenses	431	110
General repairs and maintenance	138	18
Bad-debts written off (net of utilised from Provision Rs.286 Lakh)	332	21
Electricity charges	189	26
Directors sitting fees and commission	47	15
Corporate social responsibility expenses (refer note below 26.1)	23	35
Amortisation of preliminary expenses	-	-
Goods and service tax /service tax expenses	509	5
Loss on sale of fixed assets	-	2
Other expenses	364	103
Total	5,486	786

26.1 a) The gross amount required to be spent by company during the year is Rs.110 Lakh (Rs. 80 Lakh for the year ended March 31, 2017).

b) Amount mentioned above were paid in cash during the respective financial year and were incurred for the purpose other than construction / acquisition of any asset.

26.2 Details of auditors remuneration :

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Audit fees	57	25
Tax audit fees	8	5
Audit fees of branch auditors	-	4
Total	65	34

26.3 Directors sitting fees and commission includes Rs.15 Lakh of commission which will be paid after the financial statements for FY 2018 are adopted by the Members of the Company at the ensuing Annual General Meeting.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

27. Earnings per share

The following is the computation of earnings per share on basic and diluted earnings per equity share:

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Net profit after tax attributable to equity shareholders (Rs. in Lakh)	9,973	2,321
Add: Additional profit on Amalgamation	-	2,587
Adjusted profit after tax attributable to equity shareholders (Rs. in Lakh)	9,973	4,908
Weighted average number of equity shares outstanding during the year (Nos)	2,14,65,292	1,99,86,317
Add: Effect of potential issue of shares / stock options *	-	-
Weighted average number of equity shares outstanding during the year and potential shares outstanding (Nos) (refer Note 28)	2,14,65,292	1,99,86,317
Face value per equity share (Rs.)	10	10
Basic earnings per equity share of Rs.10/- each	46.46	24.56
Diluted earnings per equity share of Rs.10/- each	46.46	24.56

* not considered when anti-dilutive

28. Amalgamation

- i. In terms of the Scheme of Amalgamation ("the Scheme"), approved by the National Company Law Tribunal ("NCLT") on October 27, 2017, with an appointed date of April 01, 2016 and an effective date of November 20, 2017 ('the Effective Date'), being the date on which all the requirement of Companies Act, 2013 were completed, Aadhar Housing Finance Limited (the "Transferor Company") has been amalgamated with the Company ("Transferee Company"). Upon the amalgamation, the undertaking and the entire business, including all assets and liabilities of erstwhile Aadhar Housing Finance Limited stand transferred to and vested in the Transferee Company. The amalgamation has been accounted under "Purchase Method" as envisaged in the Scheme and Accounting Standard (AS) – 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets and liabilities taken over on amalgamation of the Transferor Company are fair valued as on the appointed date. Further, in consideration, the Company has issued equity shares in accordance with the approved swap ratio to the shareholders of the Transferor Company. These shares are fair valued for the purpose of recording in the books of account (capital and share premium) based on the equity valuation considered in arriving at the swap ratio by an independent firm of Chartered Accountants.

As per the Scheme, the name of the transferee company DHFL Vysya Housing Finance Limited was changed to Aadhar Housing Finance Limited, name of the transferor Company.

- ii. Details of the fair value of assets and liabilities as at April 01, 2016 acquired on amalgamation and treatment of the difference between the fair value of net assets acquired is as under:

Particulars	Rs. in Lakh
Fixed assets	861
Housing and other loans	1,93,540
Investments	1,950
Cash and bank balances	10,909
Trade receivables	362
Loans and Advances	136
Other assets	1,163
Deferred tax assets (net)	242
Total assets (A)	2,09,163
Borrowings	1,45,316
Provisions	1,959
Other liabilities	36,205
Total liabilities (B)	1,83,469
Net assets (C=A-B)	25,683

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Particulars	Rs. in Lakh
Liabilities recorded towards merger expenses (including provision on standard assets)(D)	133
Net assets accounted on amalgamation (E=C-D)	25,550
Fair value of 84,03,362 equity shares at Rs. 291.5 each to be issued to the equity shareholders of Transferor Company as at April 01, 2016 (F)	24,495
Amalgamation adjustment reserve (to the extent of Statutory reserve) (G)	1,029
Capital reserve on amalgamation (I = E-F-G)	26
Accounted as	
Issue of 84,03,362 equity shares at Rs.10, the same has been credited to share capital suspense account	
These have been considered for the purpose of EPS calculation.	840
Securities premium on 84,03,362 equity shares of Rs.10 each at fair value per share Rs. 291.50/-	23,655
Amalgamation adjustment reserve	1,029
Capital reserve on amalgamation	26
Total	25,550

In addition, the Transferor Company had issued shares of Rs. 5,000 lakh in December 2016. As per the Order, the Transferee Company has issued 17,22,000 equity shares of Rs. 10 each at fair value per share Rs. 291.50/- aggregating to Rs. 5,020 lakh against these shares. Thus the capital reserve on this issue is adjusted against the above Capital reserve on amalgamation resulting in a net capital reserve of Rs. 6 lakh.

The fair value surplus arising on the amalgamation amounting to Rs. 12,400 lakh is being amortised over a period of eight years being the fair estimate of the enduring benefits. Accordingly the charge for the year ended March 31, 2018 is Rs. 1,550 lakh (Rs. 1,550 lakh for the year ended March 31, 2017, debited to opening reserves) is debited to the Statement of Profit and Loss.

As the scheme has become effective from 20th November, 2017, the figures for the current year includes the operations of both the Transferor Company and Transferee Company. The profit for the year ended March 31, 2017 amounting to Rs. 2,587 Lakh has been adjusted to the opening reserves. Accordingly, the current year's figures are not strictly comparable to that of the previous year.

29. Contingent liabilities

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income tax matters of earlier years	127	149

The aforementioned contingent liabilities towards income tax have been paid under protest.

30. Commitments

30.1 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2018 Rs. 100 Lakh (March 31, 2017 : Nil)

30.2 Undisbursed amount of loans sanctioned and partly disbursed as at March 31, 2018 Rs. 49,058 Lakh (March 31, 2017 : Rs. 7,096 Lakh)

31. Operating lease

The Company is obligated under non-cancellable leases for office space that are renewable on a periodic basis at the option of both lessor and lessee.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Future minimum lease payments under non-cancellable operating leases are as follows :

(Rs. in Lakh)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Not later than 1 Year	348	Nil
Later than 1 Year and not later than 5 years	865	Nil
More than 5 Years	345	Nil

32. Segment reporting

The Company is engaged in the Housing Finance business - Financial Services and all other activities are incidental to the main business activity, and have its operations within India. Accordingly there are no separate reportable segments as per Accounting Standard 17 (AS-17) "Segment Reporting".

33. Employee benefits

33.1 The company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

(Rs. in Lakh)

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Contribution to provident fund	210	89
Contribution to pension fund	132	-
Contribution to ESIC	17	7

33.2 The company provides gratuity and leave encashment benefits to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the funded status of the Gratuity and Compensated Absences benefit scheme and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

(Rs. in Lakh)

Particulars	For the year ended		For the year ended	
	March 31, 2018		March 31, 2017	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Liability at the beginning of the year	104	163	79	12
Acquired on amalgamation	119	347	-	-
Current service cost	75	165	12	152
Interest cost	15	34	6	1
Plan Amendment Cost	24	-	-	-
Actuarial (gain) /losses	98	166	7	-
Benefits paid	(20)	(85)	-	(2)
Liability at the end of the year	415	790	104	163

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

ii. Changes in Fair Value of Plan Assets

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Plan Assets at the beginning of the year	105	-	97	-
Acquired on amalgamation	117	248	-	-
Expected return on plan assets	23	24	8	-
Actuarial Gain/(Loss)	(10)	(1)	-	-
Employer Contribution	176	96	-	-
Benefits Paid	(4)	-	-	-
Plan Assets at the end of the year	407	367	105	-

iii. Reconciliation of Fair Value of Assets and Obligations

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Fair value of Plan Assets at the end of the year	407	367	105	-
Present Value of Obligation	415	790	104	163
Amount Recognised in Balance Sheet	(8)	(423)	1	(163)

iv. Expenses recognized in Statement of Profit and Loss

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Current Service Cost	75	165	12	152
Interest Cost	15	34	6	1
Expected Return on Plan Assets	(23)	(24)	(8)	-
Net Actuarial (Gain)/ loss to be recognized	108	167	7	-
Plan Amendment cost / Direct Payment	25	21	-	-
Expenses recognized in the profit and loss account under employee expenses	175	343	17	153

v. Actuarial Assumptions

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Mortality Table	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount Rate	7.6%	7.6%	7.1%	7.1%
Expected rate of return on plan asset (per annum)	7.5%	7.5%	7.85%	NA
Salary Escalation Rate	8%	8%	5%	5%

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary.

The expected rate of return on plan asset is determined considering several applicable factors , mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Company's policy for plan assets management.

- vi. Amount recognised in current year and previous year

Gratuity :

(Rs. in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Defined benefit obligation	415	104	79	71	60
Fair value of plan asset	407	105	97	93	78
(Surplus)/ Deficit in the plan	8	(1)	(18)	(22)	(18)
Actuarial (gain)/loss on plan obligation	98	7	(4)	1	(6)
Actuarial gain/(loss) on plan asset	(10)	-	-	2	(3)

Compensated Absences :

(Rs. in Lakh)

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Defined benefit obligation	790	163	NA	NA	NA
Fair value of plan asset	367	-	NA	NA	NA
(Surplus)/ Deficit in the plan	423	163	NA	NA	NA
Actuarial (gain)/loss on plan obligation	135	-	NA	NA	NA
Actuarial gain/(loss) on plan asset	1	-	NA	NA	NA

34. Employee stock option plan

Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018" / "Plan")

During the year, the Company has approved the ESAR 2018, which covers eligible employees of the Company. The scheme was approved by the shareholders of the company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on March 26, 2018.

ESAR 2018 plan will be effective from April 1, 2018.

35. Foreign currency transactions

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Foreign business travel	4	-
Directors sitting fees (IFC)	3	-
Total	7	-

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

36. Related party transactions

List of related parties with whom transactions have taken place during the year and relationship:

(Rs. in Lakh)

S.No	Relationship	Name of Related Party
1.	Holding Company	Wadhawan Global Capital Limited (Formerly Known as Wadhawan Global Capital Private Limited)
2.	Enterprise having Significant Control	International Finance Corporation (Washington)
3.	Wholly Owned Subsidiary	Aadhar Sales and Service Private Limited (w.e.f July 11, 2017)
4.	Associate Companies	Dewan Housing Finance Corporation Limited
5.	Other Group Companies	DHFL Pramerica Life Insurance Company Limited
		DHFL General Insurance Limited
		DHFL Sales and Services Private Limited
		DHFL Pramerica Asset Manager
		Avanse Financial Services Limited
6.	Key Management Personal	Kapil Wadhawan – Chairman and Director
		Deo Shankar Tripathi - Managing Director and CEO (w.e.f 21-11-2017)
		Shri. R Nambirajan Managing Director (upto 02-07-2017)

Transactions with Related Parties:

(Rs. in Lakh)

Name	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income :			
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	254	36
DHFL General Insurance Limited	Intermediary Services	283	-
Dewan Housing Finance Corporation Limited	Other Income	1	-
Aadhar Sales and Services Private Limited	Rent Income	2	-
Aadhar Sales and Services Private Limited	Recovery of Expenses	29	-
Expenditure:			
Aadhar Sales and Services Private Limited	Services	913	-
Dewan Housing Finance Corporation Limited	Services	90	27
Dewan Housing Finance Corporation Limited	Rent	152	-
Dewan Housing Finance Corporation Limited	Legal and Professional Fees	6	-
DHFL Pramerica Life Insurance Company Limited	Insurance Premium	6	4
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	191	-
Shri. R Nambirajan	Remuneration	38	87
Dividend Payment :			
Wadhawan Global Capital Limited	Dividend Payment	651	93
Dewan Housing Finance Corporation Limited	Dividend Payment	73	10
Others :			
Aadhar Sales and Services Private Limited	Investment	1	-
Wadhawan Global Capital Limited	Proceeds received on allotment of Equity Shares	5,000	-
International Finance Corporation	Proceeds received on allotment of Equity Shares	6,500	-

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Balances with Related Parties:

(Rs. in Lakh)

Name	Particulars	As at March 31, 2018	As at March 31, 2017
Dewan Housing Finance Corporation Limited	Receivable	20	-
Dewan Housing Finance Corporation Limited	Payable	105	-
Dewan Housing Finance Corporation Limited	Deposit	16	-
Aadhar Sales and Services Private Limited	Investment	1	-
Aadhar Sales and Services Private Limited	Deposit	65	-
Aadhar Sales and Services Private Limited	Receivable	2	-
DHFL Pramerica Life Insurance Company Limited	Receivable	71	-
DHFL Pramerica Life Insurance Company Limited	Deposit	22	10
DHFL General Insurance Limited	Receivable	168	-
DHFL General Insurance Limited	Deposit	20	-

37. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1 MDandCEO/2016 :

37.13 Capital to Risk Asset Ratio (CRAR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
CRAR	18.76%	19.37%
CRAR-Tier I Capital	16.23%	18.41%
CRAR- Tier II Capital	2.54%	0.96%
Amount of subordinated debt raised as Tier-II Capital (Rs. in Lakh)	8,040	Nil
Amount raised by issue of perpetual debt instruments	Nil	Nil

37.2 Derivatives transaction entered by company is Rs.Nil (Previous Year Rs.Nil)

37.3 Maturity pattern of certain items of assets and liabilities as per Asset Liability Management system of the company as of March 31, 2018 is as under:

(Rs. in Lakh)

Particulars	Liabilities			Assets	
	Deposits	Borrowings from Bank	Market Borrowings	Housing and Other Loans	Investments
1 day to 30 / 31 days (One Month)	583	4,624	2,500	3,155	25,000
Over 1 month and upto 2 Months	139	1,834	22,248	2,650	-
Over 2 months and upto 3 Months	323	12,212	14,893	2,672	-
Over 3 months and upto 6 Months	853	17,810	2,430	8,145	156
Over 6 Months and upto 1 Year	1,409	38,403	2,500	16,848	347
Over 1 year and upto 3 Years	4,102	1,62,349	46,900	73,370	135
Over 3 years and upto 5 Years	867	1,25,912	22,250	82,755	-
Over 5 years and upto 7 Years	50	68,273	11,030	89,083	-
Over 7 years and upto 10 Years	75	36,055	20,860	1,33,195	-
Over 10 Years	-	11,765	-	3,20,794	1,248

Company has no Foreign Currency Assets and Liabilities as at March 31, 2018 (March 31, 2017 : Nil).

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

37.4 Exposure to Real Estate Sector

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
A. DIRECT EXPOSURE		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.		
• Individual housing loans up to Rs.15 Lakh	4,89,331	1,21,888
• Others	1,35,038	46,955
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates		
• Funds Based	1,733	689
• Non-Funds Based	-	-
• Others	1,09,168	11,229
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
• Residential	-	-
• Commercial Real Estate	-	-
B. INDIRECT EXPOSURE		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

37.5 Exposure to Capital Market

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Direct investment in equity shares	5	5

The company does not have any other exposure to capital market.

37.6 Details of financing parent company products

Nil during the year ended March 31, 2018 (March 31, 2017 : Nil)

37.7 The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the NHB prudential norms applicable to Housing Finance Companies.

37.8 Unsecured Advances

Nil during the year ended March 31, 2018 (March 31, 2017 : Nil)

37.9 Registration obtained from other financial sector regulators

Regulator	Registration Number
IRDA Registration as Corporate Agent(Composite)	Registration Code :- CA0012
AMFI Registered Mutual Fund Advisor	AMFI Registration No. :- ARN – 102681
IRDA Registration as Corporate Agent(Composite)	Registration Code :- CA0141
AMFI Registered Mutual Fund Advisor	AMFI Registration No.:- ARN - 103958
LEI	335800JQMNJOX3W7LY96
SEBI	SCRIP CODE NCDs(BSE) : 953947
RBI	RBI Registration Number : FC 11 BYR 0068

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

37.10 Disclosure of penalties imposed by NHB and other regulators

Nil during the year ended March 31, 2018

37.11 Rating assigned by Credit Rating Agencies and migration of rating during the year.

Name of the Rating Agency	Type	Rating
CARE	Long Term Bank Facilities	CARE AA+ (SO)
CARE	Non-Convertible Debentures	CARE AA+ (SO)
CARE	Subordinated Debt	CARE AA (SO)
BRICKWORKS	Non-Convertible Debentures	BWR AA+ (SO)
BRICKWORKS	Subordinated Debt	BWR AA+ (SO)
CRISIL	Commercial Paper	CRISIL A1+
CRISIL	Fixed Deposits	FAA - / Stable
ICRA	Commercial Paper	ICRA A1+

37.12 Remuneration of Non-Executive Directors for the year ended March 31, 2018.

(Rs. in Lakh)

Name of the Director	Sitting Fee	Commission*	Total
Shri. Kapil Wadhawan	2,13,334	-	2,13,334
Shri. G P Kohli	9,82,225	2,00,000	11,82,225
Shri. Bikram Sen	3,39,446	2,00,000	5,39,446
Shri. Sridar Venkatesan	6,81,669	38,904	7,20,573
Ms. Sasikala Varadachari	2,78,889	-	2,78,889
MK Chouhan	2,69,683	-	2,69,683

* This does not include Rs.15,00,000 provision made towards commission to directors for the financial year 2017-18.

37.13 Net profit or Loss for the period, prior period items and changes in accounting policies

No Change in Accounting Policies during the year ended March 31, 2018.

Additional Disclosures

37.14 Provisions and Contingencies

Break up of provisions and contingencies shown under the head Expenditure in Profit and Loss Account

(Rs. in Lakh)

S.No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
1.	Provisions for depreciation on Investment	14	(2)
2.	Provision made towards Income Tax	5,673	1,255
3.	Provision towards NPA	1,061	281
4.	Provision for Standard Assets	913	145
5.	Other Provision (Expenses) and Contingencies		
5a.	(a) Provision for Expenses	1,143	122
5b.	(b) Provision for Dividend and Dividend Distribution Tax	-	934

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

37.15 Break up of Loan and Advances and Provisions thereon

(Rs. in Lakh)

Particulars	Housing		Non-Housing	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Standard Assets				
a) Total Outstanding Amount	5,87,040	1,62,028	1,39,816	16,161
b) Provisions made	1,632	677	1,003	116
Sub-Standard Assets				
a) Total Outstanding Amount	3,790	1,796	318	83
b) Provisions made	766	270	71	13
Doubtful Assets - Category – I				
a) Total Outstanding Amount	2,634	212	183	26
b) Provisions made	739	54	51	7
Doubtful Assets - Category – II				
a) Total Outstanding Amount	848	347	101	35
b) Provisions made	385	140	51	14
Doubtful Assets - Category – III				
a) Total Outstanding Amount	390	154	107	97
b) Provisions made*	390	160	107	100
Loss Assets				
a) Total Outstanding Amount	43	40	-	20
b) Provisions made	43	40	-	20
TOTAL				
a) Total Outstanding Amount	5,94,745	1,64,577	1,40,525	16,422
b) Provisions made	3,955	1,341	1,283	270

* The provision amount includes SARFAESI Expenses.

37.16 Concentration of Public Deposits

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Deposits of twenty largest depositors	1,892	1,496
Percentage of Deposits of twenty largest deposits to Total Deposits of the HFC	22.53%	22.15%

37.17 Concentration of Loans and Advances

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Loans and Advances to twenty largest borrowers	10,460	8,439
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	1.42%	4.66%

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

37.18 Concentration of all Exposure (including off-balance sheet exposure)

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Loans and Advances to twenty largest borrowers	10,770	9,303
Percentage of Loans and Advances to twenty largest borrowers / customers to	1.46%	4.95%
Total exposure of the HFC on borrowers / customers.		

37.19 Concentration of NPAs

(Rs. in Lakh)

Particulars	As at March 31, 2018	As at March 31, 2017
Total Exposure to top ten NPA accounts	4,155	1,431

37.20 Sector-wise NPAs

S.No.	Particulars	Percentage of NPAs to Total Advances in that Sector
A.	Housing Loan	
1.	Individuals	0.61%
2.	Builders / Project Loans	29.15%
3.	Corporate	-
4.	Others	-
B.	Non Housing Loans:	
1.	Individuals	0.69%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-

37.21 Movement of NPAs

(Rs. in Lakh)

S.No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
i)	Net NPAs to Net Advances (%)	0.78%	1.11%
ii)	Movement of NPAs (Gross)		
a)	Opening Balance	2,811	1,850
b)	Transferred on Amalgamation	3,276	-
c)	Additions during the year	3,966	1,895
d)	Reductions during the year	1,423	934
e)	Closing Balance	8,629	2,811
iii)	Movement of Net NPAs		
a)	Opening Balance	1,993	1,305
b)	Transferred on Amalgamation	2,216	-
c)	Additions during the year	2,761	1,462
d)	Reductions during the year	1,231	774
e)	Closing Balance	5,739	1,993

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

(Rs. in Lakh)

S.No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
a)	Opening Balance	818	545
b)	Transferred on Amalgamation	1,060	-
c)	Additions during the year	1,205	433
d)	Reductions during the year	192	160
e)	Closing Balance	2,891	818

37.22 Overseas Assets

Nil as at March 31, 2018 (March 31, 2017 : Nil)

37.23 Off-Balance Sheet SPV's sponsored (which are required to be consolidated as per accounting norms)

Overseas : Nil

Domestic : Nil

37.24 Disclosure of Complaints'

S.No.	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a)	No. of complaints pending at the beginning of the year	4	3
b)	No. of complaints received during the year	660	282
c)	No. of complaints redressed during the year	658	281
d)	No. of complaints pending at the end of the year	6	4

38. Previous year's figures have been regrouped/re-classified wherever necessary to confirm to current year's classification. Accordingly, amounts and other disclosures for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

In terms of our report attached

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN: 112627W

Srikant Chaturvedi

Partner
ICAI MN: 070019

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

G.K Subramaniam

Partner
ICAI M N : 109839

For and on behalf of the Board of Directors

Kapil Wadhawan

Chairman
DIN 0028528

Sridar Venkatesan

Director
DIN 02241339

Anmol Gupta

Chief Financial Officer

Deo Shankar Tripathi

Managing Director & CEO
DIN 07153794

G. P. Kohli

Director
DIN 00230388

Suresh Mahalingam

Director
DIN 01781730

Sasikala Varadachari

Director
DIN 07132398

Srikant V.N.

Company Secretary

Place : Mumbai
Dated: April 24, 2018

Place: Mumbai
Dated: April 24, 2018

Independent Auditors' Report

To The Members of

Aadhar Housing Finance Limited

(Formerly known as DHFL Vysya Housing Finance Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AADHAR HOUSING FINANCE LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which

have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements the subsidiary referred to in the Other Matter paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 167 lakh as at 31st March, 2018, total revenues of Rs. 913 lakh and net cash inflows amounting to Rs. 74 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report other auditor and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the subsidiary, referred in the Other Matter paragraph above we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditor.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, none of the directors of the Group companies, is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of these companies, for the reasons stated therein.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. There were no pending litigations which would impact the consolidated financial position of the Group as at 31st March, 2018.
- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts as at 31st March, 2018.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company

For Deloitte HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

G.K Subramaniam

Partner

(Membership No. 109839)

Place : Mumbai

Dated: 24th April, 2018**For CHATURVEDI S K & FELLOWS**

Chartered Accountants

(Firm's Registration No. 112627W)

Srikant Chaturvedi

Partner

(Membership No. 70019)

Independent Auditors' Report

Annexure "A" to the Independent Auditors' Report (Referred to in paragraph e 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 Act

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of Aadhar Housing Finance Limited (hereinafter referred to as "the Holding Company" and its subsidiary company, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company, 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 auditors' 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 and the audit evidence obtained by the other auditor of the subsidiary company, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary company.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports referred to in the Other Matter paragraph below, the Holding Company and its subsidiary company, have, 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, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company which is a company incorporated in India, is based solely on the report of the auditor of such company.

Our opinion is not modified in respect of the above matter.

For Deloitte HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No.117366W/W-100018)

G.K Subramaniam

Partner

(Membership No. 109839)

Place : Mumbai

Dated: 24th April, 2018

For CHATURVEDI S K & FELLOWS

Chartered Accountants

(Firm's Registration No. 112627W)

Srikant Chaturvedi

Partner

(Membership No. 70019)

Consolidated Balance Sheet

As At March 31, 2018

(Rs. in Lakh)

Particulars	Note No.	As at March 31, 2018
A. EQUITY & LIABILITIES		
1 Shareholders' fund		
a Share capital	3	2,515
b Reserves and surplus	4	67,434
Total shareholders' funds		69,949
2 Non current liabilities		
a Long term borrowings	5	510,488
b Deferred tax liability [net]	6	1,801
c Long term provisions	7	5,669
Total non-current liabilities		517,958
3 Current liabilities		
a Short term borrowings	8	37,110
b Trade payables	9	
a) Total outstanding dues to micro enterprises and small enterprises		-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,382
c Other current liabilities	10	156,092
d Short term provisions	11	347
Total current liabilities		194,931
Total equity and liabilities		782,838
B. ASSETS		
1 Non current assets		
a Fixed assets		
(i) Tangible assets	12	1,830
(ii) Intangible assets	12	83
		1,913
b Non current investments	13	471
c Long term housing and property loans	14	699,125
d Other long term loans and advances	15	1,833
e Other non current assets	16	135
Total non current assets		703,477
2 Current assets		
a Current investments	17	20,483
b Trade receivables	18	1,331
c Cash and bank balance	19	19,708
d Short term portion of housing and property loans	14	36,145
e Short term loans and advances	20	581
f Other current assets	21	1,113
Total current assets		79,361
Total assets		782,838
See accompanying notes forming part of financial statements	1 to 38	

In terms of our report attached.

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi

Partner
ICAI MN: 070019

Place: Mumbai
Dated: April 24, 2018

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

G.K Subramaniam

Partner
ICAI M N : 109839

Place: Mumbai
Dated: April 24, 2018

For and on behalf of the Board of Directors

Kapil Wadhawan

Chairman
DIN 0028528

Suresh Mahalingam

Director
DIN 01781730

G. P. Kohli

Director
DIN 00230388

Anmol Gupta
Chief Financial Officer

Deo Shankar Tripathi

Managing Director & CEO
DIN 07153794

Sridar Venkatesan

Director
DIN 02241339

Sasikala Varadachari

Director
DIN 07132398

Srikant V.N.
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(Rs. in Lakh)

Particulars	Note No.	For the year ended March 31, 2018
1 Income		
Revenue from operations	22	80,719
Other income	23	12
Total income		80,731
2 Expenses		
Finance costs	24	46,201
Employees benefits expense	25	10,761
Depreciation and amortisation	12	363
Provision for contingencies	7.4	1,987
Other expenses	26	5,528
Total expenses		64,840
3 Profit before tax		15,891
4 Tax expense		
Current tax		5,687
Current tax of earlier year		-
Deferred tax		242
		5,929
5 Profit for the year		9,962
6 Earnings per equity share	27	
Basic and diluted earnings per share (Rs.)		46.41
See accompanying notes forming part of financial statements	1 to 38	

In terms of our report attached.

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi

Partner
ICAI MN: 070019

Place: Mumbai
Dated: April 24, 2018

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

G.K Subramaniam

Partner
ICAI M N : 109839

Place: Mumbai
Dated: April 24, 2018

For and on behalf of the Board of Directors

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DIN 07153794

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Sasikala Varadachari

Director
DIN 07132398

Srikant V.N.

Company Secretary

Consolidated Cash flow statement

for the year ended March 31, 2018

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018
A. Cash flow from operating activities	
Net profit before tax	15,891
Adjustments for:	
Depreciation	363
Provision for contingencies	1,987
Profit on sale of investment in mutual fund and other investments	(1,462)
Operating profit before working capital changes	16,779
Adjustments for:	
Increase/(Decrease) in liabilities and provisions	33,728
(Increase)/Decrease in trade receivables	(366)
(Increase)/Decrease in loans and advances	(386)
(Increase)/Decrease in other assets	63
Cash generated from operations during the year	49,818
Tax paid	(5,793)
Net cash flow from operations	44,025
Housing and other property loans disbursed	(390,465)
Housing and other property loans repayments	89,967
Net cash used in operating activities [A]	(256,473)
B. Cash flow from investing activities	
Proceeds received on sale / redemption of investments	714,257
Payment towards purchase of investments	(716,336)
Investment in fixed deposits (net of maturities)	1,784
Payment towards purchase of fixed assets	(758)
Proceeds received on sale of fixed assets	-
Net cash used in investing activities [B]	(1,053)
C. Cash flow from financing activities	
Proceeds received on allotment of equity shares	11,500
Proceeds from loans from banks/institutions	231,695
Proceeds from loans from NCDs	48,500
Repayment of loans to banks/institutions	(62,447)
Repayment of loans to NCDs	(8,800)
Net proceeds / (repayment) of short term Loan	(5,988)
Proceeds from fixed deposits	3,878
Repayment of fixed deposits	(2,230)
Proceeds from assignment of portfolio	35,341
Dividend paid	(776)
Tax paid on dividend	(158)
Net cash generated from financing activities [C]	250,515
Net increase / (decrease) in cash and cash equivalents [A+B+C]	(7,011)
Cash and cash equivalents at the beginning of the year	7,357
Cash and cash equivalents acquired on amalgamation	18,566
Cash and cash equivalents at the end of the year	18,912
See accompanying notes forming part of financial statements	1 to 38

In terms of our report attached.

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi

Partner
ICAI MN: 070019

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

G.K Subramaniam

Partner
ICAI M N : 109839

For and on behalf of the Board of Directors

Kapil Wadhawan

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Director
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Sasikala Varadachari

Director
DIN 07132398

Srikant V.N.

Company Secretary

Place: Mumbai
Dated: April 24, 2018

Place: Mumbai
Dated: April 24, 2018

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

1. Corporate information

Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited) 'the Company' or 'the Group' was incorporated in India in the name of Vysya Bank Housing Finance Limited on 26th November 1990 and is carrying business of providing loans to retail customers including individuals, Companies, Corporations, Societies or Association of Persons for purchase / construction / repair and renovation of residential property, loans against property and provide other property related services. The Company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987. The Company is subsidiary of Wadhawan Global Capital Limited.

2. Significant accounting policies :

2.1 Basis of preparation of financial statements

The Consolidated financial statements have been prepared under the historical cost convention on an accrual basis to comply in all material aspects with applicable accounting principles in India including accounting standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, the relevant provisions of the Companies Act, 2013 ("the Act"), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions 2010 issued by National Housing Bank to the extent applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Principles of Consolidation

The consolidated financial statements relate to Aadhar Housing Finance Limited (the 'Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2018
- ii. The financial statements of the Company and its subsidiary company have been combined on a line-by line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intragroup balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

iii. Particulars of subsidiary

Name of the Company	Country of Incorporation	Percentage of Voting Power as at March 31, 2018
Aadhar sales and services private limited (w.e.f July 11, 2017)	India	100%

2.3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) on the date of financial statement and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to accounting estimates is recognised prospectively in the current and future periods. Example of such estimates includes provision for non - performing loans, provision for employee benefit plans and provision for income taxes.

2.4 Revenue Recognition

Income from housing and property loans :

- i. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest basis in terms of financing scheme opted by the borrower. Interest income is allocated over the contractual term of the loan by applying the committed interest rate to the outstanding amount of the loan. Interest income is accrued as earned with the passage of time. Revenue from interest on non-performing assets is recognised on a receipt basis as per the guidelines prescribed by the National Housing Bank.
- ii. Processing fees and other loan related charges are recognised when it is reasonable to expect ultimate collection which is generally at the time of Login/ disbursement of the loan.
- iii. Prepayment charges, delayed payment interest and other income are recognized on receipt basis.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Revenue from other services / other income

- i. Dividend income on investments is recognised when the unconditional right to receive dividend is established. In term of Housing Finance Companies (NHB) Direction 2010, Dividend Income on units of Mutual Funds held by the Company are recognised on cash basis.
- ii. Interest income on Deposits and Other Debt Instruments is recognised on accrual basis. The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.
- iii. Income from other services is recognised after the service is rendered and to the extent it is probable that the economic benefits will flow to the Company and that the revenue can be reliably measured.

2.5 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

2.6 Intangible assets

Intangible assets including software are capitalized where it is expected to provide future enduring economic benefits. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

2.7 Depreciation / amortization

- i. **Tangible assets**
 - a) Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

- b) Depreciation on tangible fixed assets has been provided on the straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the assets, in whose case the life of the assets has been assessed differently, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc..

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Office Equipment	5 – 10 Years
Vehicles	4 – 10 Years
Leasehold improvements	Lease Period

- c) Company has changed its depreciation method from WDV to SLM method during the year ended March 31, 2017.

ii. Intangible assets

Intangible assets are amortised over their estimated useful life on straight line method. Computer software is amortised over 3 years on the 'Straight Line Method' basis for the number of days the assets have been put to use for their intended purposes.

2.8 Impairment of assets (other than Loan Assets)

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalue amount, in which case any impairment loss of the revalue asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalue asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalue assets such reversal is not recognised.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

2.9 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

2.10 Employee benefits

Employee benefits are accrued in accordance with Accounting Standard-15 (Revised) "Employee Benefits".

i. Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

ii. Defined benefits plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Long-term leave has been valued on actuarial basis as at the year end.

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 recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

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

iv. Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.11 Finance costs

Interest accrued on cumulative fixed deposit and payable at the time of maturity is clubbed with the principal amount on the date of periodical rest when interest is credited in Fixed Deposit account in accordance with the particular deposit scheme.

Interest and related financial charges (including ancillary transaction cost) are recognised as an expense in the period for which they are incurred as specified in Accounting Standard (AS 16) on "Borrowing Costs".

2.12 Provisions for non-performing assets and standard assets

The recognition of non-performing ("NPA") and provision on Standard and Non-Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the prudential norms) if required is made as per the Guidelines approved by the Board of Directors from time to time.

2.13 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss over the lease term.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

2.14 Foreign currency transaction and balances

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.15 Current and deferred tax

- i. Tax expense comprises of current tax and deferred taxes.
- ii. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.
- iii. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- iv. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available

to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.17 Provisions, contingent liability and contingent assets

A provision is recognised when the Company has a present obligation 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 in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

2.18 Special Reserve

The company creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

2.19 Housing and property loans

Housing loans include outstanding amount of Housing Loan disbursement directly or indirectly to individual, Project Loan for residential building and other borrowers. Property loans include mortgage against residential / commercial property and loan against the lease rental income from properties in accordance with the directions of National Housing Bank. EMI / Pre-EMI receivable from borrowers less than or equal to 3 months against the above loans are shown under Trade Receivables.

2.20 Assignment of portfolio

The Company periodically transfers the pools of mortgages and housing loans. Such assets are derecognised, if only if, the company loses the control of the contractual rights that comprise the corresponding pools of housing and mortgage loans transferred.

Transfer of pools of Mortgages and Housing Loans involves the transfer of proportionate share in the pools of housing loan and mortgage loans. Such transfers results in de-recognition only of that portion of mortgage and housing loans as meet

the criteria of de-recognition. The portion retained by the Company continue to be accounted for as described above

2.21 Cash flow statement

Cash flows are reported using the indirect method as envisaged in Accounting Standard (AS) 3 Cash Flow Statements, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.22 Cash and cash equivalents

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

2.23 Operating cycle:

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

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

3. Share capital

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
Authorised share capital		
22,00,00,000 Nos. of equity shares of Rs. 10 each		22,000
Issued share capital		
2,51,48,472 Nos. of equity shares of Rs. 10 each		2,515
Subscribed and paid up capital		
2,51,48,472 Nos. of equity shares of Rs. 10 each		2,515
Total		2,515

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
Equity shares at the beginning of the year		11,080,705
Add: Shares issued during the year		
On Amalgamation (refer note 28)		10,125,360
Preferential Allotment		3,942,407
Equity shares at the end of the year		25,148,472

b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. Dividend declared towards equity shares will be subject to the approval of shareholders in the Annual General Meeting.

c) For the year ended March 31, 2018, the Company has proposed final dividend @ Rs. 7 per equity share to the equity shareholders subject to the approval of shareholder at the ensuing Annual General Meeting.

d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
	% of Holding	Number of shares
Wadhawan Global Capital Ltd (Holding Company)	69.98%	17,597,715
Dewan Housing Finance Corporation Ltd	9.15%	2,301,090
International Finance Corporation (IFC Washington)	16.91%	4,253,389

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

4. Reserves and surplus

Particulars	(Rs. in Lakh)	
		As at March 31, 2018
Capital reserve on amalgamation		
Balance at the beginning of the year		-
Add: Addition during the year		6
Balance at the end of the year		6
Securities premium		
Balance at the beginning of the year		1,304
Add: Premium on equity shares to be issued on amalgamation (refer note 28)		28,503
Add: Premium on preferential allotment of equity shares		11,106
Balance at the end of the year		40,913
Statutory reserve (Special reserve as per Section 29C of National Housing Bank Act, 1987 and Special reserve as per Section 36(1)(viii) of the Income Tax Act, 1961) (refer note below)		
Balance at the beginning of the year		7,095
Add : Transferred from Statement of Profit and Loss		2,814
Add : Transferred on amalgamation (refer note 28)		1,029
Add : Transferred from Statement of Profit and Loss due to amalgamation for the year ended March 31, 2017		1,230
Balance at the end of the year		12,168
General Reserve		
Balance at the beginning of the year		2,267
Balance at the end of the year		2,267
Surplus in Statement of Profit and Loss:		
Balance at the beginning of the year		3,599
Add : Profit for the year		9,962
Add : Addition due to amalgamation for the year ended March 31, 2017		2,587
Less : Appropriations :		
Special reserve		2,814
Reduction due to amalgamation for the year ended March 31, 2017 - Transferred to Special reserve		1,230
Reduction due to amalgamation for the year ended March 31, 2017 - Deferred tax liability on opening special reserve U/s 36(1)(viii) of Income Tax Act, 1961		24
Balance at the end of the year		12,080
Total		67,434

- a) The Board of Directors, at the meeting held on April 24, 2018 has proposed a final dividend of Rs. 7/- per equity share aggregating to Rs. 2,119 Lakh, inclusive of tax on dividend. The proposal is subject to the approval of the shareholders at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4-Contingencies and Events Occurring after the Balance Sheet date as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend from Statement of Profit and Loss for the year ended March 31, 2018.
- b) Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017.

Particulars	(Rs. in Lakh)	
		As at March 31, 2018
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		543
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		6,552
c) Total		7,095

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

		(Rs. in Lakh)
Particulars		As at March 31, 2018
Transferred on amalgamation (refer note 28)		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		61
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		968
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 for the year ended March 31, 2017		1,230
d) Total		2,259
Addition during the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		104
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		2,710
c) Total		2,814
Utilised during the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		-
c) Total		-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		708
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987		11,460
c) Total		12,168

5. Long term borrowings

		(Rs. in Lakh)	
Particulars	Non-Current Portion	Current Portion	
	As at March 31, 2018	As at March 31, 2018	As at March 31, 2018
Secured			
Redeemable Non convertible debentures	92,640		10,000
Term loan from banks	363,357		66,960
Term Loan from National Housing Bank	40,997		5,384
Total secured long term borrowings	496,994		82,344
Unsecured			
Redeemable Non convertible debentures	8,400		-
Deposit			
Fixed deposit	5,094		3,072
Total unsecured long term borrowings	13,494		3,072
Total	510,488		85,416
Current Portion of above liability is disclosed under the head "other current liabilities". (Refer Note 10)			(85,416)
Net Amount	510,488		-

- 5.1 Company has raised Rs. 48,500 Lakh from Secured Redeemable Non Convertible Debentures (NCDs) during the year. NCDs are long term and are secured by way of jointly ranking pari passu inter-se first charge, along with NHB and other banks, on the Company's book debts, housing loans and on a specific immovable asset of the Company. NCDs including current maturities are redeemable at par on various periods.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

- 5.2 The secured term loans from all other banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2018 and March 2033. These loans (current and non-current portion) are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable.
- 5.3. Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2018 and September 2028. These loans from National Housing Bank (current and non-current portion) are secured / to be secured by way of first charge to and in favour of NHB, other banks and NCD holders and jointly ranking pari passu inter-se, on the Company's book debts, housing loans and the whole of the present and future movable and immovable assets wherever situated excluding SLR assets (read with note no.5.6 hereinafter) and are also guaranteed by some of the promoters and promoter director.
- 5.4 Unsecured Redeemable Non-Convertible Debentures aggregating Rs. 8,400 Lakh, outstanding as at March 31, 2018, are subordinated to present and future senior indebtedness of the Company. These Unsecured Redeemable Non-Convertible Debentures qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity on various periods.
- 5.5 Fixed Deposits, including short term fixed deposits are repayable as per individual contracted maturities ranging between 12 months to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.
- 5.6 The National Housing Bank Directives requires all HFCs, accepting public deposits, to create a floating charge on the statutory liquid assets maintained in favour of the depositors through the mechanism of a Trust Deed. The Company has accordingly appointed SEBI approved Trustee Company as a Trustee for the above by executing a trust deed. The public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.
- 5.7 Department of Company Affairs with reference to the General Circular No. 4/2003 vide G.S.R. 413 (E) dated 18.06.2014, had clarified that, Housing Finance Companies registered with National Housing Bank are exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures.

5.8 Maturity pattern of long term borrowings :

	(Rs. in Lakh)			
Particulars	1-3 Years	3-5 Years	>5 Years	Grand Total
Secured				
Redeemable Non convertible debentures (8.30% to 10.75%)	56,900	20,450	25,290	102,640
Term loan from banks (Linked with MCLR/Base Rate of respective banks)	217,627	114,752	97,938	430,317
Loan from National Housing Bank (4.86% to 9.75%)	17,067	11,159	18,155	46,381
Unsecured				
Redeemable Non convertible debentures (9.75% to 10.00%)	-	1,800	6,600	8,400
Fixed deposit (8.25% to 11%)	7,175	866	125	8,166
Total	298,769	149,027	148,108	595,904

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

6. Deferred tax liabilities / (assets) net

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
A. Deferred tax liabilities		
Deferred tax liability on special reserve		3,882
On difference between book balance and tax balance of assets		75
		3,957
B. Deferred Tax Assets		
On account of provision for contingency		1,872
On account of provision for employee benefits		103
Others		181
		2,156
Total (A-B)		1,801

7. Long term provisions

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
Provision for contingencies		
On standard assets		2,635
On non performing assets		2,603
Provision for employee benefits		
Provision for gratuity		8
Provision for compensated absences		423
Total		5,669

7.1 Provision for non Performing housing and property loans

Provision in respect of standard, sub standard, doubtful and loss assets (read with note no.14) are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank and are as follows:

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
	Portfolio	Provisions
Standard assets		
Housing loans	587,040	1,632
Other property loans	139,816	1,003
	726,856	2,635
Sub standard Assets		
Housing loans	3,790	766
Other property loans	318	71
	4,108	838
Doubtful assets		
Housing loans	3,872	1,514
Other property loans	391	209
	4,263	1,723

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Particulars	(Rs. in Lakh)	
	As at March 31, 2018	
	Portfolio	Provisions
Loss assets		
Housing loans	43	43
Other property loans	-	-
Total	43	43
Total	735,270	5,239
Summary		
Housing loans	594,745	3,955
Other property loans	140,525	1,283
Total	735,270	5,238

7.2 Movement of provision for contingencies :

Particulars	(Rs. in Lakh)	
	Standard Assets	Non Performing Assets
	As at March 31, 2018	As at March 31, 2018
Balance at the beginning of the year	793	818
Add: Provision during the year	913	1,061
Add: Transferred on amalgamation	1,179	760
Less: Utilised during the year	250	36
Balance at the end of the year	2,635	2,603

8. Short term borrowings

Particulars	(Rs. in Lakh)
	As at March 31, 2018
Secured	
Loan repayable on demand from banks	2,539
Unsecured	
Commercial paper (net of unamortised discount of Rs. 429 Lakh)	32,071
Inter-corporate deposit	2,500
Total	37,110

- 8.1. Loans repayable on demand comprises of Cash credit facilities from banks and are secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company's book debts, housing loans and the whole of the present and future movable assets of the Company as applicable. All cash credit facilities are repayable as per the contracted / rollover term.
- 8.2. Commercial papers of the Company have a maturity value of Rs. 32,500 Lakh. Yield on commercial paper varies between 7.20% to 7.90%.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

9. Trade payables

Particulars	(Rs. in Lakh)
	As at March 31, 2018
a) Total outstanding dues to micro enterprises and small enterprises	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	
Payable to service providers	1,382
Total	1,382

There is no amount due and payable to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. No interest has been paid/ is payable by the Company during / for the year to these 'Suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

10. Other current liabilities

Particulars	(Rs. in Lakh)
	As at March 31, 2018
Current maturities of long-term borrowing (refer note 5)	85,416
Interest accrued but not due - fixed deposit	66
Interest accrued but not due - other borrowings	6,072
Unclaimed dividend	6
Unclaimed matured deposits and interest accrued thereon	235
Others	
Book overdraft	59,075
Advance from customers	355
Statutory remittances	501
Amount payable under securitisation/ joint syndication transaction	1,795
Other current liabilities	2,571
Total	156,092

10.1 The Company has transferred a sum of 0.38 Lakh during the year March 31, 2018 being Unclaimed Dividend to Investor Education and Protection Fund under section 124 of the Companies Act, 2013 .

11. Short term provisions

Particulars	(Rs. in Lakh)
	As at March 31, 2018
Others	
Provision for Income tax (net of advance tax)	347
Total	347

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

12. Fixed Assets:

Particulars of Assets	(Rs. in Lakh)										
	As at April 1, 2017	Acquired on Amalgamation	Additions	Disposal / Adjustment	As at March 31, 2018	Up to April 1, 2017	Depreciation for the year	Deduction / Adjustment	Upto March 31, 2018	As on March 31, 2018	As on March 31, 2017
Tangible Assets :											
Freehold Land	20	7	-	-	27	-	-	-	-	27	20
Building - Owned	-	13	-	-	13	-	-	-	-	13	-
Furniture & Fixture	200	697	233	-	1,130	119	105	-	224	906	81
Office Equipments	114	228	106	-	448	71	55	-	126	322	43
Vehicles	26	1	36	23	40	6	5	6	5	35	20
Computer	234	284	345	2	861	160	174	-	334	527	74
Sub Total	594	1,230	720	25	1,289	356	339	6	689	1,830	238
Intangible Assets :											
Software	69	43	56	-	168	61	24	-	85	83	8
Sub Total	69	43	56	-	168	61	24	-	85	83	8
Total (As at March 31, 2018)	663	1,273	776	25	2,687	417	363	6	774	1,913	246

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

13. Non current investments

(Rs. in Lakh)

Particulars	As at March 31, 2018
Investment in quoted equity instruments	
Reliance Power Limited (222 Equity Shares of Face value of Rs. 10 each)	1
Capital First Limited (172 Equity Shares of Face value of Rs. 10 each)	1
Mangalore Refinery and Petrochemical Limited (3000 Equity Shares of Face value of Rs. 10 each)	3
	5
Investment in quoted Bonds (Government Securities)	
6.57% GOI Bonds 2033 (Nos : 5,00,000 Face Value of Rs. 100/- each)	480
	480
Total investments	485
Less : Provision for diminution in the value of investment	(14)
Total	471
Aggregate book value of quoted investments	485
Aggregate book value of unquoted investments	-
Market value of quoted investments	471

13.1 Investment in government securities aggregating to Rs. 480 Lakh carry a floating charge in favour of depositors of fixed deposits read with note no 5.6.

13.2 Movement of provision for diminution in the value of investment

(Rs. in Lakh)

Particulars	As at March 31, 2018
Balance at the beginning of the year	-
Add: Provision during the year	14
Less: Utilised / reversed during the year	-
Balance at the end of the year	14

14. Housing and property loans

(Rs. in Lakh)

Particulars	Non-Current Portion	Current Portion
	As at March 31, 2018	As at March 31, 2018
Secured		
Housing loans		
Standard loans	615,649	30,662
Sub-Standard loans	3,790	-
Doubtful loans	3,872	-
Loss assets	43	-
Total Housing Loans	623,354	30,662
Less : Assigned Portion of Housing Loans	58,320	1,624
Net Housing loans	565,034	29,038
Other property loan		
Standard loans	134,099	7,088
Sub-Standard loans	318	-
Doubtful loans	391	-
Loss assets	-	-
Total Other Property Loans	134,808	7,088

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Particulars	(Rs. in Lakh)	
	Non-Current Portion	Current Portion
	As at March 31, 2018	As at March 31, 2018
Less : Assigned Portion of Property Loans	1,334	37
Net Property Loans	133,474	7,051
Other loans		
Loan given to Dewan Housing Finance Corporation Limited under joint syndication for project Loan	617	56
	617	56
Total Loan Book	699,125	36,145
Summary:		
Housing loans	623,354	30,662
Other property loan	134,808	7,088
Total Housing and Property Loans under Company's management	758,162	37,750
Add : Other loans	617	56
Less : Assigned Portion of Housing Loans and Property Loans	59,654	1,661
Total Housing and Property Loans	699,125	36,145

- 14.1 Loans granted by the company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of Life Insurance Policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good.
- 14.2 Composite loans sanctioned (i.e. loans allowed for purchase of plot and self construction of house) on or before March 31, 2015 in which construction has not started till March 31, 2018, as per information available with the Company, is excluded from the housing loan and regrouped under other property loans in above outstanding as on March 31, 2018 aggregating to Rs. 2,164 Lakh.
- 14.3 Property loans consists of non housing loans such as mortgage loans, commercial loans, plot loans and lease rental finance and other loans which are all against real estate properties and which are not covered under the housing loan criteria of NHB.
- 14.4 Housing loan (Current and non current) includes Rs. 1,085 Lakh given to employees of the Company under the staff loan.
- 14.5 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loans. The Insurance portion amounting to Rs. 29,623 lakh helps in mitigating the risk and secures the Company's Loan portfolio against any eventuality.
- 14.6 Total Housing and Property Loans include Rs. 474 Lakh on account of principal portion of EMI receivable / due for more than 90 days.
- 14.7 The Company has entered into a loan syndication agreement with Dewan Housing Finance Corporation Ltd (DHFL) to provide housing and property loans to borrowers wherein DHFL originates loan files through its branches and get it processed under common credit norms. Aadhar Housing Finance Ltd have agreed to participate in some of the loan disbursed by DHFL under the loan syndication agreement,
- 14.8 The Company has assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates Rs. 61,315 Lakh. These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

14.9 Detail of Assignment transactions undertaken during the year:

Particulars	(Rs. in Lakh)	
		As at March 31, 2018
No of accounts / Pools		3
Aggregate value (Net of Provisions) of accounts assigned		35,341
Aggregate consideration		35,341
Additional consideration realized in respect of accounts transferred in earlier years		-
Aggregate gain over net book value for the year		-

14.10 The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing Non- Performing Assets in preparation of accounts. The Company has made adequate provision on Non-performing Assets as prescribed under Housing Finance Companies (NHB) Directions 2010.

The Company has made provision on outstanding standard loans as prescribed under Housing Finance Companies (NHB) Directions 2010 and Notifications as amended from time to time.

15. Other long term loans and advances

Particulars	(Rs. in Lakh)	
		As at March 31, 2018
Unsecured and considered good unless stated otherwise		
Security deposits		365
Prepaid expenses		1,074
Income tax paid in advance (net of provisions)		217
Capital advance		177
Total		1,833

16. Other non current assets

Particulars	(Rs. in Lakh)	
		As at March 31, 2018
Bank balance in deposit account maturity date more than twelve months (refer note 19.1)		135
Total		135

17. Current investments (At cost or market value whichever is lower)

Particulars	(Rs. in Lakh)	
		As at March 31, 2018
Investment in quoted mutual funds		
Units 115682.565 HSBC Cash Fund		2,000
Units 80701.305 IDBI Liquid Fund		1,500
Units 83711.913 Invesco India Liquid Fund		2,000
Units 52291.943 Peerless Liquid Fund		1,000
Units 124997.281 BOI AXA Liquid Fund		2,500
Units 84030.277 L&T Mutual Fund - Liquid Fund		2,000
Units 47665.475 LIC Mutual Fund - Liquid Fund		1,500
Units 88983.742 M & M Liquid Fund - Direct Growth		1,000
Units 54607.458 Mirea Assets Cash Management Fund - Direct Growth		1,000

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Particulars	(Rs. in Lakh)
	As at March 31, 2018
Units 118258.287 Principal Cash Management Fund - Direct Growth	2,000
Units 35431.482 Reliance Liquid Fund Treasure Plan - Direct Growth	1,500
Units 52129.115 SBI Magnum Insta Cash Plus Fund - Direct Growth	2,000
	20,000
Current maturity of Non Current Investments	
Investment in quoted Bonds (Government Securities)	
6.05% GOI Bonds 2019 (Nos : 5,00,000 Face Value of Rs. 100/- each)	483
	483
Total	20,483
Aggregate book value of quoted investments	20,483
Aggregate book value of unquoted investments	-
Market value of quoted investments	20,507

17.1 Current Maturity of Investment in government securities aggregating to Rs. 483 Lakh carry a floating charge in favour of depositors of fixed deposits read with note no 5.6.

18. Trade Receivables

Particulars	(Rs. in Lakh)
	As at March 31, 2018
Secured and considered good	
Less than six months	
EMI / PEMI receivable due for less than 90 days	1,067
Others	264
Total	1,331

19. Cash and bank balances

Particulars	(Rs. in Lakh)
	As at March 31, 2018
Cash and cash equivalents	
Cash on hand	636
Balances with banks	
In current accounts	13,276
in deposits accounts with original maturity of less than 3 months	5,000
Total cash and cash equivalents	18,912
Other bank balances	
Fixed deposits less than 12 months maturity	796
Fixed deposits more than 12 months maturity	135
	931
Less :Fixed deposits more than 12 months maturity (refer note 16)	(135)
Total other bank balances	796
Total	19,708

19.1 Bank balance in deposit account maturity less than twelve months and more than twelve months to the extent of Rs.293 Lakh carry a floating charge in favour of depositors of Fixed Deposits read with note no 5.6.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

20. Short term loans and advances

(Rs. in Lakh)	
Particulars	As at March 31, 2018
Unsecured and considered good unless stated otherwise	
Receivable from related parties	
Other dues from related parties	20
Investment in inter-corporate deposits	300
Less : Provision for diminution in the value of investment	(300)
	-
Others	
Loans to employees	12
Prepaid expenses	494
Advance for expenses	55
Total	581

21. Other current assets

(Rs. in Lakh)	
Particulars	As at March 31, 2018
Asset held for sale (refer note 21.1)	1,017
Interest accrued on investments	96
Gratuity asset (net)	-
Total	1,113

21.1. Asset held for sale consists of properties purchased by the Company in auction under SARFAESI Act being non banking asset.

22. Revenue from operations

(Rs. in Lakh)	
Particulars	For the year ended March 31, 2018
Interest income	
Interest on housing and property loans	70,536
Interest on fixed deposits	171
Interest on government bonds	68
Other interest	5
	70,780
Revenue from other financial services	
Loan processing fee	6,168
Other loan related charges	1,681
	7,849
Intermediary services	628
Other operational treasury income (net)	
Profit on sale of investments in mutual funds and other investments	1,462
	1,462
Total	80,719

22.1 Revenue from other financial services is net of the amount paid / payable towards Business Sourcing and related expenses amounting to Rs. 1,577 Lakh.

22.2 The Company has de-recognized total interest income on Non Performing Assets upto March 31, 2018 of Rs. 1,621 Lakh in accordance with the requirement of the National Housing Bank.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

23. Other income

(Rs. in Lakh)	
Particulars	For the year ended March 31, 2018
Miscellaneous income	12
Total	12

24. Finance costs

(Rs. in Lakh)	
Particulars	For the year ended March 31, 2018
Interest on term loans	31,896
Interest on fixed deposits	740
Interest on non convertible debentures	9,150
Interest on others	3,564
Finance charges	851
Total	46,201

25. Employee benefits expense

(Rs. in Lakh)	
Particulars	For the year ended March 31, 2018
Salaries, bonus and other allowances	9,447
Contribution to provident fund and other funds	1,025
Staff welfare expenses	289
Total	10,761

26. Admin and other expenses

(Rs. in Lakh)	
Particulars	For the year ended March 31, 2018
Rent	806
Rates and taxes	4
Travelling expenses	997
Printing and stationery	256
Advertisement and business promotion	573
Insurance	268
Legal and professional charges	525
Auditors remuneration (refer note below 26.2)	66
Postage, telephone and other communication expenses	431
General repairs and maintenance	138
Bad-debts written off (net of utilised from Provision Rs. 286 Lakh)	332
Electricity charges	189
Directors sitting fees and commission	47
Corporate social responsibility expenses (refer note below 26.1)	23
Goods and service tax /service tax expenses	509
Other expenses	364
Total	5,528

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

- 26.1 a) The gross amount required to be spent by group during the year is Rs. 110 Lakh .
- b) Amount mentioned above were paid in cash during the respective financial year and were incurred for the purpose other than construction / acquisition of any asset.

26.2 Details of auditors remuneration :

Particulars	(Rs. in Lakh)
	For the year ended March 31, 2018
Audit fees	58
Tax audit fees	8
Total	66

26.3 Directors sitting fees and commission includes Rs. 15 Lakh of commission which will be paid after the financial statements for FY 2018 are adopted by the Members of the Company at the ensuing Annual General Meeting.

27. Earnings per share

The following is the computation of earnings per share on basic and diluted earnings per equity share:

Particulars	(Rs. in Lakh)
	For the year ended March 31, 2018
Net profit after tax attributable to equity shareholders (Rs. In Lakh)	9,963
Weighted average number of equity shares outstanding during the year (Nos)	2,14,65,292
Add: Effect of potential issue of shares/ stock options *	-
Weighted average number of equity shares outstanding during the year and potential shares outstanding (Nos)	2,14,65,292
Face value per equity share (Rs.)	10
Basic earnings per equity share of Rs. 10/- each	46.41
Diluted earnings per equity share of Rs. 10/- each	46.41

* not considered when anti-dilutive

28. Amalgamation

In terms of the Scheme of Amalgamation ("the Scheme"), approved by the National Company Law Tribunal ("NCLT") on October 27, 2017, with an appointed date of April 01, 2016 and an effective date of November 20, 2017 ('the Effective Date'), being the date on which all the requirement of Companies Act, 2013 were completed, Aadhar Housing Finance Limited (the "Transferor Company") has been amalgamated with the Company ("Transferee Company"). Upon the amalgamation, the undertaking and the entire business, including all assets and liabilities of erstwhile Aadhar Housing Finance Limited stand transferred to and vested in the Transferee Company. The amalgamation has been accounted under "Purchase Method" as envisaged in the Scheme and Accounting Standard (AS) – 14 "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules, 2006. Accordingly, the assets and liabilities taken over on amalgamation of the Transferor Company are fair valued as on the appointed date. Further, in consideration, the Company has issued equity shares in accordance with the approved swap ratio to the shareholders of the Transferor Company. These shares are fair valued for the purpose of recording in the books of account (capital and share premium) based on the equity valuation considered in arriving at the swap ratio by an independent firm of Chartered Accountants.

As per the Scheme, the name of DHFL Vysya Housing Finance Limited changed to Aadhar Housing Finance Limited, the name of Transferor Company.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

- i. Details of the fair value of assets and liabilities as at April 01, 2016 acquired on amalgamation and treatment of the difference between the fair value of net assets acquired is as under:

Particulars	(Rs. in Lakh)
Fixed assets	861
Housing and other loans	1,93,540
Investments	1,950
Cash and bank balances	10,909
Trade receivables	362
Loans and Advances	136
Other assets	1,163
Deferred tax assets (net)	242
Total assets (A)	2,09,163
Borrowings	1,45,316
Provisions	1,959
Other liabilities	36,205
Total liabilities (B)	1,83,469
Net assets (C=A-B)	25,683
Liabilities recorded towards merger expenses (including provision on standard assets)(D)	133
Net assets accounted on amalgamation (E=C-D)	25,550
Fair value of 84,03,362 equity shares at Rs. 291.5 each to be issued to the equity shareholders of Transferor Company as at April 01, 2016 (F)	24,495
Amalgamation adjustment reserve (to the extent of Statutory reserve) (G)	1,029
Capital reserve on amalgamation (I = E-F-G)	26
Accounted as	
Pending issue of 84,03,362 equity shares at Rs. 10, the same has been credited to share capital suspense account. These have been considered for the purpose of EPS calculation.	840
Securities premium on 84,03,362 equity shares at Rs. 10 at fair value per share Rs. 291.50/-.	23,655
Amalgamation adjustment reserve	1,029
Capital reserve on amalgamation	26
Total	25,550

In addition, the Transferor Company had issued shares of Rs. 5,000 lakh in December 2016. As per the Order, the Transferee Company has issued 17,22,000 equity shares of Rs. 10 each at fair value per share Rs. 291.50/- aggregating to Rs. 5,020 lakh against these shares. Thus the capital reserve on this issue is adjusted against the above Capital reserve on amalgamation resulting in a net capital reserve of Rs. 6 lakh.

The fair value surplus arising on the amalgamation amounting to Rs. 12,400 lakh is being amortised over a period of eight years being the fair estimate of the enduring benefits. Accordingly the charge for the year ended March 31, 2018 is Rs. 1,550 lakh (Rs. 1,550 lakh for the year ended March 31, 2017, debited to opening reserves) is debited to the Statement of Profit and Loss.

As the scheme has become effective from 20th November, 2017, the figures for the current year includes the operations of both the Transferor Company and Transferee Company. The profit for the year ended March 31, 2017 amounting to Rs. 2,587 Lakh has been adjusted to the opening reserves. Accordingly, the current year's figures are not strictly comparable to that of the previous year.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

29. Contingent liabilities

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018
Income tax matters of earlier years	127

The aforementioned contingent liabilities towards income tax have been paid under protest.

30. Commitments

30.1 Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2018 Rs. 100 Lakh.

30.2 Undisbursed amount of loans sanctioned and partly disbursed as at March 31, 2018 Rs. 49,058 Lakh.

31. Operating lease

The Company is obligated under non-cancellable leases for office space that are renewable on a periodic basis at the option of both lessor and lessee.

Future minimum lease payments under non-cancellable operating leases are as follows :

(Rs. in Lakh)

Particulars	As at March 31, 2018
Not later than 1 Year	348
Later than 1 Year and not later than 5 years	865
More than 5 Years	345

32. Segment reporting

The Company is engaged in the Housing Finance business - Financial Services and all other activities are incidental to the main business activity, and have its operations within India. Accordingly there are no separate reportable segments as per Accounting Standard 17 (AS-17) "Segment Reporting".

33. Employee benefits

33.1 The company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018
Contribution to provident fund	220
Contribution to pension fund	154
Contribution to ESIC	57

33.2 The company provides gratuity and leave encashment benefits to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

The following table sets out the funded status of the Gratuity and Compensated Absences benefit scheme and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

Particulars	(Rs. in Lakh)	
	For the year ended March 31, 2018	
	Gratuity	Compensated Absences
Liability at the beginning of the year	104	163
Acquired on amalgamation	119	347
Current service cost	75	165
Interest cost	15	34
Plan Amendment Cost	24	-
Actuarial (gain) /losses	98	166
Benefits paid	(20)	(85)
Liability at the end of the year	415	790

ii. Changes in Fair Value of Plan Assets

Particulars	(Rs. in Lakh)	
	For the year ended March 31, 2018	
	Gratuity	Compensated Absences
Plan Assets at the beginning of the year	105	-
Acquired on amalgamation	117	248
Expected return on plan assets	23	24
Actuarial Gain/(Loss)	(10)	(1)
Employer Contribution	176	96
Benefits Paid	(4)	-
Plan Assets at the end of the year	407	367

iii. Reconciliation of Fair Value of Assets and Obligations

Particulars	(Rs. in Lakh)	
	For the year ended March 31, 2018	
	Gratuity	Compensated Absences
Fair value of Plan Assets at the end of the year	407	367
Present Value of Obligation	415	790
Amount Recognised in Balance Sheet	(8)	(423)

iv. Expenses recognized in Statement Profit and Loss

Particulars	(Rs. in Lakh)	
	For the year ended March 31, 2018	
	Gratuity	Compensated Absences
Current Service Cost	75	165
Interest Cost	15	34
Expected Return on Plan Assets	(23)	(24)
Net Actuarial (Gain)/ loss to be recognized	108	167
Plan Amendment cost / Direct Payment	25	21
Expenses recognized in the profit and loss account under employee expenses	175	343

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

v. Actuarial Assumptions

Particulars	For the year ended March 31, 2018	
	Gratuity	Compensated Absences
Mortality Table	(Ultimate)	(Ultimate)
Discount Rate	7.6%	7.6%
Expected rate of return on plan asset (per annum)	7.5%	7.5%
Salary Escalation Rate	8%	8%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary.

The expected rate of return on plan asset is determined considering several applicable factors , mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Company's policy for plan assets management.

vi. Amount recognised in current year and previous year

Gratuity :

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Defined benefit obligation	415	104	79	71	60
Fair value of plan asset	407	105	97	93	78
(Surplus)/ Deficit in the plan	8	(1)	(18)	(22)	(18)
Actuarial (gain)/loss on plan obligation	98	7	(4)	1	(6)
Actuarial gain/(loss) on plan asset	(10)	-	-	2	(3)

Compensated Absences :

(Rs. in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Defined benefit obligation	795	163	NA	NA	NA
Fair value of plan asset	367	-	NA	NA	NA
(Surplus)/ Deficit in the plan	428	163	NA	NA	NA
Actuarial (gain)/loss on plan obligation	135	-	NA	NA	NA
Actuarial gain/(loss) on plan asset	1	-	NA	NA	NA

34. Employee stock option plan

Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018" / "Plan")

During the year, the Company has approved the ESAR 2018, which covers eligible employees of the Company. The scheme was approved by the shareholders of the company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on March 26, 2018.

ESAR 2018 plan will be effective from April 1, 2018.

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

35. Foreign currency transactions

Particulars	(Rs. in Lakh)
	For the year ended March 31, 2018
Foreign business travel	4
Directors sitting fees (IFC)	3
Total	7

36. Related party transactions

List of related parties with whom transactions have taken place during the year and relationship:

S.No	Relationship	Name of Related Party
1.	Holding Company	Wadhawan Global Capital Limited (Formerly Known as Wadhawan Global Capital Private Limited)
2.	Enterprise having Significant Control	International Finance Corporation (Washington)
3.	Wholly Owned Subsidiary	Aadhar Sales and Service Private Limited
4.	Associate Companies	Dewan Housing Finance Corporation Limited
5.	Other Group Companies	DHFL Pramerica Life Insurance Company Limited DHFL General Insurance Limited DHFL Sales and Services Private Limited DHFL Pramerica Asset Manager Avanse Financial Services Limited
6.	Key Management Personal	Kapil Wadhawan – Chairman and Director Deo Shankar Tripathi - Managing Director and CEO (w.e.f 21-11-2017) Shri. R Nambirajan Managing Director (upto 02-07-2017)

Transactions with Related Parties:

Name	Particulars	(Rs. in Lakh) For the year ended March 31, 2018
Income :		
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	254
DHFL General Insurance Limited	Intermediary Services	283
Dewan Housing Finance Corporation Limited	Other Income	1
Expenditure:		
Dewan Housing Finance Corporation Limited	Services	83
Dewan Housing Finance Corporation Limited	Rent	152
Dewan Housing Finance Corporation Limited	Legal and Professional Fees	6
DHFL Pramerica Life Insurance Company Limited	Insurance Premium	6
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	191
Shri. R Nambirajan	Remuneration	38
Dividend Payment :		
Wadhawan Global Capital Private Limited	Dividend Payment	651
Dewan Housing Finance Corporation Limited	Dividend Payment	73
Others :		
Wadhawan Global Capital Limited	Proceeds received on allotment of Equity Shares	5,000
International Finance Corporation	Proceeds received on allotment of Equity Shares	6,500

Significant Accounting Policies and Notes to the Accounts

for the year ended March 31, 2018

Balances with Related Parties:

		(Rs. in Lakh)
Name	Particulars	As at March 31, 2018
Dewan Housing Finance Corporation Limited	Receivable	20
Dewan Housing Finance Corporation Limited	Payable	105
Dewan Housing Finance Corporation Limited	Deposit	16
DHFL Pramerica Life Insurance Company Limited	Receivable	71
DHFL Pramerica Life Insurance Company Limited	Deposit	22
DHFL General Insurance Limited	Receivable	168
DHFL General Insurance Limited	Deposit	20

37. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act.

Name of the entity in the	Net assets i.e. Total Assets minus Total Liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount (Rs. in Lakh) As at March 31, 2018	As % of Share of profit	Amount (Rs. in Lakh) As at March 31, 2018
Parent				
Aadhar Housing Finance Limited	99.92%	69,893	109.25%	10,885
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.08%	58	(9.25%)	(922)

38. These consolidated financial statements are Group's first financial statements considering subsidiary company is incorporated during the current financial year, hence comparable for the previous year are not available.

In terms of our report attached.

For Chaturvedi S.K. & Fellows

Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi

Partner
ICAI MN: 070019

Place: Mumbai

Dated: April 24, 2018

For Deloitte Haskins & Sells LLP

Chartered Accountants
ICAI FRN : 117366W/W-100018

G.K Subramaniam

Partner
ICAI M N : 109839

Place: Mumbai

Dated: April 24, 2018

For and on behalf of the Board of Directors

Kapil Wadhawan

Chairman
DIN 0028528

Suresh Mahalingam

Director
DIN 01781730

G. P. Kohli

Director
DIN 00230388

Anmol Gupta

Chief Financial Officer

Deo Shankar Tripathi

Managing Director & CEO
DIN 07153794

Sridar Venkatesan

Director
DIN 02241339

Sasikala Varadachari

Director
DIN 07132398

Srikant V.N.

Company Secretary



[Formerly Known as DHFL Vysya Housing Finance Ltd]

www.aadharhousing.com

Registered Office

Aadhar Housing Finance Ltd.

CIN: 66010KA1990PLC011409
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