Annual Report 2019-20

Aadhar Housing Finance Ltd

GHAR BANEGA, TOH DESH BANEGA.

Sapne Tumhare
Aadhar Hamara

What you dream, we strive to make it happen.

With an all-inclusive Bharat strongly emerging from the shadows of the few developed metros, the opportunity has not only given us the courage to dream bigger, but also the faith that we can achieve our dreams, we once thought unthinkable.

One such dream, is owning your home.

In the past year, a slew of initiatives from the government and the impetus on a home for all has translated into a steady growth in affordable housing, giving much needed boost to the home owning dreams of millions of Indians.

At Aadhar, we understand the value of these dreams and the toil you put in to achieve them, and work hand-in-hand with you to nurture your home owning aspirations.

Despite the challenges and tribulations in the year gone by, we have marched strongly, forward towards enabling housing for all.

With our extensive reach, trust and strong relationships at the grassroots, we continue to strive towards creating a stronger, resilient and self-reliant India.

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Visit: https://aadharhousing.com/investor-relations/aadhar-housing-annual-reports.php
to view our report online

Forward-Looking Statements

This report and other statements - written and oral - that we periodically make, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

Key Managerial Personnel

Shri Deo Shankar Tripathi
Managing Director & CEO

Shri Rajesh Viswanathan
Chief Financial Officer

Shri Sreekanth V N
Company Secretary & Compliance Officer

Bankers*

Axis Bank Ltd.
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Central Bank of India
DBS Bank India Ltd
DCB Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Indian Bank
Indian Overseas Bank
Karnataka Bank Ltd.
Kotak Mahindra Bank
National Housing Bank
Punjab National Bank
Shinhan Bank
South Indian Bank Ltd.
State Bank of India
The Catholic Syrian Bank Ltd
The Federal Bank Ltd.
Union Bank of India
Yes Bank Ltd.

Joint Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants

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

Chaturvedi S K & Fellows
Chartered Accountants

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

Debenture Trustees:

Beacon Trusteeship Ltd.
4C & D, Siddhivinayak Chambers, Gandhi Nagar
Opp. MIG Club, Bandra East, Mumbai - 400 051

Ph. No.: +91 022 2655 8759
Email Id: contact@beacontrustee.co.in
Website : www.beacontrustee.co.in

Catalyst Trusteeship Limited
(Formerly known as GDA Trusteeship Ltd.)

GDA House, 94/95, Plot No. 85, Bhusari Colony,
(Right) Kothrud, Pune - 411 038

Ph. No.: +91 020 2528 0081
Email Id: dt@ctltrustee.com
Website : www.catalysttrustee.com

Holding Company

BCP Topco VII Pte. Ltd., Singapore

Compliance Officer:

Shri Sreekanth V.N.
Company Secretary & Compliance Officer

201, Raheja Point-1, Nehru Road, Vakola,
Santacruz (E), Mumbai - 400 055

Phone No.: +91 022 3950 9931, Email:
complianceofficer@aadharhousing.com

Stock Exchange

BSE Ltd.
P.J. Towers, Dalal Street,
Mumbai - 400 001

Ph. No. +91 022 22721234
Email: corp.comm@bseindia.com
Website: www.bseindia.com

Depositories 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. No. : +91 022 24994200
Email id: info@nsdl.co.in
Website : www.nsdl.co.in

Central Depository Services (India) Ltd. (CDSL)
Marathon Futurex, A-Wing, 25th Floor, N M Joshi
Marg, Lower Parel, Mumbai - 400 01

Email id: helpdesk@cdslindia.com
Website : www.cdslindia.com

Registrar & Transfer Agents:

KFin Technologies Pvt. Ltd.
(Formerly known as Karvy Fintech Pvt Ltd.)

Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032.

Ph. No : +91 040 67161663
Email id : einward.ris@kfintech.com
Website : www. Kfintech.com

3i Infotech Ltd.
Tower # 5, 3rd Floor, International Infotech Park
Vashi, Navi Mumbai - 400 703.

Ph. No. : +91 022 71238000,
Email id: vijaysingh.chauhan@3i-infotech.com
Website: www.3i-infotech.com

Registered Office:

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. No.: +91 022 3950 9900,
Fax No. +91 022 3950 9934
Email id: customercare@aadharhousing.com
Website : www.aadharhousing.com

Board of Directors:

1. **Shri Om Prakash Bhatt**
   Independent Director
   (Non-Executive Chairman of the Board)
2. **Dr. Nivedita Haran**
   Independent Director
3. **Shri Amit Dixit**
   Non-Executive Director (Nominee)
4. **Shri Neeraj Mohan**
   Non-Executive Director (Nominee)
5. **Shri Mukesh Mehta**
   Non-Executive Director (Nominee)
6. **Shri Deo Shankar Tripathi**
   Managing Director & CEO

*List of Banks is post-merger of Banks.

The Aadhar of Your Cherished Aspiration

While you continue to dream and aim to own your dream home, we at Aadhar Housing Finance Ltd. (AHFL/Aadhar Housing), are constantly by your side in helping you realise this dream.

Powered by our philosophy of care, and propelled by our understanding of this deep-rooted desire, we endeavour, consistently and constantly, to bring these millions of aspirational Indians into the growing fold of homeowners.

We work, dedicatedly and committedly, to create the foundations on which these individuals, belonging to the lesser privileged strata of society, can build the homes of their dreams. In doing so, we continue to provide value backed by trust and transparency, to all our stakeholders.

Strategic framework of strengths

Our robust and customer-oriented framework of strategic strengths guides our efforts to bring their dream homes within the reach of these excluded Indians

Blackstone as a Majority Shareholder and Experienced Management

Leveraging its experience to chart a focussed & futuristic growth-oriented strategy for the Company

De-Risked Business Model

That is designed to ensure operational and cost efficiencies, and provide affordable access to customers

Diversified Product Portfolio

Crafted to meet the unique needs of customers across geographies, in urban and semi-urban areas

Strong Distribution Efficiencies

Backed by a robust network of 294 branches, covering 10,700 locations in 20 States (including Union Territories)

Dedicated Team of 300 Credit Experts

Enabling sustained asset quality, to help in efficient execution of our agenda of providing risk-free and speedy housing finance

Technological Prowess

For optimal resource utilisation, to infuse efficiencies across the Aadhar business value chain (from lifecycle management, to customer transparency, reduction in the cost of operations, customer satisfaction, lowering of Cost to Income ratio, and profitability)

Building a new legacy

FY 2019-20 witnessed a major scaling up of Aadhar's value proposition with the completion of the acquisition process by the Blackstone Group, which is now a 98.7% majority shareholder in the Company. Two tranches of funds infusion totalling ₹ 1,300 Crores in the year by Blackstone, credited with being the world's biggest Private Equity player and having very high goodwill with India's banking community, injected fresh impetus into the Company. Even as it underscored the strong Aadhar business model, the acquisition paved the way for the creation of a new legacy – more powerful than before. The smooth cultural and business integration that followed the change in Aadhar's shareholding pattern has unleashed a new wave of growth for the Company, which will help the Company's sustained growth and performance amid the challenging economic environment.

COVID-19 & Beyond

The inherent strengths of an organisation are best seen in its responsiveness to challenges. The unprecedented COVID-19 crisis and the subsequent lockdown triggered a new set of complexities for the industry, as it did for the entire global economy. This necessitated a sudden transition to a new way of functioning in order to maintain business continuity. Leveraging on our vast network and reach and backed by our strong operations support, communication & technology; we transitioned quickly to adjust to the challenging situation. Our COVID-19 Task Force ensured the safety of our people as they continued to serve the needs of our customers during the lockdown.

OUR CUSTOMER PROMISE

With customer-centricity the overarching proposition of our strategy, we remain committed towards strict adherence to transparent and ethical business practices, aligned to the highest standards of corporate governance.

With customer trust being of central importance in our brand philosophy, we ensure that we follow the highest standards of accuracy in accordance with the regulations as set down by statutory bodies.

7 pillars of the AHFL customer promise

- Always treat you fairly and with respect & 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

OUR VISION

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

OUR 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 the maximum number of people can be eligible for loans

OUR VALUES

Our values are a reflection of our focus and dedication to delivering our brand promise of **'Ghar Banega, Toh Desh Banega"**

- **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 & 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.

Validating the Aadhar Trust & Value

The long-term AA rating by CARE and Brickworks, as well as the short-term ratings of A1+ and A1 by ICRA and CRISIL respectively, underscored Aadhar's intrinsic strengths and its growing customer base, thus validating the continued trust and confidence of the stakeholders notwithstanding the massive flux in the industry during the year.

Operational Highlights

₹ 3,190 Crores
Total Disbursement

14%
Growth in AUM

17%
Growth in PAT

₹ 11,432 Crores
Total AUM

₹ 8.4 Lakhs
Average Ticket Size of Total Loan Portfolio

0.82%
Retail gross NPA on AUM

30%
Percentage of Financing in Semi-Urban and Rural locations

65%
Percentage of Loans to Salaried Employees on AUM

20
No. of States (including Union Territories)

8,000
No. of Locations

294
Number of Branches

2,097
Number of Employees

Channel Partners

Aadhar Mitras - 6,818
Aadhar Channel Partners (ACPs) – 3,053
REs – 156

Message from MD and CEO

> The COVID-19 crisis at the end of year – a period that is traditionally critical to the Company's target realisation and growth – did impact business, but with our prudent approach powering operational and cost efficiencies, we successfully battled the catastrophe to post 17% year-on-year growth in our total loan book as of 31st March, 2020.

Amid a challenging macro environment, underlined by a spate of industry and market-related trials and tribulations, your Company sustained its overall performance during FY 2019-20, at the back of several positive strategic Government and RBI interventions, coupled with our own inherent strengths and the agility with which we effectively responded to the multitude of challenges.

The COVID-19 crisis at the end of year – a period that is traditionally critical to the Company's target realisation and growth – did impact business, but with our prudent approach powering operational and cost efficiencies, we successfully battled the catastrophe to post 17% year-on-year growth in our total loan book as of 31st March, 2020. Our strong cash liquidity position and comfortable capital adequacy ratio enabled Aadhar to maintain business continuity without resorting to any hard-hitting cost control measures during the lockdown, thus helping us keep our growth strategy on track.

Leveraging opportunities to propel growth

A key propeller of this growth was the Company's focussed efforts to harness the opportunity matrix triggered at the start of FY 2019-20 by the various positive measures taken by the Reserve Bank of India (RBI), which infused considerable liquidity in the HFC segment and backed it up with more enablers for the industry in the interim and final budgets. The central bank came to the rescue once again in the post-COVID scenario, with several incentives to boost demand and supply, which are expected to translate into business revival once the pandemic pressures begin to ease off. With its robust framework of intrinsic strengths, powered by a strong legacy and lean business model, Aadhar is particularly well positioned to make the most of the demand-supply revival that will happen as the economy moves to rebuild itself in the months ahead.

Building on legacy & strengths

At the heart of Aadhar's growth-led business strategy is its powerful legacy, which was further strengthened by the Blackstone acquisition. Blackstone brought to the table its best-in-class systems designed to make processes smoother, a strong technological edge, and high levels of corporate governance, which have further augmented the Company's customer experience. Coupled with Aadhar's own legacy strengths, these have been instrumental in insulating the Company from some of the most devastating effects of the market turmoil which the HFC segment has been suffering over the past two years.

Well-formulated strategy

At the same time, our strategic thrust on keeping the product portfolio and geographical presence diversified has helped us keep the business de-risked and protected from various specific risks. We have also programmatically and judiciously balanced our business in such a way that the bulk of our customers come from the formal, salaried segment of the LIG and EWS categories – a decision that proved to be highly beneficial to the Company in the COVID times as it kept delinquencies and moratorium opt-ins low.

A small average ticket size of ₹ 8.4 Lakhs has further helped us in controlling NPAs, thus protecting us from any major adverse impact of the pandemic crisis. Though we do expect incidents of cheque bouncing and NPAs to go up in the next few months, the damage is not likely to be extensive, and we are also hopeful of recovering from it quickly, on account of our efficient and streamlined collection and recovery process, which we have further improved in recent weeks.

Cumulatively, these strengths have enabled us to maintain strong asset quality, which we have been able to leverage to our advantage in the times of turbulence.

Effective response to COVID

The effectiveness of our response to COVID played a crucial role in keeping Aadhar firmly on ground even as businesses across industries were collapsing. Led by our strong 'Care' ethos, we focussed aggressively during this distressing period on expanding our outreach to the customers, thus augmenting our grassroot connect through high-impact on-ground marketing activities. Even as we enhanced our frontend interface to address the concerns of customers across regions with several targeted awareness campaigns and handholding activities, we concurrently ensured that our back-end transitioned quickly and efficiently to the new business norms.

In addition to expediting our IT migration project with the support of our implementation partner, TCS, we steered an aggressive organisation-wide digitalisation and automation drive across functions. The fact that there was no business downtime during the lockdown period validates the efficiency and effectiveness of our transformational agenda.

Driven by people partnerships

Our people, I am proud to say, emerged as a key engine steering our transitional efforts in this difficult time, rising to the occasion with determination and courage, and adapting quickly to the new way of working. The responsiveness of our employees, and the resilience with which they moved with speed and agility to address the unprecedented challenges and business complexities ushered in by the COVID crisis, proved to be critical to Aadhar's success in sustaining its growth trajectory amid these testing times.

The speed and positivity with which they responded to the slew of skill upgradation and training programmes that had to be urgently put in place was, of course, one aspect of the ownership which our people took in managing the change. Another important facet was the manner in which they reached out to customers, often putting themselves at risk in order to support their needs. Many of them could be seen even going beyond the call of duty to partner the Company in its CSR efforts through several on-ground initiatives and activities. I would like to extend my heartfelt gratitude to our people, without whom we could not have handled the crisis as efficaciously as we did.

The year ahead

The resilience of our people, and in fact of each of us, is going to be tested further in the months ahead. The pandemic has pushed demand to a new low, which the Indian economy is still struggling to revive. While the Government of India is likely to take more steps to incentivise industry and boost business sentiment, the situation will take time to improve. In the near term, this would necessitate a cautious approach to business.

The focus, in the immediate future, would be more on collections and recoveries, as well as on pending disbursements, to clear the backlog of the past year. Going forward, we see business picking up in the segments and markets of our presence. Our strong presence in the Tier II, III, IV cities and smaller towns, and our targeted reach among the formal salaried class, will emerge as strong levers to catapult us to the next level of growth, on which the pandemic crisis had put temporary brakes. Digital, of course, will become an even bigger mantra of our business philosophy, and we aim to on-board more and more Digital Aadhar Mitras in the years ahead.

Needless to say, the central proposition of all these efforts would be on staying unwaveringly focussed on realising the dreams of the excluded Indians, and bringing more and more of them into the ambit of affordable housing. I am confident that in this endeavour, we shall continue to have the steadfast support of all our stakeholders, who have stood with us through all the ups and downs.

In conclusion, I would like to thank our regulators, National Housing Bank, Members of the Board, International Finance Corporation, RBI, IRDA, SEBI, BSE, NSE and our Bankers, NCD Holders and all stakeholders for their support in our journey. I would also like to thank all members of the Aadhar family, who have partnered us in our journey at all times. I also thank our customers for their sustained trust and confidence in the Company. I am confident that together, we shall continue to chart new frontiers of progress.

Sincerely,

Deo Shankar Tripathi
MD and CEO

De-Risked to Deliver Consistently

Trust being critical to the success of our growth strategy, we, at Aadhar, have put in place a highly de-risked business model, which is structured to insulate the Company from any external and internal risks to a significant extent. Our low-risk profile and high-risk management efficiencies ensure minimal impact of any industry or economic churn on our business performance. This strategic approach has enabled Aadhar to protect itself from all kinds of business vagaries and the onset of unexpected threats, as triggered by the COVID-19 pandemic and the subsequent lockdown towards the end of FY 2019-20.

Low Risk Profile

The business model of Aadhar is favourably skewed towards the formal, salaried category of the economically weaker and low-income segment of the home owner aspirants. This is a low-risk customer profile, which, by nature of its limited affordability, ensures a low average ticket size of ₹ 8.4 lakh for the Company. As a result of the limited customer liability, the overall NPA risk for Aadhar remains low.

What further augments our risk strategy is the well-balanced loan disbursements across profiles and products, with 84% and ~89% of the total loan book and new disbursements attributable to the home loans segments. The well-diversified geographical presence, with no state accounting for more than 16% of the business, also lends us the advantage of being largely insulated from region-specific risks.

Effective Risk Management

Notwithstanding the low-risk model that we have judiciously adopted, we are cognisant of the constant threat of macro and industry-related risks threatening business stability. The risks, if not managed effectively and expeditiously, can have a cascading impact on the entire value chain. At Aadhar, we have a well-structured risk management strategy, with strong risk mitigation processes in place. Leveraging our strong understanding of the nature of the various risks, we are continuously working to minimise our exposure to them, and to reduce the effects of their impact, across business functions.

- **ALM & Liquidity Risk Management –** Hundred percent financing from long-term borrowings and no dependency on short-term finances has ensured balanced asset liability maturity profile for the Company resulting in positive gaps across the structural buckets. Company's prudent liquidity management ensures strong liquidity position at all times averaging at comfortable ₹ 1,700 Crores during the year. Strong liquidity and primary capital infusion of ₹ 1,300 Crores by parent Blackstone Group has enabled us to maintain a low net leverage of 2.8 times and high capital adequacy at 51.42% as at 31st March, 2020. This emerged as a major strength for Aadhar as it empowered us with the ability to successfully battlethe challenging environment during FY 2019-20 and the economic impact of COVID-19.

- **Credit Risk Management –** In line with our continuing thrust on managing the credit risk efficiently, we piloted a unique, internally developed credit risk-assessment model during the year. The highly automated model is designed to facilitate data-driven portfolio assessment and superior risk categorisation of loans, into high, medium, and low-risk buckets, with the eventual objective to addressing each risk with specific custom-built solutions. Following the successful execution of the pilot, we are now expanding the project across the full portfolio of our products and offerings. Focussed measures will be taken to continuously strengthen the accuracy of the model, through regular assessments and interventions.

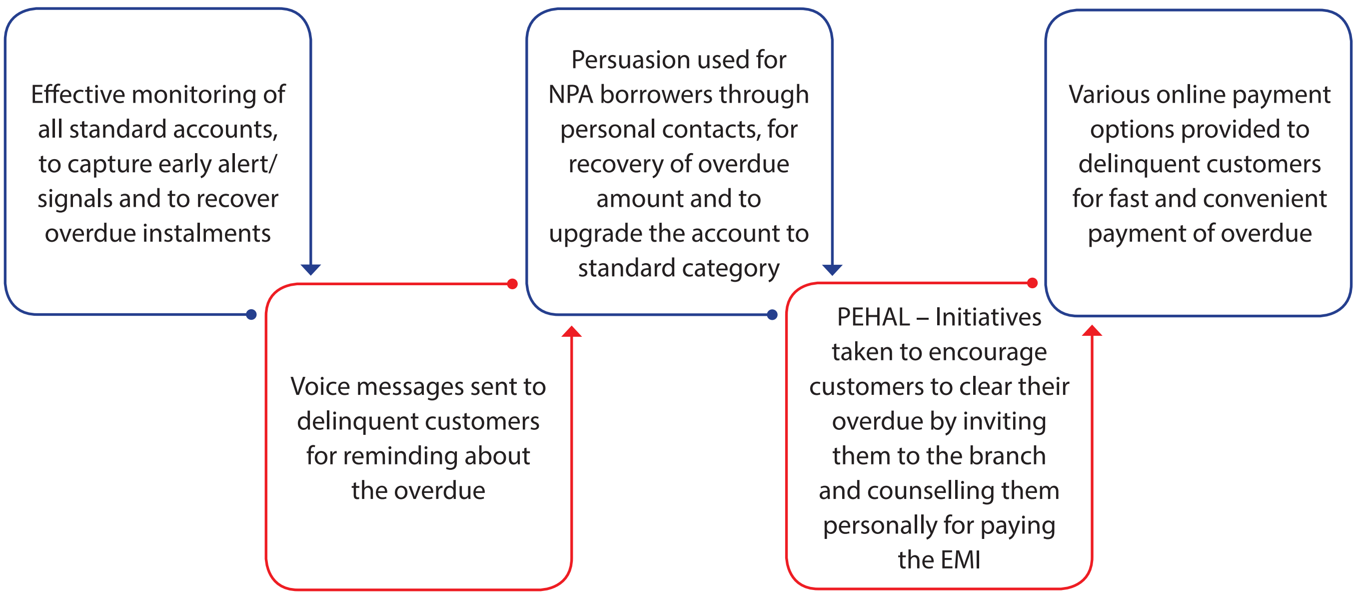
- **Multi-Source Funding –** In line with our efforts to keep our business model strategically diversified, we have ensured that our fund sourcing is also not limited to any one source but is spread across a wide range of channels. To meet our funds requirement, we source from banks and NCDs, and also opt for refinancing from the National Housing Bank (NHB) and Direct Assignments. Within the banking segment, our fund sourcing is spread out across nationalised, private and foreign banks.

  This strategy helps keep our dependency on any single source of funds to the minimum, while keeping our borrowing costs low. We have in the last fiscal raised ₹ 4,764 Crores despite the challenging market environment in FY 2019-20. We are now looking at further diversification, including raising debt from outside India. We also expect to benefit from the Government of India scheme to open a refinance window to infuse liquidity in the Indian HFC sector at very attractive rates.

Streamlined Collection & Recovery Process

As part of our sustained efforts to strengthen and streamline the collection and recovery processes at Aadhar, we have, in recent years, moved aggressively to digitalisation of EMI collections, even while the field collection teams stay in regular touch with borrowers to ensure high collection efficiency. The success of these efforts is manifest in our growing share of electronic EMI collection, which we further augmented during the COVID crisis, when physical collection became a challenge. Besides adding new digital payment modes, such as Razorpay and Paytm, to the system, we sharpened our focus during this period on collection mobilisation through a more unified approach and control on recovery. The approach is centred on Aadhar's focus on keeping the NPAs and the delinquencies low through regular and timely follow-ups, while maintaining the customer's respect and dignity. Real-time data sharing, strong internal process controls for timely information on cheque bounces and real-time receipt of returns are some of the measures that we shall augment further as we go forward towards revival of business in the months ahead.

Unified Approach



While the thrust remains on managing the collection process through this unified approach, we shall also continue to apply all legal tools, including the stringent provisions of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), in all NPA account cases, in order to enable upgradation of a large number of the NPA accounts, thus helping us keep the NPAs at a low level.

Fraud Control Unit

Our centralised Fraud Control Unit (FCU) continues to be a major facet of our risk management strategy. Equipped with specialists and experts, besides empanelled FCU vendors at all our branches, the FCU ensures thorough checking of all loan files for any fraud, and also deploys preventive strategies to check or counter fraud. While prevention is a key aspect of fraud control, deterrent action is also taken where necessary, with those ignoring the preventing measures facing penalisation. To further strengthen the fraud control mechanism, we have also centralised operational activities such as refunds, check authorisations, closures, and waivers, among others.

High Corporate Governance

At Aadhar, we remain committed to ensuring strict adherence to the highest levels of Corporate Governance and compliance to all industry-specific rules and regulations. We strictly follow all norms laid down by RBI and NHB, across our business operations. Our compliance framework encompasses asset classification and management of financial & liquidity ratios. The entire framework is designed to inspire confidence in the Board and the external stakeholders with respect to the Company's business. To sustain this confidence, we are working continuously to align our people with our compliance culture through regular training programmes. The members of our Audit committee maintain a strong oversight of the financial reporting process, the audit process, the Company's system of internal controls and compliance with laws and regulations. Further, our Internal audit system, including concurrent audits, provide the necessary checks at every stage, thus lending the Company a strong edge as a transparent, ethical, fair and responsible organisation.

Well-structured Credit Appraisal Process

The Way Forward

Going forward, we shall focus more sharply on further strengthening our underwriting, collection and control processes, as we gear up for reviving business sentiment in the post-COVID-19 scenario. While focussing on pending collections, we shall endeavour to slowly ramp-up business in the coming months, as part of our cautious strategic approach for the next few months. We believe that small initial disbursement targets will eventually pave the way for picking up pace once the situation eases off. Further, even though we have proactively strategised our collections with good results in the current unprecedented COVID environment, we shall continue to work on rationalising the operational costs of the Company.

Modelled to Realise Dreams

The low-cost and asset-light business model of Aadhar is efficiently structured to deliver maximum returns and value to all stakeholders without excessive financial burden on the Company. It is crafted to push efficiencies, optimise expenditure and consolidate business operations to continuously infuse new competencies and capabilities in the organisation. The strategy seeks to ensure wider reach and easy access for the affordable segment of the home seekers.

Stabilising the core

The COVID-19 environment challenged the stability of business, necessitating an even sharper focus on consolidation and optimisation. While many struggled to adapt to the changed situation, we, at Aadhar, found it less difficult to counter the strong headwinds during this period mainly due to the sustainable model which has been built over the years where focus have been on sustainable profitable growth with strong focus on portfolio health, collection capability and operational efficiencies.

At Aadhar, the process of stabilisation had, in fact, started in the second quarter of FY 2019-20, with the consolidation of branches as part of our strategy to improve execution and keep costs low. As against 311 branches in FY 2018-19, we closed FY 2019-20 with 294 branches.

As we moved to further balance our low-cost high penetration model between in-house and outsourced business models by increasing our spread of external channel partners, we also sharpened our focus on strengthening our light-cost `exclusive' channel partner network, comprising the Aadhar Mitras and Resident Executives. This model, with its large digital orientation, will help in supporting any shift in the operational strategy or systems that may be required in the post-COVID era.

The Aadhar network

Access to our affordable housing schemes is ensured in all markets through a well-entrenched distribution network that helps in effective delivery of our value-led proposition to the niche segments of our focus.

Our distribution network spans multiple channels, including Direct Sales Team (DST), Channel Partners, Digital Aadhar Mitras and Resident Executives, in addition to the traditional branch system. Together, these multiple pillars of our distribution model steer our well-strategised expansion thrust into new and emerging markets of growth, thus bringing affordable homes closer to the most excluded sections of the society in the remotest parts of the country. Resources are optimally distributed and used across these markets to help tap their potential most effectively and efficiently. Concurrently, the focus remains on expanding our outreach, which saw Aadhar almost double to 10,000+ locations during FY 2019-20.

Our business model encompasses a well-spread out network of branches and channel partners.

UNDERSTANDING THE MODEL

1

Branches

Notwithstanding the digital wave sweeping the industry, physical branches remain a key imperative of the Aadhar business model on account of the fact that the section of the society we cater to requires handholding and strong physical interaction, which the online structure is not designed to completely deliver. We also provide loans to a section which lacks formal income documentation, which necessitates local knowledge and understanding of local business. Cognisant of the specific needs of these sections, we realise that even though digital mediums create ease of transactions, physical interaction is needed to create ease of understanding. Physical contact also gives customers the desired human intervention in the segments and markets of our presence.

To address these specific needs of our unique clientele, we have put in place a robust network of branches across various levels, in accordance with the size, scale and potential of the business. However, our branch model is a low-cost model with minimum infrastructure and staff at branches, thus ensuring high level of efficiencies and productivity.

We also regularly incentivise the Ultra-Micro and Micro branches to become eligible for status upgradation, and these units are scaled into full-fledged branches once they achieve sizeable business and are able to break even.

2

Channel Partners

With close to 3,000+ and 12 Corporate Channels, this has emerged as a vital element of our growth strategy, contributing to 25% of the overall business month-on-month. Regular channel engagement and activation activities ensure continuous augmentation of this network, which is further strengthened through local-level training activities through the year, using both offline and online mediums.

3

Aadhar Mitras /Digital Aadhar Mitras

Launched just a year ago, our Aadhar Representative Model remains integral to our low-cost strategic approach of making Aadhar the last-mile link, connecting rural home buyers and bridging the financial gap between this segment with the more developed urban Indian home buyer. FY 2019-20 saw the transformation of the incentive-based Aadhar Mitra model into Digital Aadhar Mitras (DAMs), amid the growing shift to digitalisation of businesses.

This model operates through referrals, with the DAMs working as Lead aggregators who give us bulk leads. The DAMs are equipped by the Company with the Aadhar Programming Interface (API), which they update with customer data that gets stored in the AHFL system. Lead ID/Enquiry is returned to the DAM through a Unique Code, and the integration leads are then forwarded to the concerned Branch/Branch Manager, who then assign them to the sales team. The unique code helps the DAM track the lead status, from lead assignment to branch till disbursement. The Hot Leads generated through this cost-effective channel has assumed major significance in the current COVID environment, where physical distancing is the new norm.

4

Resident Executives

The Resident Executives (REs) are virtually our last touchpoint with the unchartered locations, whose potential we are keen to assess and harness. Operating on a `low salary and high incentive' model, the REs are experienced local persons who work from home to help us test the potential of their respective home towns for business consistency. They facilitate the conversion of these touchpoints into a Brick and Mortar presence, in the form of Micro or Ultra Micro Branches. The RE gets the opportunity in this model to make a career for himself in his hometown. With our growing focus on expansion of the RE network, we continued to ramp-up the number of RE locations during the year in review.

3,000+
Channel Partners
(Disbursement – ₹ **920 Crores**)

6,818
Aadhar Mitras
(Disbursements – ₹ **697 Crores**)

156
Resident Executives
(Disbursements – ₹ **134 Crores**)

Diverse Segments, One Dream

At Aadhar, we are cognisant of the dream of the masses, across segments and geographies, to become owners of affordable homes. This is a dream that feeds on the aspiration of lakhs of Indians every day. At Aadhar, we work continually to fulfil the dream of one and all, in every part of the country, in every category of the economically weaker and low-income segment.

In line with this business proposition, we have built a diversified portfolio and expanded our presence holistically across regions, in every segment of the economically weaker and low-income category, pan-India. We have focussed judiciously on the high-potential Tier II, III and IV segments across 20 States (including Union Territories), with the maximum exposure of our business to any state not exceeding 16%.

Differentiated product portfolio

Our differentiated and well-crafted product portfolio helps us effectively meet the diverse needs of our target groups across the segments and regions of our presence, while ensuring asset quality and risk pricing. Customised products are developed to address the specific and distinctive needs of the economically weaker and low-income home seekers based on their unique cultural, economic, social and linguistic differences.

The Aadhar product innovation focus is also guided by various macro environment factors and we continue to create need-specific products based on dynamic situational changes in the industry or the market. The COVID-19 Warrior product that we launched in the first quarter of FY 2020-21 was in line with this thrust.

COVID Warriors Griha Loans

The `COVID Warriors Griha Loans' home loan scheme is our ode to the lakhs of frontline warriors battling the pandemic at great risk to their own health and lives, in order to keep us safe and protected. It is dedicated to making home ownership a realisable dream for these COVID-19 Warriors.

Competitively priced, the product also brings with it the additional benefit of complimentary health insurance (including COVID-19 related expenses). Other benefits include: Convenient doorstep service, Faster turnaround time for application processing, as well as No-contact discussions and paperwork.

Valid for COVID-19 frontline warriors until 30th September, 2020, the scheme is open to the Salaried employees of central and state governments, municipal corporations, companies involved in medical facilities, police departments & armed forces, private security providers, Centre & State transport providers, and other financial institutions. Self-employed essential goods providers are also eligible.

Right message. Right means.

The Aadhar philosophy of reaching out to the most under-served segments in terms of home ownerships is driven by a comprehensive, well-designed brand and marketing strategy. To reach out effectively to the targeted segment with the right message, we use a combination of Above the Line (ATL), Below the Line (BTL) and Digital & Social Marketing activities.

Our campaigns are designed around customised content, to deliver an effective and impactful message that is centred around building a strong emotional connect with the people. Brand visibility is also continuously enhanced through focussed target-specific initiatives through the year, with the Public Relations exercise a key component of our campaigns.

FY 2019-20 saw this connect being enhanced through the Wall Painting initiative, which was started at 133 locations, and continued, after a brief suspension in the lockdown period, in the Orange and Green zones. We have planned a total visibility of 6,52,000 sq.ft. through this activity. Another on-ground activity launched during the year was our local marketing campaign, aimed at taking our campaigns to the grassroot level through localised content and packaging.

The details of these and other marketing campaigns are listed in the MDA section of this report.

Amid the COVID-19 crisis, we launched a series of campaigns and activities to promote awareness, maintain our consumer connect and ensure business continuity during FY 2019-20. Our 'Ghar Aaya Aadhar' marketing initiative enabled home buyers to fulfil their dreams through the comfort of their home even in these tough times. Language and state-specific awareness drives were conducted not just for our employees and external stakeholders but also for the COVID-19 Warriors fighting the war on the frontline.

Automating to Drive Accessibility

With accessibility and affordability two vital matrices of business growth in our segment, we remain conscientiously focussed on boosting our operational and cost efficiencies. While our low-cost business model, coupled with our de-risked and diversified approach, is integral to this focus, we are also leveraging the power of technology to scale up our efficiencies.

Leveraging technology to steer growth

Digitalisation and automation are powerful tools of our futuristic growth strategy, and we are continually striving to make the process of buying a house easier for the customer by building a data-driven organisation. The automation drive at Aadhar is powered by continuous and aggressive shift to analytics, in our efforts to further streamline and strengthen the various processes across the business value chain. Fast-paced digitalisation to centralise key functions is also helping improve the systems, processes and controls, thus bringing in greater efficiencies and productivity, to boost the economies of scale at every stage. This is naturally enabling faster turnaround, enabling quicker closures, speedy disbursements and better cost efficiencies.

As part of our IT upgradation process, we, at Aadhar, are moving towards segregation of our IT platforms/systems/applications to lend a stronger competitive technological and digital edge to our systems and processes. The transition, expected to be completed in FY 2020-21, will lead to improved efficiencies and enhanced customer experience.

To effectively implement the new IT infrastructure and business platform with various digital solutions, we have tied up with M/s Tata Consultancy Services Ltd (TCS) as our implementation partner. TCS has been mandated to facilitate the Aadhar migration to the latest state-of-the-art lending management system through adoption of the most advanced technologies.

Automation in COVID-19 times

The COVID-19 crisis has fast-forwarded the automation drive at Aadhar. With the systems and processes shifting to virtual connectivity from Day 1 of the nation-wide lockdown, projects earlier initiated picked up exceptional speed to ensure that there was no downtime due to the restrictions. Adapting with speed and agility to the new `work from home' normal, we moved quickly to automate the entire value chain, including the PMAY subsidy upload process. The digitalisation journey that we had already embarked on before the pandemic broke out facilitated our strict adherence to the SOPs and guidelines laid down by the Union Ministry of Home Affairs in every phase of the lockdown. Through seamless integration of our offline and online systems, we successfully minimised the impact of the slowdown and maintained business continuity in these challenging times, which added new complexities to the industry.

Strengthening digital payment gateways

With digital becoming the new mantra for businesses across sectors in recent years, we, at Aadhar, have also moved aggressively to digitalise our payment facilities. We have tied up with Paytm and Razorpay to augment our digital payment gateways. However, given the limited digital access of our customers in rural areas, we have also entered into an agreement with `Pay Nearby' to facilitate seamless cash payments through the 1,000-odd outlets with whom they have tied up across the country. While providing ease of doing business in the new digital era, this model has also given us the flexibility and agility needed to support the new norms in the COVID era.

Driven by a Collective Dream

At Aadhar, we strongly believe that the success of an organisation is driven by its committed and motivated teams. Alignment of their goals to those of the Company is thus vital for their individual and collective progress, and we remain committed to nurturing the employee potential through regular training programmes. Employee-friendly policies and measures are in place to ensure a motivating work environment conducive to the growth and development of all employees in enabling environment. This has led to the emergence of Aadhar as a preferred employer, and the Company was ranked by `Great Places to Work' among the Top 25 Best Employers in the BFSI segment.

Investing in Employee Training

Prioritising the need to ensure sustained training and development of employees, in order to ensure organisational growth and maintain sustainable business, we made significant investments during the year in upskilling our people. The training modules were structured to drive skill development with attitudinal changes in an environment of sharing and caring for one another. Our interventions encompassed branch induction, regulatory programmes, compliance, knowledge-based, anti-corruption and functional training. A `Training Day' was introduced to facilitate sharing of specific expertise – of the employees and for the employees.

While branch induction training was led by business and functional teams, functional training was conducted by various departments, such as Sales, Legal, Operational Technical, Credit & Collections. For the Branch Managers, Managerial & Leadership Training on Branch Manager Effectiveness Programme was conducted during the year. Behavioural training programmes helped promote advanced and specialised skills across functions and departments.

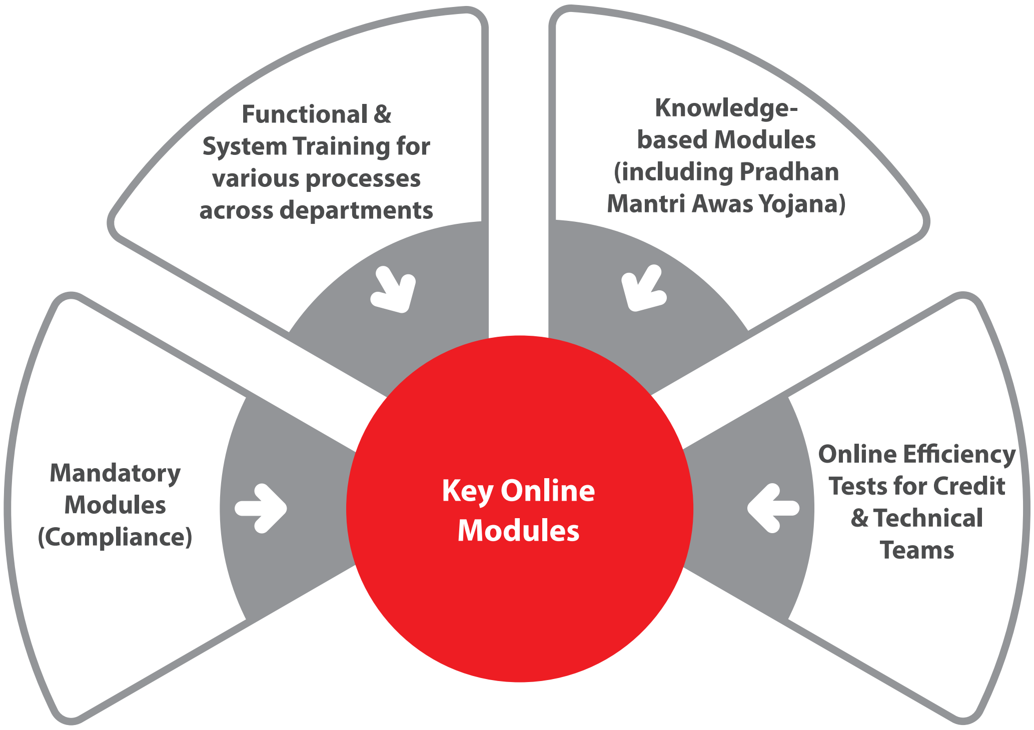
In addition, we organised several nominations-based workshops in specific areas, including Housing Sector, AI and Analytics, Finance Legal Aspects, Asset Liability & Liquidity Risk Management, NPA Management & Recovery Measures etc. Regulatory programme training modules were also employed in these and other vital business areas.

5,000

Man-days of functional & behavioural training provided in FY 2019-20

E-Learning Modules & Tests

With the COVID-19 crisis unleashing a new work environment, with work from home necessitating more digital interventions across functions, the HR department also embraced technology in a big way during the year. E-learning modules and tests became the way of life in the post-COVID-19 era.



Investing in Employee Training

At Aadhar, we believe in ensuring the welfare of our people for their long-term retention, and for keeping their motivation and morale high at all times. During the year under review, we launched a slew of measures and plans to further enhance our employee welfare proposition.

- **Mediclaim Top-up Policy**
- **Additional Term Plan & Accidental Coverage**
- **Higher Education Support**
- **Staff Housing Loan Policy**
- **Foreign Incentive Trips**
- **ESOP/ESAR Plan**
- **Yoga & Health Sessions for Healthy Work Environment**

Enhancing engagement in the new work order

In the new work order, entailing minimal physical contact and maximum digitalisation, work from home has become the way of doing business. Ensuring two-way communication in this environment posed a new set of challenges during the year. It required an outward-looking approach, and a change in metrics for monitoring performance by redefining the KRAs.

At Aadhar, we have embarked on the process with a well-drafted Human Resource (HR) strategy, which will, in fact, make the system more transparent and objective. Led by the belief that our employees are our greatest assets, who give us a competitive advantage in the market we operate, we reached out to them even more actively during the COVID period through a slew of initiatives. These efforts were aimed at showing our employees that we truly care for them and are there to support them in the best possible manner.

The focus in this new environment has been on retaining employees and aligning them quickly to the new online systems – this is a given. In many cases, we also allowed early joining for new employees or withdrawal of notice period.

Among the significant measures announced in the wake of the lockdown were:

- Encouraging all employees to work from home, pan-India, with all necessary support provided to them in order to ensure efficient & effective operations
- Establishment of Aadhar Care, a 24*7 medical helpline, for employees requiring any kind of medical assistance, with coordination facilitated with the local medical hospitals and/or our Health Insurance partner
- Sensitisation of employees with regard to the fact that all medical policies will be covering COVID-19 Care including hospitalisation
- Extension of the facility of reimbursement of COVID-19 test expenses through private diagnostic centres, with mailers and SMEs used to advertise the fact among the large and scattered workforce
- Daily issuance of flyers and mailers to create awareness about the spread of Corona Virus Infection including symptoms & preventive measures
- Series of Townhalls organised via Zoom meetings, where the MD & CEO, CXOs and all the HODs sensitised the employees about the current scenario and addressed all their insecurities, queries & concerns, while boosting their morale during the testing times
- Issuance of SOP guidelines to all the Aadharites, clearly listing out the Dos and Don’ts and the precautions that needed to be taken by all the employees while resuming office post the lockdown

Customer Testimonials

Perpetual electricity and water problems, kids not allowed to play freely – the problems of living in a rented house were a constant source of tension for Dharmender Gehlot, an auto rickshaw driver from Ujjain. Deciding to take a home loan to build his own house did not prove to be easy, due to the lack of documents on account of the informal nature of his work. After several rejections from banks, he finally found a solution in Aadhar Housing, which sanctioned his loan and made him a proud owner of his own home, where he lives tension-free with his family now.

To watch case study video, please scan the QR code

A hair cutter by profession, Mukesh Sen had dreamt of his own home since 2007, when he was earning a mere ₹ 3,000 a month. His family did not take his dream seriously, given his limited resources. But as the harassment by the owner of the rented house where they stayed continued unabated, with rental hike every year and objections to having guests over, among other things, the stressed Mukesh approached Aadhar. It just took a week for Aadhar Housing to sanction his home, making his home ownership dream a reality. Today, he lives happily in his own house, without any tensions.

To watch case study video, please scan the QR code

Apart from the usual problems of limited supply of water and electricity, Ashutosh Gupta, a caterer, found the lack of freedom a cause for major pain in his rented home. The banks he approached for securing a home loan turned him down because he could not fulfil their interminably long list of tough conditions. A friend guided him to Aadhar Housing, though his hopes were not raised, as the bank rejections had discouraged him completely. However, he was in for a surprise as Aadhar was quick to sanction his loan without too much documentation. Having his own house, in the centre of Lucknow city, is a dream come true for Ashutosh and his family.

To watch case study video, please scan the QR code

If Rajangam's son is proud of his carpenter father, it is not without a good reason. The family lives happily today in their own home after spending 35 difficult years in rented accommodations. After banks rejected his application for loan multiple times, Aadhar Housing came to his rescue and sanctioned his loan with total ease. With no house owner to pull the plug on power or stop the water supply, an open terrace to spend quality time with his family, Rajangam is today a happy man, with a big smile to prove it.

To watch case study video, please scan the QR code

His three young children needed the freedom to play. His wife was tired of the water shortage and the garbage strewn all around, and was urging him to buy a home. Prakash Modi, a pan shop owner, himself was unhappy with the state of affairs. So much so that he decided that he would work as a labourer, if needed, to save enough money to buy a house, since banks were not forthcoming with financial help. With Aadhar's support, he found a way out, and is finally free, in his own home, of all the problems that had earlier become a part of life.

To watch case study video, please scan the QR code

Paying the rent for his tailoring business as well as his rented house was just one part of the problem. A self-made small businessman, Suresh Chaudhary found living in a rented house emotionally disturbing and physically constraining. No freedom to do anything he and his family wanted to do, as the landlord was always breathing down their neck with his tough terms and conditions, Suresh had lost all hope of living in peace, till he met the Aadhar executive. The loan is now sanctioned and he is just waited to build his dream home.

To watch case study video, please scan the QR code

Because We All Dream...

Aadhar recognises that every human being has the right to dream of a better life, and we remain committed to supporting communities in the realisation of their dreams, for the betterment of their lives and that of their children. Our targeted community interventions ensure the facilitation of the translation of this dream into reality, to ensure prosperity of one and all. Cognisant of our moral obligation towards the society at large, we have undertaken a series of Corporate Social Responsibility (CSR) programmes, aimed at creating responsive and empowered communities.

Our CSR programmes are founded on the core principles of Empowering, Collaborative and Sustainable. A brief on the projects undertaken during FY 2019-20:

Aadhar Aangan – With its thematic focus on Early Child Care & Education (ECCE) through a capacity-building approach, the project, supports 306 Aanganwadis in Damoh district, Madhya Pradesh. In collaboration with our implementing partner, Jan Sahas Social Development Society, we have, through this project, so far helped around 20,816 children, 2,754 pregnant women and 2,699 lactating mothers.

Aadhar Kishori Kalyan – Through this project, aimed at benefiting nearly 25,000 women in a span of 1 year, we offer information & solutions across the Menstrual Health Management (MHM) value chain, to promote the goal of safe & effective Menstrual Hygiene Management to adolescent girls & menstruating women. With our implementing partner, Coastal Salinity Prevention Cell, the project is being carried out in 100 villages of Talaja (Bhavnagar) & Rajula (Amreli).

***Aadhar Kaushal* –** The project aims at Skill Development for encouraging sustainable livelihoods amongst youth from the underserved segment of the society. With our implementing partner, ITM Edutech, we have trained 1,565 youth in the BFSI segment in 9 cities across India.

***Aadhar Swavalamban* –** Focussed on financial literacy, this project seeks to improve the employability of the working population in the LIG segment and offer capacity building to amplify the participants' chances of enhancing their livelihoods through increased earnings. This project was executed in 14 cities across India, with nearly 2,058 participants participating in the financial literacy workshops.

***Aadhar Saksham* –** The aim of this project was to drive economic development of slum communities through financial literacy and economic growth. Aadhar Saksham was implemented in Ranchi (Jharkhand), in collaboration with SAATH Livelihoods.

Donation to Kasturba Health Society (Wardha, Maharashtra) – We donated to the Palliative Care Unit of Kasturba Health Society for procurement of a vehicle for transportation of patients. The vehicle will carry doctors and professionals trained in offering palliative care to patients stricken with terminal illness at their residence.

Reaching out in COVID-19 times

During the COVID-19 outbreak, we extended our CSR outreach to the neediest and to the frontline workers fighting to reach out to the needy. Taking our community service beyond the villages of our CSR interventions, we undertook a series of initiatives to support those needing the maximum help. Our employees, across regions, scouted for opportunities to partner/participate in COVID-19 relief at the local area level, and our CSR Team steered these activities actively.

The focus of these activities, carried out pan-India, was on convey to the society our gratitude to those who are committed to keep us safe, sufficient, and healthy in these trying times. Our donation kits consisted of hand sanitisers, face masks, hand gloves, carbide nozzles, food rations etc. We also pledged support in favour of the PM CARES Fund, Bandra Holy Family Hospital & Kaushalya Foundation for their various initiatives to combat the pandemic.

With our employees giving one-day salary to the cause and the Company contributing its own share, we donated ₹ 50 Lakhs to PM CARES Fund for supporting the national fight against COVID-19.

Another Year of Making Dreams Come True

Our efforts to help Indians realise their dream of affordable home ownership found recognition during the year in the multiple awards that we received.

Certified as a 'Great Place To Work' by Great Place To Work Institute (India) – the world's most researched, accepted and sustainable definition of a great workplace from an employee's point of view. It is a comprehensive framework encompassing the overall employee experience ecosystem.

15th October, 2019. for the 3rd year in a row at The Outlook Money Awards. Team Aadhar received the Silver award in the Affordable Housing category at the Outlook Money Conclave held in Mumbai on 27th February, 2020.

The Aadhar Annual Report 2018-19 won All India 3rd Prize in the PRSI National Awards 2019 at the 41st All India Public Relations Conference – Hyderabad.

Shri Deo Shankar Tripathi, MD & CEO, Aadhar Housing Finance, received the 'Top Most Influential BFSI Leaders' award at the World BFSI Congress & Awards in Mumbai on 14th February, 2020.

Won 'The Economic Times Best BFSI Brands 2019' award at the India-UAE Strategic Conclave 2019 held in Dubai on 15th October, 2019.

Shri Deo Shankar Tripathi, MD & CEO, Aadhar Housing Finance, received 'the NBFC Leadership Award 2020' at the 8th NBFC 100 Tech Summit held in Mumbai by Banking & Finance Post - Eletsonline on 23rd January 2020.

Board of Directors

Shri O.P. Bhatt
Independent Director & Non-Executive Chairman of the Board

Shri Om Prakash Bhatt is a Graduate in Science and a Post Graduate in English Literature (Gold Medal). He has served as Chairman, State Bank Group, which includes State Bank of India (SBI), India's largest nationalised bank; with five associate banks in India; five overseas banks; SBI Life, the country's largest private life insurer; SBI Capital Markets, India's leading investment bank; SBI Fund Management; and other subsidiaries spanning diverse activities, from general insurance to custodial services.

He also served as an Independent director on the boards of Tata Group companies including Tata Motors Ltd., Tata Steel Limited and Tata Consultancy Services (TCS).

Under his leadership, SBI rose on the global list rankings of Fortune 500. He was also Chairman of Indian Banks' Association, the apex body of Indian banks and has served as India's economic diplomacy as government's nominee on the India-US CEO Forum, Indo-French CEO Forum and Indo-Russia CEO Forum, forging links with a cross-section of the world's business leaders. He is a Governor on the Board of Centre for Creative Leadership, USA. He was nominated Banker of the Year by Business Standard and Indian of the Year for Business in 2007 by CNN-IBN.

Dr. Nivedita Haran
Independent Director

Dr. Nivedita Haran retired as the Additional Chief Secretary, Department of Home Affairs, Government of Kerala, India, she has served extensively in various capacities with the Government of Kerala as well as the Government of India. She was also the Civil Affairs Officer for the UN Peacekeeping Mission in Kosovo for five years.

She has worked through the ranks of Indian Administrative Services (IAS), leading Home, Revenue, Land Management, Energy and Institutional Capacity Building initiatives in Kerala. She brought up the Disaster Management Department with the Hazard Vulnerability and Risk Assessment Cell and the State Disaster Management Authority in Kerala.

She also headed the Delhi Division in Ministry of Urban Development, Government of India. Having served as the former Additional Chief Secretary, Department of Labour, Government of Kerala, Dr. Haran has a fair understanding of issues related to labour migration. She has a Ph.D. in Sociology from the Indian Institute of Technology (IIT) Delhi, India. She serves as the Honorary Chairperson of the Board of Directors of CMID. She has been appointed as Additional Director (Woman Director) by the Board of the Company with effect from 15th September, 2018.

Shri Amit Dixit
Non-Executive Director (Nominee)

Shri Amit Dixit is a Senior Managing Director and Head of Private Equity in India, based in Mumbai. Since joining Blackstone in 2007, Shri Dixit has been involved with various investments and investment opportunities in India and South Asia. Previously, Shri Dixit was a Principal at Warburg Pincus.

Shri Dixit received an MBA from Harvard Business School, an MS in Engineering from Stanford University and a B.Tech. from Indian Institute of Technology, Mumbai where he was awarded the Director's Silver Medal for graduating at the top of his program.

He currently serves as a Director of several companies including Mphasis, Sona BLW, Comstar, IBS Software, Jagran Prakashan and Mid-Day Infomedia. Shri Dixit was previously a Director of Intelenet Global Services, Trans Maldivian Airways, Igarashi Motors India, S.H. Kelkar and Emcure Pharmaceuticals.

Shri Neeraj Mohan
Non-Executive Director (Nominee)

Shri Neeraj Mohan is Managing Director in the Private Equity group at Blackstone. Shri Neeraj has been involved in Blackstone's investments in Comstar Automotive Technologies Private Limited and Sona BLW Limited.

Since joining Blackstone in 2011, Shri Neeraj has been involved in various initiatives for the organisational building, development of technological infrastructure and improvement of distribution networks and financial reporting at Blackstone portfolio companies. Prior to joining Blackstone, Shri Neeraj headed the Global Market Dynamics and New Initiatives portfolio at Clinton Health Access Initiative, Inc. Shri Neeraj received his professional degree in Chartered Accounting from the Institute of Chartered Accountants of India. He has also received his M.B.A. from the Indian Institute of Management, Ahmedabad.

Shri Mukesh Mehta
Non-Executive Director (Nominee)

Shri Mukesh Mehta is a well-qualified professional with more than 15 years' experience in Financial Services, Investment Banking, Business Strategy and Advisory.

As part of private equity ("PE") which invested in some of large housing finance companies ("HFCs") and non-banking finance companies ("NBFCs"), he has demonstrated high level proficiency and good understanding of housing finance and other lending businesses.

Currently, Shri Mukesh is Managing Director in the Private Equity Group of Blackstone Advisors India Private Limited ("Blackstone"). Before joining Blackstone, Shri Mukesh worked as a Vice President with The Carlyle Group ("Carlyle") in their Private Equity division.

During his 10 years stint at Carlyle, Shri Mukesh was involved in several transactions. The transactions where he has made significant professional contribution include Carlyle's investments in large HFCs such as Housing Development Finance Corporation Limited and PNB Housing Finance Limited and NBFCs like India Infoline Finance Limited.

Prior to Carlyle, he worked in the Investment Banking Division at Citigroup and the Assurance & Business Advisory Group at Price Water House Coopers. Shri Mehta is a Chartered Accountant, with a Master's Degree in Commerce from Mumbai University and he has also completed CFA (AISHRI-USA)

Shri Deo Shankar Tripathi
Managing Director & CEO

Shri Deo Shankar Tripathi, who joined Aadhar Housing Finance Ltd. as its CEO in January 2015, was elevated as Managing Director & CEO of the Company.

Prior to taking up the Aadhar responsibility, he was the President and Chief Operating Officer of DHFL effective May 2013.

Shri Tripathi brings to the table more than 38 years of commercial banking experience. He joined the Union Bank of India in 1977 as a 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 the premier Mumbai and New Delhi zones of the Bank. He also has rich experience working in several locations across Uttar Pradesh as well.

Shri Tripathi's functional expertise spans 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.

Leadership Team

Shri Rishi Anand
Chief Business Officer

Shri Rishi Anand assumed his responsibilities as the Chief Business Officer at Aadhar Housing Finance Ltd. in April 2018. Prior to the current role, Rishi was the Business Head for the housing finance business at DHFL, where he had joined in the year 2012 as the Zonal Business Head in Delhi and was instrumental in setting-up and managing high performance teams. In the year 2015, he moved ahead as the Business Head for Mortgage loans to set up the vertical at DHFL. In his current role at Aadhar Housing Finance Ltd. , Rishi looks after Retail Housing Finance, Project Finance, Retail Liability, Product and Marketing.

Rishi has over 20 years of experience with leading Banks, NBFCs and HFCs of India. His forte ranges from development of mortgage models, processes and policies for companies operating across geographies.

Prior to joining DHFL, he was the Business Leader - Mortgage and Whole-time Director at AIG HFIL. Rishi has also held a number of senior leadership roles such as the Zonal Head North and East at Reliance Capital Consumer Finance, National Sales Head with BHW Home Finance Limited – A Deutsche Post Bank Company and Regional Head North and East India for the home equity and home loans product line of GE Money. He is also credited for successfully launching the business lines and handling assignments for leading financial institutions and banks like ICICI Bank Ltd.

With a Post Graduate Certification in Business Management from IIM Kozhikode, Rishi started his career with front-end sales and was rapidly promoted to take higher responsibilities across sales, marketing, product and property services with key mortgage institutions in the country. Mr. Anand has been felicitated with various accolades for his valuable contribution to business in the organisations that he has worked for.

Shri Ravinder Beniwal
Chief Operating Officer

Shri Ravinder Beniwal has 25 years of experience in the domain of Retail Banking (Liability & Assets), Insurance and Capital Market Operations.

He has managed profit centres, branch sales & distribution, debt service management and large scale centralised & decentralised retail operations. Before joining Aadhar Housing Finance Ltd., he worked with Aditya Birla Payments Bank Ltd. as Head of Retail Banking and Distribution. At ICICI Bank Ltd., he managed Retail Branch Banking business, Debt Service Management and Asset operations at Zonal and National levels. His prior stints were with Max New York Life, Hinduja Finance Ltd. and PCS Industries Ltd. He has joined Aadhar Housing Finance Ltd. as the Chief Operating Officer in November 2018. In his current role at Aadhar Housing Finance Ltd., he manages Technology, Operations, Credit, Technical, Business Legal and Fraud Prevention functions.

Shri Hrishikesh Jha
Chief People Officer

Shri Hrishikesh Jha is a Post Graduate in Personnel Management and Industrial Relations from XLRI, Jamshedpur (2002), and is a graduate in Physics from St. Xavier's College, Ranchi (1999).

He joined Aadhar as the Chief People Officer (CPO) on 9th March, 2018. With an extensive experience of 16 years in the Human Resources domain within the Banking and Financial sector, Hrishikesh is proficient in various facets of Stakeholder Management, Turnaround Strategy, Customer Experience and Process Excellence. His last stint had been with L&T Finance Holding Ltd. where he was the Group Head - Corporate Human Resources. His previous associations have been with Barclays Capital & Wealth and ICICI Bank, where he held leading positions within the HR function.

Shri Rajesh Viswanathan
Chief Financial Officer

Shri Rajesh Viswanathan, an associate member of the Institute of Chartered Accountants of India, has an overall experience of over 25 years in Taxation, Audits, Financial Accounting & Treasury Functions in both NBFC & Insurance Sectors.

He has an in depth understanding of developing co-lending portfolio and compliance framework. His last stint had been with Capital Float where he was the CEO-SME Business & CFO and was involved in multiple aspects of business conduct. His prior stints were with companies like Bajaj Finance Ltd, Bajaj Allianz Life Insurance Company Ltd. and KPMG Bahrain & KPMG India. He has joined Aadhar as the Chief Financial Officer (CFO) in December 2019 and is responsible for Strategy, Planning, Accounting, Taxation & Treasury of the Company.

Shri Anmol Gupta
Chief Treasury Officer

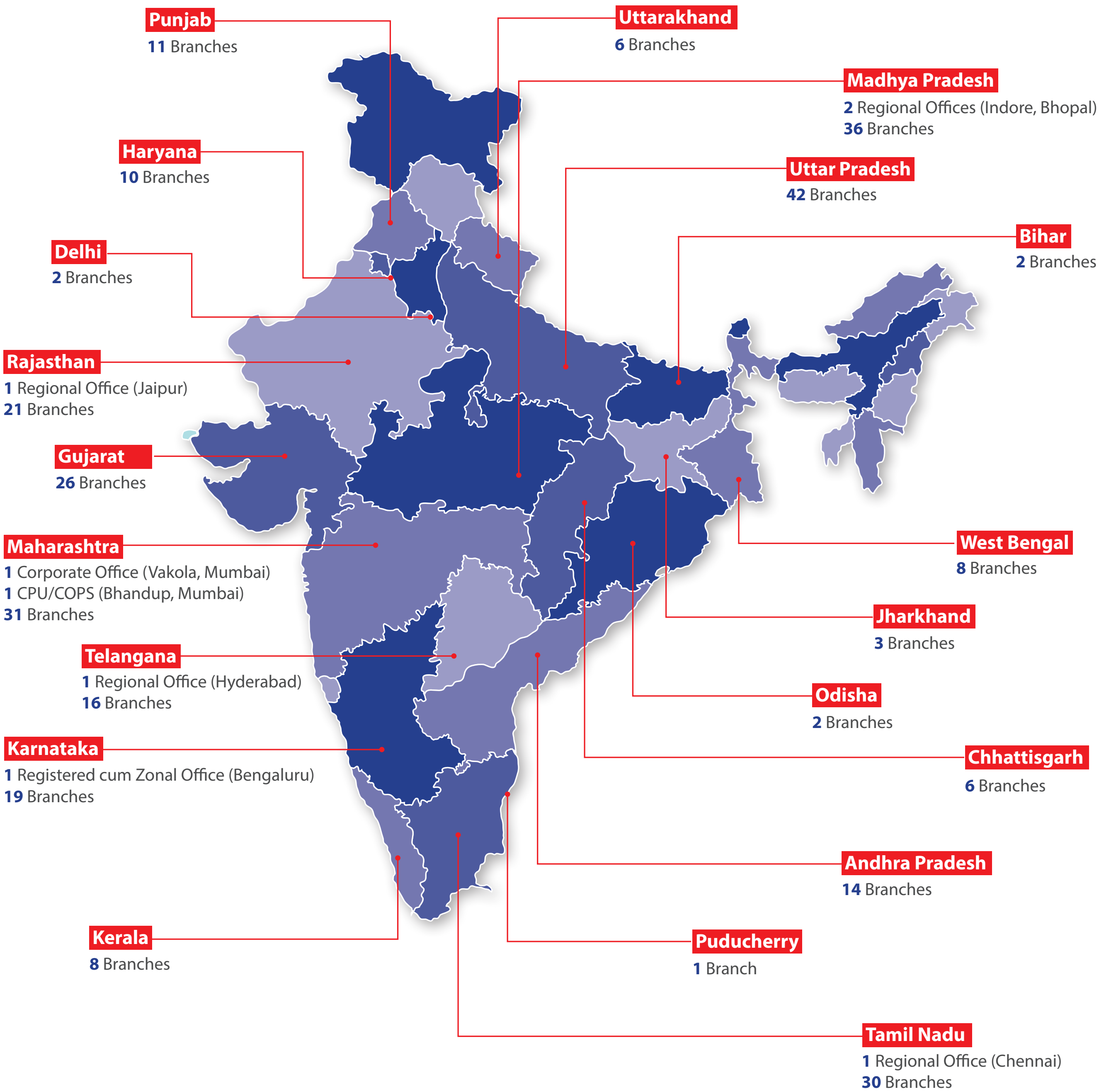
Shri Anmol Gupta, a Chartered Accountant of the 1996 batch, has an overall experience of over 20 years.

He has worked with companies like Deutsche Postbank Home Finance and BHW Home Finance, where he was engaged in the key positions within the finance domain, accountable for strategy, planning, accounting, taxation and finance. He joined Aadhar in April 2017 and is currently designated as Chief Treasury Officer. He is responsible for Treasury, Investments and Financial Planning of the company.

Shri Nirav Shah
Chief Risk Officer

Shri Nirav Shah is a Chartered Accountant (2005) from ICAI, a Certified Information System Auditor (2006) from ISACA & has pursued his Bachelor's in Commerce from Mumbai University in 2001. Over a professional span of 16 years, he has worked extensively in areas of Risk-based Internal Audit, Branch Audits, Information Technology Audits, Information Security Audits, Fraud Investigations & Sarbanes Oxley (SOX) Compliances. His prior associations were with companies like Deloitte, ICICI Prudential Life Insurance Company & Tata Capital. He joined Aadhar Housing in July 2018 as Head – Internal Audit & Risk and now serves as Chief Risk Officer (CRO) from January 2020.

Reach & Network

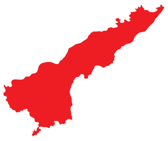


294

Total number of Branches

With 294 branches across 20 States (including Union Territories), we are well poised to enter our 21st state i.e. Assam, in the coming year. We will also continue adding new branches in the existing states of our presence.

Map not to scale. For illustrative purposes only.



Andhra Pradesh

Branch Name

- Visakhapatnam
- Kurnool
- Tirupati
- Vijayawada
- Nellore
- Rajamahendravaram
- Kakinada
- Guntur
- Anantapur
- Eluru
- Vizianagaram
- Ongole
- Puttur
- Naidupet

Bihar

Branch Name

- Patna
- Muzaffarpur

Chhattisgarh

Branch Name

- Raipur
- Bilaspur
- Bhilai
- Dhamtari
- Rajnandgaon
- Mahasamund

Delhi

Branch Name

- Uttam Nagar
- Laxmi Nagar

Gujarat

Branch Name

- Ahmedabad
- Himmatnagar
- Surendranagar
- Vadodara
- Nadiad
- Rajkot
- Bhavnagar
- Surat
- Vapi
- Junagadh
- Surat Parvat Patiya
- Jamnagar
- Gandhidham
- Morbi
- Veraval
- Halvad
- Naroda
- Ankleshwar
- Godhra
- Porbandar
- Rajkot Kalawad Road
- Jetpur
- Ahmedabad Chandkheda
- Bhuj
- Mehsana
- Botad

Haryana

Branch Name

- Hisar
- Panipat
- Faridabad
- Ambala
- Rohtak
- Gurugram
- Rewari
- Karnal
- Kaithal
- Yamuna Nagar

Jharkhand

Branch Name

- Ranchi
- Jamshedpur
- Dhanbad

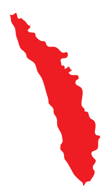
Karnataka

Branch Name

- Jayanagar
- Malleswaram
- Mysore
- Hubli
- KR Puram
- Yelahanka
- Nelamangala
- Kengeri
- Davanagere
- Mandya
- Hassan
- Shimoga
- Hosakote
- Belgaum
- Bidar
- Tumkur
- Sindhanur
- Gulbarga
- Doddaballapur

Registered cum Zonal Office

- Bengaluru



Kerala

Branch Name

- Kochi
- Calicut
- Palakkad
- Kottayam
- Thrissur
- Vadakara
- Kannur
- Thiruvananthapuram

Madhya Pradesh

Branch Name

- Indore
- Jabalpur
- Bhopal
- Gwalior
- Ujjain
- Dewas
- Ratlam
- Sagar
- Pithampur
- Khandwa
- Hoshangabad
- Rewa
- Guna
- Dhar
- Vidisha
- Narsinghpur
- Shujalpur
- Shivpuri
- Mandsaur
- Agar
- Chhindwara
- Khargone
- Satna
- Ashta
- Damoh
- Betul
- Biaora
- Sehore
- Sidhi
- Neemuch
- Ashok Nagar
- Datia
- Katni
- Indore Annapurna
- Chhatarpur
- Shahdol

Regional Offices

- Indore
- Bhopal

Maharashtra

Branch Name

- Nashik Road
- Pune Wagholi
- Kalyan
- Nagpur
- Panvel
- Satara
- Akola
- Dhule
- Aurangabad
- Pune
- Nashik
- Solapur
- Ahmednagar
- Kolhapur
- Virar (West)
- Palghar
- Virar (East)
- Yavatmal
- Karjat
- Sangli
- Jalgaon
- Dombivli
- Pune Shaniwar Peth
- Chinchwad
- Amravati
- Khamgaon
- Wardha
- Bhandara
- Baramati
- Nanded
- Chandrapur

CPU/COPS

- Bhandup

Corporate Office

- Mumbai (Vakola)

Odisha

Branch Name

- Bhubaneswar
- Balasore

Puducherry

Branch Name

- Puducherry

Punjab

Branch Name

- Chandigarh
- Jalandhar
- Amritsar
- Ludhiana
- Patiala
- Bathinda
- Khanna
- Kapurthala
- Gurdaspur
- Kharar
- Faridkot

Rajasthan

Branch Name

- Jaipur
- Jodhpur
- Udaipur
- Kota
- Ajmer
- Bikaner
- Bhilwara
- Alwar
- Sri Ganganagar
- Kankroli
- Jaipur Vaishali Nagar
- Pali
- Sawai Madhopur
- Nagaur
- Bundi
- Banswara
- Sikar
- Beawar
- Chittorgarh
- Baran
- Dungarpur

Regional Offices

- Jaipur

Tamil Nadu

Branch Name

- Chennai
- Coimbatore
- Kumbakonam
- Madurai
- Trichy
- Nagercoil
- Dindigul
- Erode
- Chidambaram
- Villupuram
- Karaikudi
- Tirunelveli
- Chengalpattu
- Vellore
- Thanjavur
- Pollachi
- Ambattur
- Tambaram
- Mettupalayam
- Thiruthuraipoondi
- Virudhunagar
- Marthandam
- Karur
- Theni
- Thiruvannamalai
- Sivagangai
- Avinashi
- Cuddalore
- Kanchipuram
- Salem

Regional Offices

- Chennai

Telangana

Branch Name

- Hyderabad
- Kukatpally
- Secunderabad
- Warangal
- Vanasthalipuram
- Karimnagar
- Sangareddy
- Khammam
- Uppal
- Nizamabad
- Attapur
- Shadnagar
- Nagaram
- Wanaparthy
- Mancherial
- Nalgonda

Regional Offices

- Hyderabad

Uttar Pradesh

Branch Name

- Lucknow
- Kanpur
- Meerut
- Varanasi
- Agra
- Jhansi
- Bareilly
- Allahabad
- Saharanpur
- Ghaziabad
- Aligarh
- Sahibabad
- 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 Sector 31
- Basti
- Deoria
- Etawah
- Azamgarh
- Chandauli
- Handia
- Barabanki
- Lalitpur

Uttarakhand

Branch Name

- Haldwani
- Rudrapur
- Haridwar
- Dehradun
- Kashipur
- Roorkee

West Bengal

Branch Name

- Asansol
- Howrah
- Barrackpore
- Burdwan
- Durgapur
- Kolkata
- Kharagpur
- Siliguri

Management Discussion and Analysis

Indian Economy

India remains among the fastest growing economies in the world. The Central Government is working to make India a US$ 5 trillion-economy by 2024, banking on higher investments, savings and exports. Over the past few years, the Government has taken several structurally reformative initiatives such as Make in India, Digital India, Skill India, Direct Benefit Transfer, and the GST regime, among others. Improvement in the World Bank 'Ease of Doing Business' ranking from 77 in 2018 to 63 in 2019 led the nation to emerge as a key player on the global front.

However, global slowdown and internal factors weighed down the country's economic growth in Financial Year (FY) 2019-20. The economy's gross domestic product (GDP) grew by 4.2%, lower than 6.1% in FY 2018-19. Weakening bank balance sheets, rising non-performing assets and a liquidity crunch faced by the NBFC industry resulted in tight lending conditions and a decline in credit growth. On the supply side, excess idle production capacity, weakening corporate profits, and infrastructure bottlenecks impacted investor sentiments and resulted in lower private investments, dragging economic activity further.

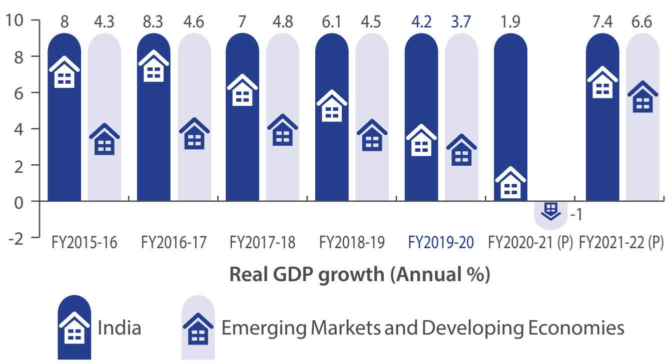
GDP Growth – Actuals and Projected (%)

In the Union Budget 2020-21, the Finance Minister Government of India announced progressive initiatives to make the nation regain the growth momentum. Some of these are:

- Direct capital infusion of ₹70,000 Crores into public sector banks to ease liquidity and concerns and improve credit growth

- Planned investment of ₹102 Lakh Crores through National Infrastructure Pipeline in various infrastructure development projects to benefit core industries like cement, mining, construction and other allied sectors

- Substantial thrust to transport infrastructure including highways, rail network, airports, and seaports to achieve convenient and efficient transportation and logistics



Source: International Monetary Fund, P: Projected

- Boost to agriculture through schemes such as PM KUSUM, viability gap funding for creation of efficient warehouses, Kisan Rail and Krishi Udan facilities to strengthen national cold supply chain for perishables

- Proposed reduction in the eligibility limit for NBFCs for debt recovery under SARFAESI Act to asset size of ₹ 100 Crores or loan size of ₹ 50 Lakhs

- Liberalisation of critical sectors to spur global investments into the country and make India an attractive manufacturing and supply chain hub

The Reserve Bank of India (RBI) slashed the key repo rate repetitively during the year by a total of 135 basis points – from 6.5% to 5.15% – to bring the economy back on its earlier growth trajectory.

COVID-19 outbreak

The government's efforts to revive the economy took a backseat as the nation battled the outbreak of the novel Coronavirus pandemic towards the fag-end of the fiscal year. Nationwide lockdown (starting March 2020) to contain the spread of the virus restricted free movement of goods and people, resulting in disruption of supply chains and manufacturing, labour shortages, and reduction in household incomes, further lowering consumption demand. To facilitate the nation battle the economic and health crisis, the Government announced a comprehensive economic package of ₹ 20 Lakh Crores under the Self-Reliant India Movement, equivalent to 10% of India's GDP. The prime highlights of the package and some measures taken by RBI to support economic revival include:

- ₹ 1.7 Lakh Crores relief package to alleviate challenges faced by marginalised Indian population

- Direct cash transfer under PM-KISAN scheme, aiming to benefit 8.7 Crores Indian farmers

- Significant growth stimulus to Micro, Small, and Medium Enterprises (MSMEs) including extending scope of definition, announcing ₹ 3 Lakh Crores collateral-free automatic loans, and equity infusion of ₹ 50,000 Crores through funds of funds

- Growth impetus to non-banking financial companies (NBFC), housing finance companies (HFC), and microfinance institutions (MFIs) by infusing liquidity through:
    - ₹ 30,000 Crores Special Liquidity Scheme
    - ₹ 45,000 Crores partial Credit Guarantee Scheme
    - ₹ 2,00,000 Crores funding under Targeted Long-Term Repo Operations (TLTRO) including ₹ 50,000 Crores for NBFC's under TLTRO 2.0

- o Reduction in cash reserve ratio (CRR) and increase in marginal standing facility (MSF) limit
- Relaxation in statutory and compliance matters, such as extending deadlines for Income Tax and GST returns

Additionally, RBI again lowered repo rate by another 115 basis points – from 5.15% to 4% to provide the much-needed monetary stimulus to the economy.

Outlook

Given the challenging economic conditions, the economy is projected to grow by 1.9% in FY 2020-21, according to the International Monetary Fund (IMF). However, IMF expects a recovery in FY 2021-22, as it projects growth at 7.4%, on the assumption of successful containment of COVID-19 and resumption of manufacturing and trade activities at the earlier pace. According to the IMF report, even during the pandemic, India continues to be one of the few global economies expected to deliver a positive growth in FY 2021-21

(Source: World Economic Outlook, IMF, April 2020)

Further, the India Meteorological Department (IMD) has projected a 'Normal' monsoon in 2020 that bodes well for India's agricultural output and is estimated to support an economic revival.

According to the Office of the Economic Adviser, Ministry of Commerce & Industry, wholesale inflation index (WPI) within the food commodities and non-food products groups moderated to 2.6% and 1.2%, respectively, year-on-year in April 2020. The lower international crude oil prices reduced prices of fuel and power components by 10.1% YoY and stood at its lowest level in the last 45 months. WPI is expected to remain low in the coming months on account of lower crude prices and subdued demand due to COVID-19 crisis.

Notwithstanding the near-term challenges and lower growth estimates, the long-term outlook of the economy continues to remain positive. Favourable international crude oil prices will keep inflation rates within bounds, while lowering its current and fiscal account deficit. A broad-based slowdown is likely to persist in the near short term. However, most of the country, barring containment zones, is resuming business operations and witnessing progressive easing in the economic activities post lockdown relaxations. Moving forward, growth is expected to be supported by lagged efforts of monetary and fiscal policy easing, reduction in corporate income tax rates, initiatives announced in Budget 2020-21, and structurally reformative policies undertaken by the government over the past few years.

Industry overview

Housing sector overview

India's housing sector impacted from several disruptions in the past four years, including demonetisation, Goods & Services Tax (GST), and Real Estate & Regulatory Act (RERA). Despite the Indian residential market reporting an encouraging 23% growth in new unit launches – from 1.82 Lakh units in CY2018 to 2.23 Lakhs units in CY2019, total sale of housing units grew only 1%. Unsold inventory declined by a marginal 5%, from 4.68 Lakhs units to 4.45 Lakhs units in 2019, indicating a continuation in weaker home buyer sentiments. Already reeling under liquidity concerns, low demand and high inventory levels, the slowdown witnessed in the housing sector is likely to continue amid the crisis posed by the pandemic and subsequent nationwide lockdown.

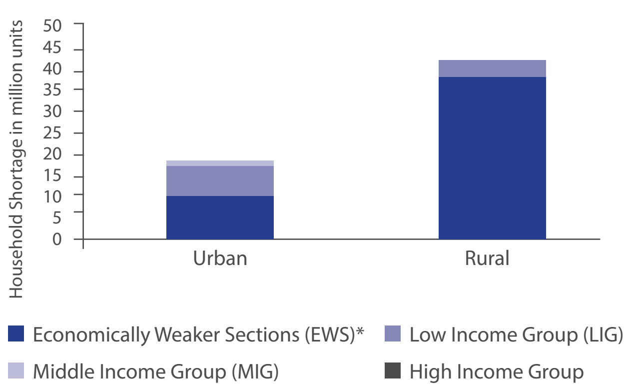
Growing Housing Shortage with Increasing Urbanisation

India ranks as the second-most populous country globally. While urbanisation is still low compared to global averages, it has registered a positive growth trend in the past few decades. It has displayed direct proportion to its economic prosperity as urbanisation is estimated to have increased from 31% in 2011 to 35% currently. Rapid urbanisation is expected to continue in the backdrop of:

- Better job prospects and livelihoods opportunities
- Declining dependency on agricultural outputs and revenues
- Superior availability of infrastructure amenities, and
- Easier availability of credit

With the growing urban population, estimated to be ~ 543 million by 2025, coupled with increasing nuclearisation of families, demand and shortage for housing are expected to rise. A report by Royal Institution of Chartered Surveyors (RICS) and international property consultant Knight Frank forecasts that the current housing shortage in urban areas of ~10 million units is estimated to more than double at ~25 million units by 2030. Furthermore, ICRA report states 95.21% of the urban housing demand is likely to be driven by the Economically Weaker Section (EWS) and Low-Income Group (LIG) categories. Congestion continues to be a major issue and a key consideration in urban housing shortage.

Country's housing shortage driven by EWS and LIG categories



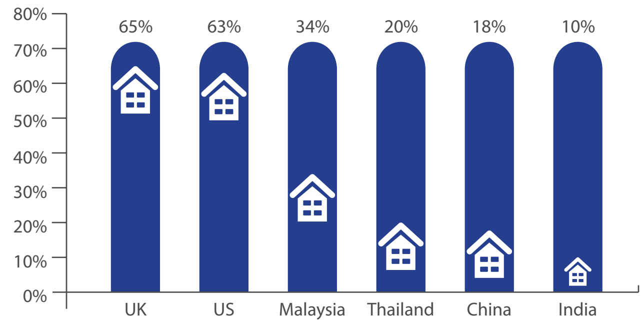
Source: Trends and Progress of Housing in India 2016, NHB

**For rural category, only cover below poverty line (BPL)*

Low mortgage penetration in India compared to global averages

India's mortgage to GDP ratio has shown considerable growth over the past decade, from 7.4% in FY 2009-10 to 10% FY 2017-18, indicating improved purchasing power and higher housing occupancy by Indian citizens. However, it continues to be under-penetrated compared to global averages, implying a significant growth opportunity for the housing sector.

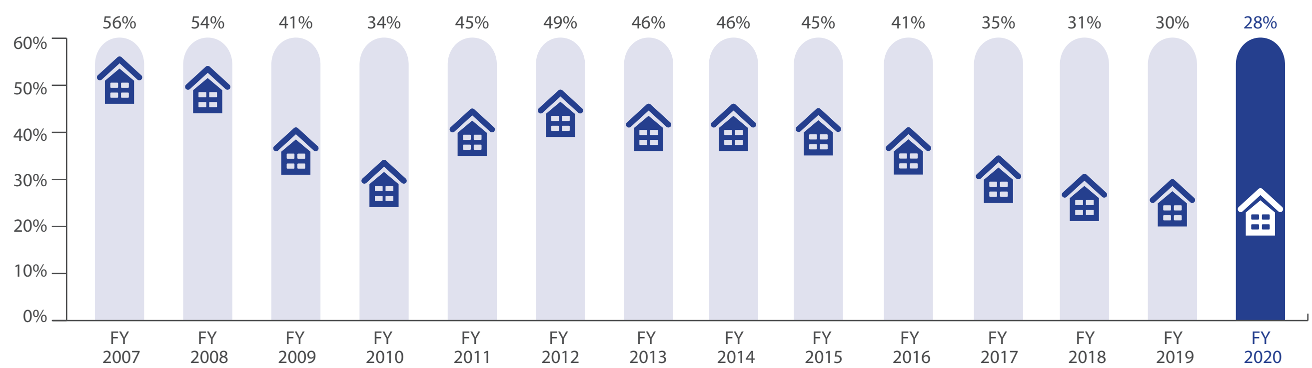
Mortgage to GDP Ratio (%)



Source: ICRA Indian Mortgage Finance Market Update for 9M FY 2018

Mortgage penetration is seen increasing further with the government's supporting schemes such as 'Housing for All', intervention through GST and Real Estate (Regulation and Development) Act, 2016 (RERA). This will be further complemented by the improving affordability of Indian homebuyers as evident from India's declining mortgage payment to annual income ratio – from 56% in FY 2006-07 to 28% in FY 2019-20.

Mortgage payment to annual income ratio



Source: HDFC, SBI, Jefferies estimates

Key enablers for growth in housing

Given the challenges faced by the housing sector and in a bid to fulfil its 'Housing for All' target by 2022, the government has announced a slew of measures in the past few years to revive demand and supply of housing. Some of its key announcements are:

Union Budget 2020-21:

- Extension of an additional ₹1.5 Lakhs deduction for interest paid on affordable home loans sanctioned on or before 31st March, 2021. This increased maximum amount of interest paid on a housing loan from earlier ₹2 Lakhs to ₹3.5 Lakhs.

- To boost the supply of affordable housing, it announced an extension of tax holidays to real estate developers on profits earned by them on affordable projects sanctioned till March 2021 from the earlier deadline of March 2020.

- Increased allocation to Pradhan Mantri Awas Yojana (PMAY) from ₹25,328 Crores in FY 2019-20 to ₹27,500 Crores in FY 2020-21.

Other key initiatives:

- **Alternative Investment Fund:** The Government announced an Alternative Investment Fund (AIF) of ₹ 25,000 Crores for provision of last-mile funding and to facilitate completion of 4,58,000 incomplete projects in the affordable housing and middle-income space.

- **Infrastructure status to affordable housing:** Affordable housing has been accorded the 'infrastructure status' to ensure access to cheaper institutional credit to developers. To further improve access to financing, eligibility of affordable dwellings to be classified under priority sector lending has been increased by RBI from ₹ 10 Lakhs to ₹ 20 Lakhs.

- **Reduction in GST:** The GST Council has reduced the tax slab for under-construction housing projects from 12% to 5%, and for affordable housing projects costing up to ₹ 45 Lakhs per unit from 5% to 1%.

- **Exemption in LTCG tax:** In Budget 2019-20, the Government provided an exemption on Long Term Capital Gains (LTCG) tax, enabling the taxpayer to save on taxation by investing gains in two residential housing properties.

- **Alignment of affordable housing definition within GST Act:** The Government increased the scope of affordable housing to a unit cost of ₹ 45 Lakhs and increased eligible carpet area in metro and non-metro cities from 30 sq. mt. and 60 sq. mt. to 60 sq. mt. and 90 sq. mt., respectively, enabling more buyers to avail the benefits on affordable housing.

Pradhan Mantri Awas Yojana

The Pradhan Mantri Awas Yojana (PMAY) was launched in FY 2015 to provide affordable housing to the urban economically weaker sections (EWS), and low income group (LIG) and middle income group (MIG) segments by subsidising construction of ~1 Crore urban houses between the period FY 2015-22. Later, the scheme was extended in April 2016 to include affordable housing requirements of rural India and to also provide 1 Crore pucca households by FY 2018-19 and additional 1.95 Crores households by FY 2021-22, respectively. The PMAY-Urban mission is implemented through four verticals:

- *Supply-side intervention*
    - o In-situ slum redevelopment (ISSR) with private developers' participation
    - o Affordable housing in partnership with public and private sector

- *Demand-side intervention*
    - o Subsidy for individual-led house construction/ enhancements
    - o Affordable housing through a credit-linked subsidy scheme (CLSS)

Credit Linked Subsidy Scheme (CLSS)

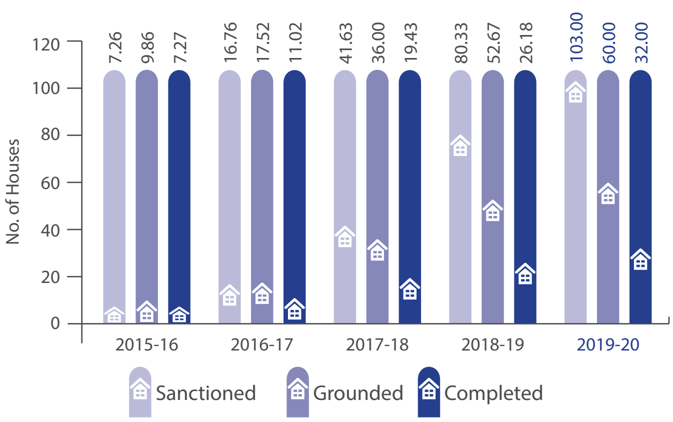
The Government launched the Credit Linked Subsidy Scheme (CLSS) to meet the housing demand by India's urban population from EWS and LIG categories by increasing the credit flow in institutions. In January 2017, it expanded its scope and launched CLSS for middle-income group (MIG) with an annual income of up to ₹ 18 Lakhs to enable the growing MIG segment avail benefits of the scheme, while further increasing demand for affordable housing. Currently, the CLSS provides an interest subsidy of:

- 6.5% for EWS and LIG for loan up to ₹ 6 Lakhs
- 4% for MIG-I for loan up to ₹ 9 Lakhs
- 3% for MIG-II for loan up to ₹ 12 Lakhs

In May 2020, the Government further extended the CLSS deadline till March 2021 to support first-time middle-class homebuyers. The scheme, since its implementation in 2017, has already benefited more than 3.3 Lakhs families by May 2020, and with the extension it is expected to benefit an additional 2.5 Lakhs middle income families in FY 2020-21. Through an investment of over ₹ 70,000 Crores, the scheme is expected to provide significant demand thrust to affordable housing, while also stimulating the allied industries such as steel, cement, and transport, among others.

PMAY has yielded good results, leading to a considerable increase in affordable segment launches

Progress of Affordable Housing Projects under PMAY-Urban



Source: pmaymis.gov.in

Real Estate Regulatory Act (RERA)

Launched in May 2017 to protect consumers' interest, RERA has significantly improved the accountability and transparency of India's housing sector by implementing strict regulatory interventions. These measures have been yielding good results with superior project delivery timelines, higher lender confidence, and improved quality of assets and mortgages.

Smart Cities Mission

Through the Smart Cities Mission (SCM), the Government aims at providing best-in-class transportation, energy supply, governance, basic urban infrastructure services to 100 Smart Cities. A sum of ₹ 500 Crores has been allocated to each of these100 cities. Since the launch of this mission, a total of 5,151 projects have been identified for implementation with projects more than ₹ 2 Lakh Crores being in various stages of implementation. The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme aims at upgrading urban infrastructure across 500 towns and cities. In FY 2019-20, the Government increased its allocation to these two initiatives by 40% to ₹ 13,750 Crores, from ₹ 9,842 Crores in the previous year.

Outlook - Housing

While the onstage of pandemic had a disruptive impact on the housing sector market in early 2020, with easing economic activities, buyer sentiments are expected to improve, particularly in the affordable and self-construction segment, supporting growth recovery in FY 2020-21. In the long run, the housing sector is well-positioned to grow in the backdrop of strong policy support of PMAY, AMRUT, Smart Cities Mission, Infrastructure status for affordable housing, RERA, Benami Transactions Act, Real Estate Investment Trust (REITs), Easing of FDI norms and other government initiatives.

Housing Finance

According to a report by rating agency ICRA, housing credit outstanding in India is estimated to have grown by 12% to 14% in FY 2019-20, against 16% in FY 2018-19, as it stood at ~₹ 20.7 Lakh Crores as on 31st December, 2019. Broader economic slowdown, continued liquidity constraints, and last but not the least, the onstage of COVID-19 resulted in muted growth of housing finance companies (HFCs) in the near term. The report states, as on 31st December, 2019, HFCs and NBFCs registered 6% growth year-on-year (YoY) in their overall on-book housing loan portfolio. Banks, on the other hand, outpaced HFCs as their housing loan portfolio grew by 18%, mainly due to portfolio buyouts.

Nonetheless, HFCs focussing specifically on affordable housing continued to grow higher at 13% to 15%, compared with 11% to 12% growth recorded by the overall housing finance sector in FY 2019-20. This is owing to the structural growth impetus provided to the affordable housing segment.

As per the ICRA report, the overall gross non-performing assets (GNPA) of HFCs increased to 2.2% as on 31st December, 2019 as against 1.6% in FY 2018-19 owing to asset quality deterioration in the wholesale loan construction finance segment across HFCs. While the home loans as an asset class have exhibited lowest credit losses in the past, an expected job-loss and salary reductions in the salaried segment owing to the pandemic is likely to impact asset-quality of retail home loans and result in higher GNPAs.

Moratorium due to COVID pandemic - To provide relief to borrowers facing a cash crunch due to the pandemic imposed lockdown the RBI permitted financial institutions including housing finance companies to grant moratorium to its customer for a period by six months – from 01st March, 2020 to 31st August, 2020. The regulations, though, aimed to keep the asset classification position unchanged from 1st March, 2020.

Further, taking cognisance of the challenges faced by housing finance sector, during previous year and later due to COVID pandemic, and the critical role it plays in achieving the "Housing for All" target, several measures have been undertaken to alleviate liquidity concerns and trigger demand. Some of these are:

- **Liquidity Infusion Facility (LIFt) Scheme:** The National Housing Bank (NHB) launched LIFt scheme in August 2019 to infuse ₹ 30,000 Crores into the housing finance system. HFCs were allowed exposure of up to 30% of their net owned fund (NOF) or 50% of NHB's NOF, whichever is lower. The LIFt scheme window remains valid for HFCs till June 2020.

- **Special Refinance facility by National Housing Bank (NHB):** The RBI provided a ₹ 10,000 Crores special refinance facility to NHB up to a one-year tenor to further augment liquidity into the housing sector.

- **Special Liquidity Scheme:** The Government announced a ₹ 30,000-Crores Special Liquidity Scheme under the Self-Reliant India movement, which directs investments to be made in investment-grade debt papers of NBFCs, HFCs, and Micro Finance Institutions (MFIs). Fully guaranteed securities will provide the much-needed liquidity support to HFCs while improving market sentiments and confidence.

- **Partial Credit Guarantee Scheme (PCGS) 2.0:** The Government further provided ₹ 45,000 Crores liquidity by extending the earlier PCGS scheme to cover borrowings of NBFCs, HFCs, and MFIs with low credit rating, with the aim of enabling them to extend loans to individuals and MSMEs. It extended this sovereign guarantee from earlier 10% to 20% of first loss to state-owned banks to enhance their participation in purchasing bonds and commercial papers of low-rated NBFCs, HFCs, and MFIs. This will improve liquidity levels of these entities and will greatly assist in reviving of MSME sector, supporting increased housing demand.

- **Targeted Long-Term Repo Operations (TLTRO 2.0):** The RBI announced TLTRO 2.0 at the policy repo rate for the amount up to ₹ 50,000 Crores to further improve the liquidity position of the NBFCs and HFCs.

- **Relaxation in External Commercial Borrowing (ECB) norms:** The RBI had earlier simplified ECB norms by allowing eligible borrowers to raise ECBs up to US$ 750 million or equivalent per financial year under the automatic route. It further reduced mandatory hedging provision to 70% from 100% for the loans with tenors for more than 5 years, which will enable HFCs to tap capital from the international markets at reduced costs.

Outlook

A report 'Indian Mortgage Finance Market – April 2020' published by ICRA, projects the housing finance sector to grow by 9% to 12% in FY 2020-21, lower than CAGR of 16% exhibited in last 3 years. The housing finance sector is forecasted to witness a subdued first half (H1) in FY 2020-21 and will further slowly pickup in the second half, depending on the speed and nature of the overall economic recovery from the virus. The slowdown in growth is attributed to the impact of COVID-19 induced lockdown. With lower income levels, delayed project execution and tough refinancing conditions, the overall sector is likely to face higher delinquencies and loan losses. However, the affordable housing finance segment is projected to grow at better rates of 13%-14% during the year. Proactive measures of the Government, policies undertaken by RBI, infusion of surplus liquidity into the banking system, improved affordability in the housing sector, and a growing structural demand for affordable housing will ensure long-term sustainable growth in the sector.

Company Overview

Aadhar Housing Finance Ltd. (the Company) is the largest affordable housing finance company in India, catering to the home loan needs of the EWS and LIG sections of the society. Within these categories, the Company aims to serve the salaried, self-employed, and informal business segments. Its key product offerings include loans for purchase/construction/improvement of the house, purchase of land, and loan against property, among others.

Strong Parentage of the BCP Topco VII Pte. Ltd. (Subsidiary of Blackstone Group)

The Company enjoys a strong parentage of our promoting company, a leading global investment business and the world's largest asset manager with ~US$ 554 billion worth of assets currently under management. Operational in India since 2006, Blackstone Group is the largest owner of commercial real estate in India. In FY 2019-20, Blackstone, through its Group Company, infused an equity capital of ₹ 1,300 Crores in Aadhar Housing - of which ₹ 800 Crores have been invested in June 2019, post transfer of ownership & change in control from earlier promoters and International Finance Corporation (IFC) to BCP Topco VII Pte. Ltd. An additional ₹ 500 Crores has been invested by way of a rights issue in March 2020. BCP Topco VII Pte. Ltd. owns 98.7% of the Company's equity shareholding, as on 31st March, 2020.

While the Company underwent ownership transition from earlier promoter to BCP Topco VII Pte. Ltd. (Subsidiary of Blackstone Group) in June 2019, its business operations, during and post-transition, remained uninterrupted. Equity capital infusion of ₹ 1,300 Crores coupled with a net profit of ₹ 189 Crores in FY 2019-20, improved the Company's net-worth significantly from ₹ 860 Crores in FY 2018-19 to ₹ 2,347 Crores in FY 2019-20. This also led to a reduction in leverage ratio (Net Debt/Equity) to 2.77 in FY 2019-20 from 8.1 in FY 2018-19. The capital adequacy of the Company stands at 51.42% (as per INDAS) as compared to the Regulatory requirement of 13%.

Strengthened corporate governance

Post transfer of ownership from earlier promoters to BCP Topco VII Pte. Ltd. (Subsidiary of Blackstone Group), As on 31st March, 2020, the Board consists of total 7 Directors viz. 3 (three) Non-Executive Directors-Nominee, 3 (three) Independent Directors and 1 (one) Managing Director & CEO. On 1st April, 2020, one of the Independent Director (Mr. V. Sridar) resigned from the Board of the Company. The Board is chaired by Mr. O. P. Bhatt, Former Chairman of State Bank Group which includes State Bank of India. The appointment of Mr. Bhatt has strengthened the corporate governance significantly. The Company also has a robust in-house internal audit function which is supported by Ernst & Young (EY) who conduct audits in specific areas at the Corporate level.

Enhanced credibility in the capital markets

The Blackstone Group's unwavering commitment to the highest standards of professionalism and corporate governance has led the Company to improve its operational efficiency and productivity further. Backed by the Group's strong parentage, comfortable liquidity position, loan-book quality and business model strength, the Company enjoys superior credibility with various financial institutions, rating agencies, and regulatory bodies, granting it a specific advantage in securing funds at competitive rates.

Business Overview

The Company has a pan-India presence with a wide network of 294 branches spread across 20 States (including Union Territories). It has established footprint in more than 10,900 locations, which has enabled it to reach out to over 90% of India's population providing them with credit solutions to make homeownership accessible to everyone. The network is well distributed across the country as no state contributes more than 14% to the cumulative branch strength.

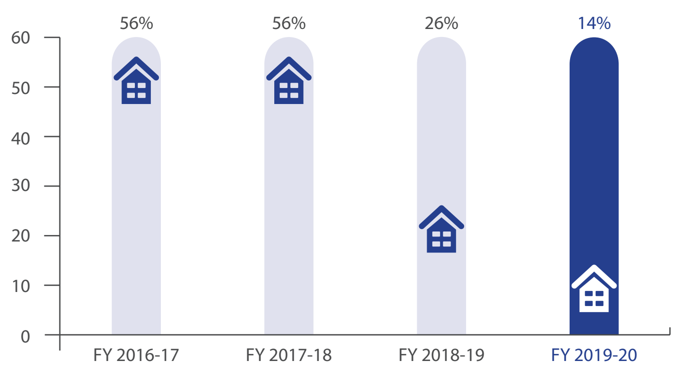
While the Company derives its strength from a pan-India presence and last-mile reach to its targeted segment, it has de-risked geographical concentration with an optimum loan-book distribution across multiple states. Top 4 states cumulatively contribute ~53% of the assets under management, while no state contributes more than 14% of AUM, enabling it to withstand state-specific shocks better than the industry and achieve improved and sustainable growth.

Key Operational Numbers

Loan Book Size and Distribution:

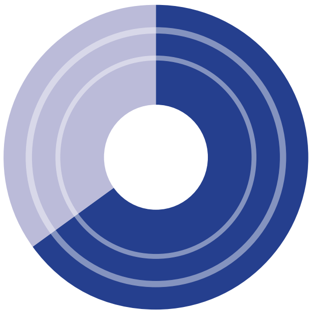
The Company's AUM grew by 14%Year-on-Year (YoY) at ₹ 11,432 Crores as on 31st March, 2020, as against ₹ 10,016 Crores as on 31st March, 2019. Whereas, the total loan book grew by 12% YoY at ₹ 9,060 Crores as on 31st March, 2020, against ₹ 8,124 Crores in the previous year. The composition of Home Loans, Loan against Property and Project Finance in the total loan book stood at 84.3%, 15.2% and 0.5%, respectively.

Year-on-Year Growth in AUM



The Company commands a unique position in the affordable housing finance sector owing to the superior quality of its AUM, backed by higher contribution (65%) of the salaried segment, as on 31st March, 2020. Within the salaried segment, the formal segment, one that receives cheque payments directly in their bank accounts, contributed 54%, while the remaining 12% is disbursed to the informal cash salaried category. Of the self-employed segment (34%), ~12% of the borrowers belonged to the formal segment, and ~22% belonged to the informal segment.

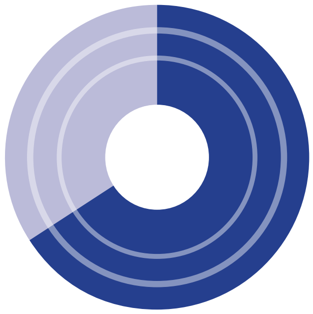
AUM distribution within salaried and self-employed categories



FY 2019-20

Salaried - 65%

Self-Employed & Other - 35%

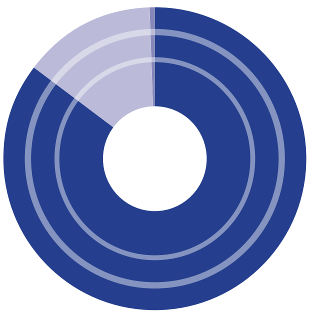


FY 2018-19

Salaried - 66%

Self-Employed & Other - 34%

AUM distribution within Housing and Non-Housing categories

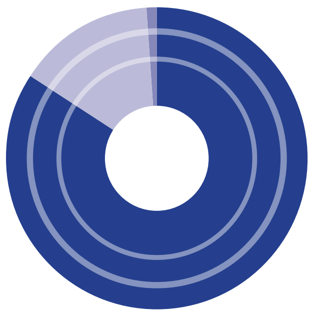


FY 2019-20

Housing Loans - 85.36%

Non-Housing Loans - 14.27%

Project Finance - 0.37%



FY 2018-19

Housing Loans - 84.23%

Non-Housing Loans - 14.27%

Project Finance - 0.37%

Number of customers, Average ticket size, and Average Loan-to-value (LTV)

As on 31st March, 2020, the Company caters to 1,60,000+ customers with an average ticket size of ₹ 8.4 Lakhs. The overall incremental average ticket size stands at ₹ 9.3 Lakhs. The incremental average ticket size for housing loans was ₹ 9.4 Lakhs, and that for loan against property (LAP) was at ₹ 7.8 Lakhs. The Company's overall Loan to Value (LTV) ratio stood at 53.30%.

Strategic Exit from Builder Loan Portfolio

With an intention to strategically exit the wholesale lending business, the Company has been gradually reducing its exposure to the Builder Loans since last couple of years. The Company currently has an insignificant builder loan book amounting to ₹ 42 Crores with a carrying value of ₹ 19.64 Crores.

Subsidy claim under the PMAY scheme

Under the PMAY scheme, the Company has extended subsidy benefits to over 11,000 customers in FY 2019-20 amounting to ₹ 241.53 Crores, as against ₹ 222.23 Crores in FY 2018-19. It also automated the PMAY subsidy upload process during the year, enabling itself to achieve superior turnaround time (TAT).

Key Business Developments

Key highlights of the business development in FY 2019-20

- **Disbursement:** Total disbursement in FY 2019-20 stood at ₹ 3,190 Crores, at the same level as in FY 2018-19. Lower disbursement in March 2020 led to flattish growth in disbursement, which is due to the COVID-19 imposed lockdown. However, encouragingly, a significant portion of these individuals, to whom disbursement could not be made, continue to be remain active. The Company expects resumption of these disbursements in FY 2020-21.

- **Higher provisions to accommodate credit losses and legacy project finance portfolio:** The Company has made provision of ~ ₹ 49.51 Crores for future expected credit losses owing to COVID-19 crisis. Impairment provision (including Write Off) of ~ ₹ 40 Crores has been made towards planned phase-out of legacy builders loan book portfolio which now stands at ₹ 42.05 Crores (Net carrying value – ₹ 19.64 Crores).

- **Profit before Tax and Net Profit:** The Company recorded profit before tax of ₹ 231 Crores in FY 2019-20 as against ₹ 235 Crores in FY 2018-19. Even with a one-time impact of COVID-19 and project finance portfolio provisions, the Company recorded Net Profit growth of 17% YoY, at ₹ 189 Crores in FY 2019-20 as against ₹ 162 Crores in FY 2018-19. Between FY 2016-17 and FY 2019-20, it recorded a compounded PAT growth of 32%.

- **NPA:** Retail gross NPA on loan book and AUM increased marginally to 0.96% and 0.82%, respectively, as of 31st March, 2020, while overall gross NPA on loan book and AUM stood at 1.29% and 1.08%, respectively. The increase was on account of a lower collection in March 2020 due to the lockdown in the last week. Even as the Company projects its NPA levels to rise marginally in FY 2020-21 due to the overall economic slowdown, it seeks comfort from the strength of its loan-book quality.

- **Provision coverage ratio:** The Company's provision coverage ratio stood at 40.2% as on 31st March, 2020 as against 27.5% as on 31st March, 2019.

- **Provision for loans as per ECL:** The provision as per ECL is ₹ 127.09 Crores as against the NHB provision of ₹ 100.42 Crores.

- **The Company's provision as against NHB requirements:** The Company's provision under ECL Model is higher than income recognition & prudential norms by ₹ 26.67 Crores.

- **Spread on Loans:** The Company's average yield on AUM assets in FY 2019-20 stood at 13.10%, higher than 12.74% it recorded in FY 2018-19, while the spread on loans for the year was 3.57% as against 3.45% in the previous year.

- **Net Worth:** The Company ended the year with a Net Worth of ₹ 2,347 Crores which was mainly due to the overall capital infusion of ₹ 1,300 Crores during the year by the Blackstone

Group. The capital adequacy as on 31st March, 2020 stood at 51.42% (as per INDAS) compared to the regulatory requirement of 13%.

- **Improvement in distribution reach:** In a bid to improve operational efficiency, the Company undertook a consolidation of branches from 311 in FY 2018-19 to 294 in FY 2019-20, while it increased the number of touchpoints to 10,900. This will enable it to have superior control over its operations, while also improving its cost effectiveness.

- **Appointment of CRO:** In compliance with regulatory guidelines, the Company appointed a full time Chief Risk Officer (CRO) to oversee enterprise risk and review, analyse, monitor and report to the Risk Management Committee and the Board of Directors on all significant matters.

Sales and distribution

The Company operates out of 294 branches, out of which106 are main branches, while the remaining are categorised as small, micro, and ultra-micro branches, based on business volumes.

Direct Sales Team

The Company has established a highly competent and dedicated sales team, including on-roll relationship managers and off-roll Direct Sales Team (DST). The Company promotes performance-based incentive schemes and conducts skill and knowledge up-gradation training programmes to ensure excellent on-ground sales performance and superior customer service.

Apart from DST, the Company has also established unique business-development models such as 'Resident Executive Programme' and 'Aadhar Mitra Programme'. It maintains a strategic focus on developing these sourcing models due to their cost effectiveness, deep local reach and customer connect.

Resident Executive Programme

The Company has deployed a unique asset-light 'Resident Executive Programme' where it recruits and trains one 'Resident Executive' from an identified location, to operate in the designated area with no physical branch infrastructure. This enables it to test various locations cost effectively for potential business opportunities and demand consistency before establishing a 'brick-and-mortar' micro or ultra-micro branches.

As on 31st March, 2020, it appointed 156 Resident Executives in 280 locations. These Executives have been helping in achieving additional business with superior reach and higher yields, while also sourcing business from new locations.

Aadhar Mitra (AM) Programme

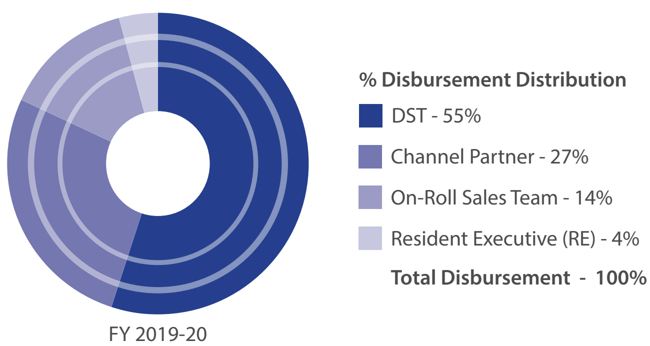
The Company continues to run its commission-based freelancer model 'Aadhar Mitra' (AM) programme. This is aimed at establishing last-mile connectivity for rural home buyers and bridging the financial inclusion gap between developed urban India and under-developed rural India. Through this model, it has identified, enrolled and trained 6,818 AMs. These are local business facilitators, such as small shop owners, taxi drivers, unemployed youth, etc., and contribute to business growth cost effectively.

In FY 2019-20, the Company focussed on developing Digital Aadhar Mitras (DAM) in the light of emerging ways of doing business digitally, post-COVID-19. The activities of DAMs are seamlessly integrated with the Company's system – right from lead generation to communication with branch managers, assignment of sales team and final loan disbursement. It also focussed on establishing Aadhar Mitras engaged in construction activities, considering the network they have with customers seeking new homes. Moving forward, the Company plans to increase the share of business generated by DAM from the current contribution of 20%.

Channel Partners

The Company sources loan applications through third-party channels and referral partners. Currently, it has 3,053 Channel Partners mapped with individual/multiple branches based on reach. These are carefully selected and re-empanelled based on recommendation from the branch team and upon successful clearance of other compliances. They are responsible for end-to-end loan processing and overdue recovery. Additionally, the Company has empanelled 12 Corporate DSAs with a pan-India presence. In FY 2019-20, the combined contribution of Channel partners and Corporate DSAs was 27% in the overall business generation. With a lucrative revised incentive structure, the Company hopes to garner higher business from these Channel Partners.

Evenly distributed business generation in On-roll sales team, DST, REs, AMs, and Third-Party Channels.



Credit Assessment and Operations

The Company has established robust and efficient credit management operations with well-defined processes and prudent underwriting skills with an objective of achieving superior asset quality and healthier returns. It has an experienced team of credit officers across the branches that undertake client due diligence and credit assessment while the technical officers, having domain expertise, undertake detailed property verifications. The collection team is supervised by the regional officers and the head office.

The Company incorporates two-layered credit filtration, verification, and approval process for every portfolio to achieve zero discrepancies in the appraisal process and ensure a fair and unbiased credit sanction. It has delegated loan sanctioning powers at various levels of committees at the branch, region and head office levels, and has put pre-determined ceilings on the loan amounts based on the branch level (small, micro, ultra-micro) and product category.

The Company engages highly experienced civil engineers to assess property valuation with better accuracy. For properties above ₹ 30 Lakhs, the Company obtains joint valuation from in-house technical managers and for the properties above ₹ 75 Lakhs, valuation is done by 2 external valuers appointed by the Company. Properties valuing above the threshold limits are visited by branch managers or credit managers. As an additional measure, 5% of the properties mortgaged in each quarter are revalued to review the variance in valuation and the cases where the variance is more than 15% are examined for taking necessary remedial measures.

A dedicated legal team undertakes legal due diligence of the property documents and ensures compliance with regional laws. In case of very specific regional matters, the Company also engages subject matter consultants for independent due diligence and cross valuations. Additionally, for any reported negligence, the Company conducts end-to-end root cause analysis, and initiates immediate preventive and corrective actions.

The Company's Centralised Processing Unit (CPU) implements a scientific approach to achieve shorter turnaround time through faster decision-making, cost-efficient processing and seamless transaction flow. In FY 2019-20, it successfully piloted the internally developed credit risk-assessment model, which assists in data-driven portfolio assessment and superior risk categorisation of loans into high, medium, and low-risk buckets. With a successful pilot, the Company is in the process of implementing the model across all the portfolios and expects further improvements in the model's accuracy with more data augmentation. In a bid to achieve economies of scale and further improve productivity and efficiency, the Company centralised its Fraud Control Unit (FCU) and operational activities such as refunds, check authorisations, closures, and waivers, among others.

Collection

In view of challenging collection activity in the LIG segment and in a bid to ensure low delinquency levels, and also to protect its profitability, the Company has developed robust collection capabilities. It has established a strong in-house collection management team, supervised by regional offices and the head office. The team is responsible for managing the lifecycle of transactions and monitoring asset qualities across all portfolios.

By leveraging the Company's robust collection structure, the team strives to maximise collection efficiency in the standard accounts and ensures low delinquency levels by closely and strategically monitoring all accounts from zero bucket accounts to 3rd bucket accounts to NPA accounts. Robust internal process controls enable the Company to monitor cheque bounces and returns on a real-time basis. It is further streamlining its processes through collection mobilisation to ensure a unified approach and control on recovery.

The Company follows well-defined policies and procedures to address delinquencies and collections. It adopts a dignified approach in case a borrower is undergoing financial difficulties and is expected to default. Its new initiative PEHAL encourages customers to clear their outstanding amount through individual customised counselling. It also pursues borrowers through personal contacts for recovery and strives to upgrade the account from NPA to standard category. The Company emphasises on educating the customer about moratorium facilities. However, under the essential cases only, it resorts to SARFAESI and other legal measures to recover dues. It has established a team of litigation managers in every State to support the recovery process through legal tools.

The Company collects ~90% of EMI payments through ECS/NACH and has made NACH compulsory for all new disbursements to reduce the cost of collection and improve collection efficiency. In FY 2019-20, the Company partnered with multiple fintech companies like Razorpay to provide online payment modes to its customers in order to facilitate higher online transactions. It also deployed unique PayNearby points, which enables borrowers to pay EMIs at 1 lakh + local touch points across India.

During the COVID-19 lockdown phase, the Company emphasised on healthy collections by deploying its field team, sales team and operations team to assist in the collection process. Supported by healthy portfolio mix and proactive collection approach, the Company witnessed a gradual pick-up in its collection activity despite of granting moratorium to its customers and expects it to gradually come back to pre-COVID levels with revival of the economic activity.

Risk management

The Company has a comprehensive risk management framework which is steered by the Board Risk Management Committee (RMC) and Asset Liability Committee (ALCO) appointed by the Board. The board committee conducts comprehensive risk review quarterly to identify deviations and variance in the pre-defined risk parameters and appetite and analyse the reasons for those variances. Further, the Company has the Executive Risk Management Committee (ERMC) of senior management, which deliberates into all policy changes and monitors risk appetite, risk indicators, and stress scenarios and undertake appropriate actions as deemed necessary. The Company has established the Risk Appetite Statement (RAS) that sets out the aggregate level and types of risk it is willing to accept while achieving its business objectives. It provides a benchmark for business decisions that are based on balancing risk and return and making the best use of the Company's capital. The RAS consists of qualitative statements and quantitative metrics, covering Capital, Profitability, Asset Quality, Credit, Operational, Liquidity and Compliance Risk which is monitored regularly and is presented in the Quarterly Risk Management Committee.

Risk Governance Structure

The Company has envisaged a formal risk management structure with an active and engaged Board of Directors supported by an experienced senior management team and a centralised risk management team led by Independent Chief Risk Officer (CRO). It is responsible for the enterprise-wide management of all risks, including key policies and frameworks for the management of risk within the Company.

Three Lines of Defence

The Company has implemented an activity-based three lines of defence model to create a robust control environment to manage risks. The model underpins the Company's approach to risk management by clarifying responsibility, encouraging collaboration, and enabling efficient coordination of risk and control activities. It includes:

- The first line of defence owns the risks. It is responsible for identifying, recording, reporting and managing them, and ensuring that the right controls and assessments are in place to mitigate them.
- The second line of defence is comprised of 'Risk and Compliance' and oversees the first line by setting the limits, continuous monitoring and putting constraints on the first line operations in line with the risk appetite.
- The third line of the defence comprises the Company's Internal Audit function, which ensures independent and objective assurance of the adequacy of the design and operational effectiveness of the risk management framework and control governance process.

Fraud Control Unit (FCU)

The FCU ensures the quality of all loan files by extensively verifying and authenticating profile, identity, documentation, and property valuation before the loans are sanctioned and disbursed. Each region has an FCU expert who assists in strengthening the fraud control processes and keeps a vigilant eye to identify and deter possible fraudulent activities. The FCU also conducts a monthly screening of sample disbursements and profiles to identify shortcomings in appraisal procedures to strengthen its capabilities. It undertakes investigations and actions as per the governance action matrix. It also has placed whistle-blower policy and procedures that promptly highlight red flags and fraud elements in the borrower activities to enable the Company in taking preventive/corrective action.

Internal Controls

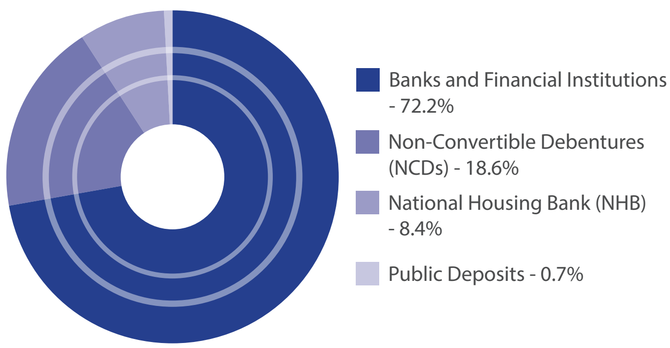
The Company has well-defined and adequate internal control system having documented policies, guidelines and business procedures for all its operational and financial functions, fraud control, and compliance with applicable laws and regulations, among others. These internal controls are managed by the experienced head of audit and his team and are supplemented by extensive internal audits to ensure strict adherence and effective execution of the internal controls. Audit Committee of the Board of Directors approves internal audit plan at start of the year that covers all branch operations and centralised operations at Head office. It regularly reviews internal audits and provides corrective measures based on the observations and suggests improvements to strengthen the existing control system and adapt to changing business needs.

The Company's centralised concurrent team in Mumbai conducts a monthly audit of files, while the annual full-scale audit of the Finance and Accounts and other processes, and limited quarterly review is carried jointly by two statutory auditors appointed by the Company. The audit committee reviews statutory audit observations submitted by these auditors to monitor and maintain the adequacy of the controls.

Sources of Funds

During the year, the Company raised ₹ 4,764 Crores from diverse sources by leveraging its business model strength emanating from secured retail loan-book, low NPA, conservative ALM, Blackstone Group's support and goodwill in the financial markets, and strong corporate governance. Backed by these business strengths, it was able to raise funds despite the challenging liquidity environment, for the NBFC sector. The Company raised ₹ 3,300 Crores from Banks, ₹ 200 Crores from NHB Refinance, ₹ 300 Crores by issuing non-convertible debentures (NCDs) to mutual funds and ₹ 955 Crores from Direct Assignment transactions. During the year, the Company also received equity of ₹ 800 Crores from a primary issue in June 2019 and ₹ 500 Crores from a Rights issue in March 2020. The Company does not have any short-term borrowings or exposure to Commercial Papers. In May 2020, the Company also raised ₹ 200 Crores under TLTRO 1.0 facility, pursuant to RBI announcement at competitive rates.

Borrowing Composition as of 31st March, 2020



Liquidity Position and Asset Liability Management (ALM)

Despite the challenging economic and liquidity scenario, the Company maintained average liquidity of ₹ 1,700 Crores – 20% of the loan book, during the year, and ₹ 2,971 Crores as on 31st March, 2020, equivalent to 33% of the total loan book and 18% of closing borrowings. The strong liquidity position gave due comfort to the banking community and the capital market participants. It also sustained its credit ratings despite stringent market conditions and the COVID-19 crisis. The Company is comfortably placed in meeting all its contractual debt obligations for the current fiscal amidst a challenging environment. Prudent liquidity approach, coupled with capital infusion by the Blackstone Group, further strengthened its funding profile and resulted in positive gaps across all the ALM buckets.

The utilisation of surplus funds

The Company invests surplus funds in highly secure and stable liquid assets and adapts to the changing market scenarios, while ensuring strict adherence to the Board-approved investment policy. It invests in Fixed Deposits with Banks and highly liquid Mutual Fund Schemes among others, based on prevailing market conditions and investment opportunities that entail safety of capital and return optimisation. In response to COVID-19 crisis, it preferred investment in safer investment avenues, such as bank fixed deposits, over mutual fund investments.

Long-Term and Short-Term Credit Ratings

As on 31st March, 2020, the Company maintained its credit ratings at AA by CARE and Brickworks, despite the ongoing industry stress and the overall economic slowdown. This was due to a comfortable liquidity position, robust business model, and strong parentage of the Blackstone Group. Further, the short-term ratings were at A1+ by ICRA and A1 by CRISIL.

Focus on diversifying sources of funds

The Company targets long-term borrowings by gaining access to a diverse source of funds, such as the banking sector, financial institution and the capital market, backed by its strength in the balance sheet and a secure retail business model. It continually focusses on diversifying the sources of funds and optimising the cost of funds. To meet this objective, the Company will continue to focus on:

- Increasing share of NHB refinancing in total borrowing mix from current 8.4% in FY 2019-20, given the competitive rates provided
- International financing avenues
- Securitisation and direct assignments to diverse investors. Majority of the loans originated by the Company meet priority sector lending norms, consequently, attracting lower interest rates

Cost of Funds

Being in the affordable housing finance segment, cost of funds remains our focus area for maintaining sustainable spreads, while raising capital from the banking system, with more than 97% of its retail loan book eligible for priority sector lending (PSL). The Company's cost of funds as at 31st March, 2020, stood at 8.94% compared to 9.39% as at 31st March, 2019. Despite a challenging business environment and ownership transition phase, the Company maintained tight control over cost of funds by banking on the quality of its retail loan book and strong liquidity management.

The Company's cost of borrowings is expected to come down due to a significant reduction in key repo rate in the past 15 months and with banks also lowering their rates. Furthermore, RBI's extension of PSL limit from ₹ 10 Lakhs to ₹ 20 Lakhs for fresh loans sanctioned for the affordable housing is likely to improve the scope and borrowings at attractive interest rates. Further, direct assignments of the loan portfolios will enable the Company to optimise its cost of capital, while simultaneously reducing the risk of credit loss due to pro-rata risk sharing with banks post loan assignments.

Comfortable Capital Adequacy Ratio

As at 31st March, 2020, the Company's Capital Adequacy Ratio (CAR) stands at a comfortable 51.42% level, as against the statutory requirement of 13% for HFCs. This is on account of the ₹ 1,300 Crores equity capital infusion during the year and ₹ 189 Crores of net profit addition to the balance sheet. The NHB has mandated an increase in CAR from 13% to 15% and reduction in borrowing limit of HFCs from 16 times of net-owned funds to 12 times by March 2022. With a comfortable CAR and low-risk weights that its retail loan book portfolio attracts, the Company is not likely to be negatively impacted by the new mandates.

Marketing and Communications

The Company continued to adopt a multi-channel marketing approach to increase visibility, awareness and brand recall. Through its PR initiatives, that includes thought leadership content, industry stories, press releases, press conferences and media interviews, the Company communicates its corporate strengths effectively and captures a higher mindshare of its target audience. The Company also conducted several employee training on customer care and engagement activities to improve customer experience and loyalty towards the organisation.

Above the Line (ATL) promotions

In a bid to develop a closer connect with its customer, the Company undertook specific activities during the year. One such activity was putting wall paintings in 133 locations to create high impact visibility, through which it targets covering 6,52,000 sq. ft. area. The Company also initiated brand building activities through Aadhar Mitra signboards and received an encouraging response. It now plans to replicate this across all other locations where it has a presence in a phased manner. To further enhance its visibility cost effectively, it distributed branded DST kits across all the locations.

In the backdrop of the pandemic-imposed lockdown, the Company launched an innovative 'Ghar Aaya Aadhar' campaign. This was aimed towards raising home buyer's awareness about making enquiries and being able to process their requests for home loans digitally and safely from the comfort of their homes.

Digital and Social Media Marketing

The Company's efforts in enhancing its engagement by leveraging digital and social media has yielded good results, generating over 5 Lakhs leads online. Its social media handle commands more than 52,711 followers, with 2,14,824 engagements this year.

Below the Line Promotions

During the year, the Company undertook several high impact Below the Line (BTL) activities to reach the targeted low-income segment cost effectively. It also planned to enhance the ground level awareness about its product offerings. To achieve this, it undertook 730 Aadhar Parichay, 7,300 canopy activities, and 50 leaflet insertions. It conducted 49 Builder Meets through a branded stall in various events, festivals, and exhibitions, gathering more than 1.4 Lakhs enquiries.

Strategic Media Communications and PR

It achieved consistent media coverage through the year by way of agenda-driven media interviews, efficiently conducted city media meets, and quality authored articles in 'A' category publications such as The Hindu Business Line, Financial Express Online, Outlook Money, and Business Today, among others.

The Company has achieved distinct recognition as a key player, operating in the affordable housing sector and as an esteemed home loan solutions provider, demonstrating wide and consistent coverage received without significant press release. The Company managed to achieve 271 clips in FY 2019-20, solely based on interviews, authored articles and industry stories. It maintained a significant (30%) share of voice in public relations and media coverages amongst its key competitors and received prestigious recognitions, awards, and accolades during the year. A few of these included:

- Silver Award in the Affordable Housing category at the Outlook Money Conclave bringing our tally to 3 awards in 3 years
- A 'Great Place To Work' certificate by Great Place To Work Institute (India)
- 'The Economic Times Best BFSI Brands 2019' award at the India-UAE Strategic Conclave 2019
- All India 3rd Prize in the PRSI National Awards 2019 for the Company's Annual Report 2018-19
- The Company's MD & CEO, Shri Deo Shankar Tripathi, received the 'Top Most Influential BFSI Leaders' award at the World BFSI Congress & Awards and 'The NBFC Leadership Award 2020' at the 8th NBFC 100 Tech Summit

Technology

Technology plays a critical role in improving the Company's operational efficiency, in optimising cost, enabling it to strengthen its competitive position and stay relevant in increasing data and technology-driven business landscape. During the year, the Company made significant progress in automating many of the manual processes which helped it improve the overall operational efficiency and shorten the end-to-end processing time.

The Company has been availing the support services and sharing IT resources at the Data Centre and Data Recovery Centre with its erstwhile associate company Dewan Housing Finance Corporation Ltd. (DHFL) and is utilising the Tech 1.0 IT platform to improve operational efficiency and optimise costs.

Migration to the state-of-the-art lending management system

The Company is in the process of implementing proven business application platforms during FY 2021, with various digital solutions to improve efficiency and offer superior customer experience. It is in the process of setting up new IT infrastructure to enable separation from shared infrastructure. During the year, it launched a field-level digital collection application that provides real-time data transfer between the field, call centres and the head office.

The Company has partnered with Tata Consultancy Services (TCS) to revamp its legacy technology-stack by migrating to a technologically advanced and state-of-the-art lending management system. The system's digitisation, automation and process driven by business rule engines (BRE) will greatly support the Company's ambition to become a truly data-driven organisation. The new system will enable it to seamlessly process the entire product life-cycle – right from lead generation to sanctioning and disbursement, which will improve the Company's turnaround time significantly, while simultaneously reducing errors. It is also expected to facilitate the Company in achieving superior integrations with various regulatory bodies and India-stack, which would assist in fast-tracking customer verifications and further complement operational efficiency.

Human Resources

Talent Acquisition

The Company recognises the key role human resources play in achieving long-term growth and it values its employees as key assets. It nurtures and empowers its human resources by adopting an approach of serving and leading. During the year, it received an external recognition as among the top 25 best employers to work for in the BFSI space and top 100 employers to work for out of ~800 organisation by 'Great Places to Work'. The Company has established a robust HR system and employee-friendly HR policies that promote a conducive and motivating work environment and provide each employee with an equal opportunity to improve and excel.

Sound HR policies, coupled with extensive background verification, have enabled the Company to recruit and retain talented employees from HFC and non-HFC industries capable of meeting future business challenges. The Company's business operations are primarily conducted in Tier-II and Tier-III cities. Taking the cognisance of this, it places great emphasises on hiring from Tier-II and Tier-III cities and having the necessary terrain knowledge.

Training and Development

Any organisation requires human resources with relevant knowledge, quality skills and an attitude to perform well to achieve strategic goals and sustainable growth. Recognising employees' diverse skillsets and knowledge expertise, the Company introduced 'Training Day' to share domain-specific expertise internally across the organisation. Apart from branch induction training conducted by business and functional team, the Company also conducts training programmes for the below-mentioned departments:

- Pragati, Safal and Agrasar for the sales team
- Branch Manager Effectiveness Programme for branch managers

- Workshops on operational efficiency, legal, technical, credit and collections
- Behavioural trainings including business communication for credit team and MS Excel and PowerPoint for the Corporate Office

Additionally, the Company conducts nominations-based workshops. This includes programmes for the housing sector, housing finance sector, artificial intelligence, and analytics for HR professionals, among others.

The Company provides financial support to its employees willing to pursue higher studies in an education stream of their own choice. Additionally, it conducts an online induction programme and e-Learning programme for new hires upon joining the Company. It undertakes financial training, Anti Money Laundering (AML) and Know Your Customer (KYC) training for all its employees.

In FY 2019-20, the Company launched an innovative and unique SMS-based test that provided performance-based rewards and prompt recognition on the online platform. It was widely accepted by the employees and resulted in a significant improvement in the employee engagement and motivation levels. It also employed other virtual mediums such as e-learning platforms and WhatsApp contests and a dedicated Saturday each month to impart skills up-gradation training.

Attrition

The Company believes that employee welfare helps in keeping the morale and motivation of the employees high, to retain talent pool for longer duration. Towards this goal, the Company has several welfare plans such as:

- Mediclaim Top-up
- Additional Term Plan and Accidental Coverage
- Higher Education Support
- Concessional Staff Housing Loan
- Foreign Incentive Trips
- ESAR/ESOPs
- Yoga and Health Sessions for a Healthy Work Environment

Apart from these initiatives, the Company provides industry-competitive packages, performance-based incentives, and meritocracy-based growth opportunities. It also conducts structured exit interviews, followed by planned action to reduce attrition.

COVID-19 response

In the wake of COVID-19 crisis, the Company responded swiftly to adapt to the new work culture placing more emphasis on the health and well-being of its employees. It launched a centralised helpline number for its employees to cater to their COVID-19 related queries. It also offered reimbursement for testing of Corona Virus to employees and established a daily protocol for opening offices with a standard operating procedure (SOP) with over 25 monitoring parameters. This is monitored by the supervising body on a fortnightly basis, and strict adherence to SOP is ensured.

The Company, proactively converted the COVID-19 crisis into a learning & development opportunity and utilised the time practically by offering more than 5,000 working hours of training in behavioural and functional areas during this period. It also improved functional and behavioural modules with the addition of new and relevant topics.

The Company also emphasised on IT transformation to adapt to the structural shift from physical-office infrastructure to a virtual omnipresence. It is also in the process of moving from input-based key result areas (KRAs) to output-based KRAs to be able to measure employee performance remotely. Additionally, the Company implemented a smartphone-based HR system for the entire organisation, including off-roll employees, thereby achieving seamless adaptation to the changing operational modus operandi.

The Company witnessed an encouraging response from its employees as it adopted newer working styles, demonstrated by huge attendance and engagement during the townhall meetings. It hopes to yield good results with these activities in the long run with a superior employee-company connect and employee-loyalty towards the organisation.

Third-party survey

The Company conducts employee satisfaction surveys every two years. Taking this one step forward, it assigned external third-party survey and implemented action points based on the recommendations provided. This helped it in improving its employee engagement and depth of training modules significantly with a resultant improvement in employees' functional expertise and operational capabilities.

Employee Strength

As on 31st March, 2020, the Company's employee strength stood at 2,097 on roll employees.

Corporate Social Responsibility (CSR)

The Company acknowledges its moral obligation towards the society and endeavours to achieve holistic growth and focus on prosperity of each individual. Through its 3 key principles – Empowerment, Collaboration, and Sustainability – it aims to create responsive and empowered communities.

Below is a brief on the CSR projects undertaken in FY 2019-20:

I. ***Aadhar Aangan*** – It facilitates quality Early Child Care & Education (ECCE) through a capacity-building approach. Under this theme, the project supports 306 Aanganwadis in Damoh district, Madhya Pradesh with the help of its implementing partner, Jan Sahas Social Development Society. A total of around 20,816 children, 2,754 pregnant women and 2,699 lactating mothers have benefited till date from the project.

II. ***Aadhar Kishori Kalyan*** – It offers information and solutions across the Menstrual Health Management (MHM) value chain to promote safe and effective menstrual hygiene to adolescent girls and menstruating women. Along with its implementation partner, Coastal Salinity Prevention Cell, the project is being carried out in 100 villages of Talaja (Bhavnagar) and Rajula (Amreli). The initiative aims to provide benefit to nearly 25,000 women within a span of one year.

III. ***Aadhar Kaushal*** – The project aims at skill development of youth from the under-served segments to be able to provide them with sustainable livelihoods. Along with ITM Edutech, it implemented the project in 9 cities across India, providing training in the BFSI segment to 1,565 youth.

IV. ***Aadhar Swavalamban*** – It launched Aadhar Swavalamban to improve employability of the working population in the LIG segment and build their capacity to amplify their chances of enhancing livelihoods. The project, with a key focus on financial literacy, has been as executed in 14 cities across India. Nearly 2,058 participants participated in these financial literacy workshops.

V. ***Aadhar Saksham*** – This project is targeting towards driving the economic development of slum communities through financial literacy and economic growth. Aadhar Saksham has been implemented in Ranchi, Jharkhand in collaboration with SAATH Livelihoods.

VI. ***Donation to Kasturba Health Society (Wardha, Maharashtra)*** – The Company offered donations for procurement of Vehicle for Palliative Care Unit of Kasturba Health Society for transportation of patients in the palliative care unit. These vehicles will carry doctors and professionals trained in offering palliative care to patients suffering from terminal illness.

Fight against COVID-19

During the Coronavirus outbreak, the Company encouraged its employees to volunteer for offering social support to the needy and maximise the reach and impact of its CSR-related activities. More than 6,000 of its employees partnered and participated in COVID-19 relief measures at their local area-level under direct monitoring from its CSR Team. It also donated hand sanitisers, face masks, hand gloves, carbide nozzles and foodgrains in this hour of need, as they battled the pandemic. Apart from this, the Company also pledged support in favour of the PM CARES Fund, Bandra Holy Family Hospital and Kaushalya Foundation towards specific initiatives to combat the pandemic.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of the Company, 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 several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.

Way Forward

Barring the containment zones, India is slowly resuming its business activities with the Government gradually relaxing the prolonged lockdown measures imposed since 24th March, 2020. However, the economic challenges posed by the pandemic will be felt for a long duration. With the overall economic slowdown, the Company will move forward with a cautious, diligent and vigilant approach in its credit lending activities. In the backdrop of these challenges, the Company has prudently moderated its monthly disbursement targets, while strongly emphasising on efficient collection. Depending on revival of overall economic activity, currently the Company expects to ramp-up its operations and disbursements in the second half of FY 2020-21. In the light of uncertain/declining property valuations, the Company will emphasise on superior collection, maintaining sufficient liquidity and adopting a conservative technical valuation approach.

Moving forward, the Company plans to focus on:

- Catering to salaried segment employed in government and organised sector
- Catering to people employed in essential service activities
- Focussing more on self-construction activities
- Strengthening network by increasing distribution reach in 15-20 Tier-II and Tier-III towns each year and increasing touchpoints from current 10,900 locations

Board's Report for the Financial Year 2019-20

Dear Members,

Your Company, Aadhar Housing Finance Limited (AHFL) is a Housing Finance Company registered with National Housing Bank **("NHB")** and regulated & controlled by Reserve Bank of India (RBI). AHFL is engaged in providing housing finance to economically weaker, lower and middle income segment of the society. AHFL is currently operating out of twenty States (including Union Territories) of India with a branch network of over 294 offices excluding the Registered & Corporate office and other regional offices covering more than 10,000+ locations.

1. Financial Performance of AHFL:

(₹ in Crore)

Particulars	March 31, 2018	March 31, 2019	March 31, 2020
AUM	7,966	10,016	11,432
Income	806.00	1239.59	1372.36
PAT	114.82	162.24	189.39
Net Worth	718.39	859.85	2347.18
CRAR	18.76%	18.28%	51.42% *
CRAR – Tier I Capital	16.23%	15.57%	49.07% *
CRAR – Tier II Capital	2.54%	2.71%	2.35% *
Retail NPA (on retail AUM)	0.58%	0.58%	0.82%
ROE %	19.1%	20.4%	11.66%

** If calculated as per previous GAAP (as done as at March 31, 2019 and March 31, 2018), CRAR is 47.79%, CRAR-Tier I Capital is 45.42% and CRAR-Tier II Capital is 2.37%.*

About AHFL:

- Largest independent affordable housing finance company with an AUM of ₹ 114 billion
- Strong growth tailwinds in affordable housing due to low mortgage penetration combined with low competition from banks and housing shortage in rural and urban areas
- Low concentration risk due to wide geographical presence: Presence across 20 States (including Union Territories) with diversified exposure across locations no single state contributes to more than 16% of AHFL's AUM.
- 100% secured retail advances (post ownership change/ post acquisition) with average ticket size of ₹ 8.4 Lakhs high share of low risk salaried customers (65% of loan book) and moderate LTV ratios of 53.3% and majority of the mortgage portfolios are satisfying the Priority Sector Lending criteria prescribed by RBI/NHB.
- Largest origination franchise with strong brand vs. peers: 294 branches which cover more than 10,000+ locations Low concentration risk due to wide geographical presence
- High asset quality: The Retail Gross NPA on AUM stood at 0.82% for the year ended March 31, 2020. Overall Gross NPA on AUM has been 1.08%. Provision Coverage Ratio on NPA Assets (Stage 3 carrying value) at 36%.
- Strong liquidity: High liquid assets/cash & bank balances of ₹ 2,971 crores as at March 31, 2020 in additional to unutilized Banks' sanction lines.

2. Current ownership position after change in control:

a) **Change in Control and Management of the Company:** The National Housing Bank, vide its in-principle approval dated May 7, 2019, as well as final approval dated June 7, 2019, gave its approval for the purchase of the shares of the Company by the Foreign Investor, BCP Topco VII Pte. Ltd. Further, as required under the NHB in-principle approval, the shareholders of the Company, vide Extra Ordinary General Meeting (EGM) dated June 6, 2019, provided their approval for the purchase of the shares of the Company from the erstwhile promoter/promoter group ("Sellers") along with International Finance Corporation (IFC), by the Investor. The company also received necessary NOC/ consents from majority NCD holders, in value (both private placement and public issue basis) and from Banks and other lenders for the transaction for change in control and management. The Company had received the NOCs from Catalyst Trusteeship Ltd. and Beacon Trusteeship Ltd., Debenture Trustees for Non-Convertible Debentures (NCDs) issued under private placement and through Initial Public Offer for the above transaction.

b) On June 10, 2019 the previous promoters/Sellers Group and IFC have transferred their entire shareholding to the Foreign Investor- BCP Topco VII Pte. Ltd., Singapore (Holding company/ Foreign Investor) in accordance with the aforesaid share purchase agreement and the share sale agreement, respectively. Pursuant to the aforesaid transfer from the Sellers and IFC, the Foreign Investor became the controlling Shareholder/ Holding Company of AHFL. The Foreign Investor has infused fresh primary capital amounting to ₹ 800 Crores (including securities premium) into AHFL under preferential allotment, as approved by the shareholders at their Meeting held on June 6, 2019 and by the Board at its Meeting held on June 11, 2019. In June, 2019, Primary capital infusion almost doubled the existing net-worth of the Company.

c) Pursuant to the share purchase agreement executed with certain minority shareholders of AHFL, additional share purchase transactions were completed.

d) With the view of strengthening the capital structure of the Company for the medium term, the Company decided to raise the equity through right issue. On March 26, 2020, the Holding Company, BCP Topco, has also subscribed & invested ₹ 500 Crores (including securities premium) by way of Right Issue shares. With a good capital base and lower debt-equity ratio, the Company is poised to strengthen its business position in the coming year. The rights issue has resulted into strong net-worth and liquidity position of the Company.

2.1. About Blackstone Group:

Blackstone Inc. is one of the world's leading investment firms. It is publicly listed (NYSE :BX) with a market capitalization of USD 55.8 billion (as of April 13, 2020). Blackstone's alternative asset management businesses, with approximately USD 571 billion in assets under management (as of December 31, 2019), includes investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on global basis. The investors include many of the largest and most sophisticated institutional investors from around the world, including leading government investment agencies, public and private sector pension funds, banks, insurance companies, credit institutions, endowments and foundations.

Blackstone has been active in India since 2006 and has committed USD 15.3 billion of investments in India through private equity real estate, and structured finance businesses. Blackstone is a long-term investor, and is currently investing from Blackstone Capital Partners VII (having approximately USD 18.6 billion of committed capital) and Blackstone Capital Partners Asia funds (having approximately USD 2.4 billion of committed capital). It brings in a dedicated portfolio operations team to add value to its portfolio companies.

2.2. Benefits to the Company from the Change in control/ Ownership:

a) The Company continues to remain healthy and this Transaction has further strengthened its position with the strong parentage of Blackstone group entity BCP Topco VII Pte. Ltd. Benefits of the change in ownership were as follows:

- Fresh Capital Infusion: primary equity capital infusion of ₹ 800 Crores in June, 2019 and further the Rights issue subscription of ₹ 500 Crores into the company in March, 2020.
- Net worth: The net worth of AHFL is now ₹ 2347 Crs as of March 31, 2020 Low Debt Equity Ratio.
- Low Debt Equity Ratio: The current debt equity ratio (net) post capital infusion is 2.77.
- Positive ALM buckets: AHFL has a well-managed ALM position with 100% of the liabilities having long tenure maturity and no short term borrowings Fresh capital infusion has also further strengthened the funding profile of AHFL resulting in positive gaps across all ALM buckets.

b) The change in control and management has also helped in strengthening AHFL's leadership position in the Affordable Housing Finance. Presently, it is one of the largest independent affordable housing finance company both in terms of Assets under Management and Distribution network and the capital infusion will provide the required growth capital to the company to continue its robust growth journey in meeting the housing finance needs of the economically weaker section and lower income section of the country.

c) Blackstone entity BCP Topco ownership brings with it the global reputation, trust and strong corporate governance has enabled AHFL access to diversified funding avenues at competitive rates. It would also help AHFL to improve its credit profile with the rating agencies.

3. Reserve Bank of India (RBI) Regulations/ Directions:

As per the powers delegated by the Government of India, the Reserve Bank of India (RBI) vide Notification No. RBI/2019-20/98 DOR NBFC (PD) CC.No.105/03.10.136/2019-20 dated November 11, 2019, the Housing Finance Companies (HFCs) shall be regulated & controlled by RBI. Further, the RBI also has powers to issue directions, regulations or guidelines for the monitoring and control of Housing Finance companies as and when applicable. Based on these powers, RBI has issued various notifications/directions for controlling/maintaining adequate liquidity position for HFCs vide above Notifications/ directions issued by RBI. The HFCs are also monitored and regulated by RBI through the NHB and /or direct orders issued to the HFCs from time to time.

As per the RBI Circular no. RBI/2019-20/186 DOR.No.BP. BC.47/21.04.048/2019-20 dated March 27, 2020 on Covid - 19 regulatory package, the Company has adopted Policy on Moratorium / deferment (in line with COVID-19 – Regulatory Package released by RBI on March 27, 2020), duly approved by the Board of Directors on 2nd April, 2020.

Also pursuant to the latest amendments circulated by Reserve Bank of India vide Circular No. RBI/2019-20/235, DOR. NBFC (HFC).CC.No.111/03.10.136/2019-20 dated May 19, 2020 and RBI/DBR/2015-16/18 Master Direction DBR.AML. BC.No.81/14.01.001/2015-16 dated April 20, 2020- Master Direction- Know Your Customer (KYC) Direction, 2016, both the KYC and Anti-Money Laundering (AML) policy of the Company shall be amended/modified accordingly and the Company will comply with the said RBI circular.

During the year under review your Company has complied with all regulatory notifications, guidelines, circulars, rules and directions laid down by the Reserve Bank of India (RBI) with respect to the Foreign Direct Investment through the Automatic Route and necessary approvals have been obtained by your Company. There have been no delays in filing the necessary disclosures, returns and necessary forms in this regard for the year under review. No Fines/Penalties has been levied by the RBI during the year 2019-20. During the FY 2019-20 the Company has duly filed/ submitted Foreign Liabilities and Assets Annual Return with RBI in the month of July, 2019, within the stipulated time-limit.

The Company is also registered with RBI Firms portal and has duly submitted/ reported Form FCTRS for various Share Transfers from Shareholders of the Company to Foreign Investor/ Shareholder BCP Topco VII Pte. Ltd. and has also filed/ reported Form FCGPR with respect to Foreign Direct Investment received by the Company by issue and allotment of fully paid up-Equity Shares through Preferential Allotment and Right Issue to the Shareholder BCP Topco VII Pte. Ltd. during the FY 2019-20, within the stipulated time limit.

4. National Housing Bank Regulations:

Your Company is having a valid NHB Licence for carrying on business of Housing Finance Company, bearing revised registration certificate No. 04.0168.18, dated 5th April, 2018 (being the latest Registration post change in Name after merger was completed) and further the Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010 and RBI Directions issued, as applicable. 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. Various inspection observations of NHB were satisfactorily complied and resolved and reported to the Board.

As per the NHB Directions, 2010 and various Circulars/ Guidelines/ Notifications issued thereunder your Company has duly complied and submitted all the required monthly/ quarterly/ half yearly NHB reports/ returns, intimation of opening/ closing (shifting/relocation) within prescribed time-limit during the FY 2019-20.

The Company being a financial institution is also registered for taking SARFAESI Action under SARFAESI Act and the same has been notified by National Housing Bank.

5. Capital Adequacy norms specified under NHB Regulations:

As required under National Housing Bank/RBI Directions issued, the Company is required to maintain a minimum capital adequacy of 13% on or before 31st March 2020, 14% on or before 31st March, 2021 and 15% on or before 31st March, 2022, on a stand-alone basis. The following table sets out Company's Capital Adequacy Ratios as at March 31, 2020, 2019 and 2018:

Particulars	As on March, 31		
	2020	**2019**	**2018**
Capital Adequacy Ratio	51.42%	18.28%	18.76%

The Capital Adequacy Ratio (CAR) of your Company was at 51.42% as on March 31, 2020, as compared to the regulatory requirement of 13%. 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.

6. Pradhan Mantri Awas Yojana (PMAY) Scheme of NHB:

The 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 20,073 statutory towns/centres as on March, 2020. Under this scheme, Credit Linked Subsidy of ₹ 2.67 Lakhs is to be given EWS/ LIG beneficiaries for a loan amount of ₹ 6 Lakhs & above and ₹ 2.35 to ₹ 2.30 lakhs to MIG I & MIG II beneficiaries for purchase/ construction of houses of specified carpet area.

This PMAY scheme was implemented through 4 verticals:-

(a) Credit Linked Subsidy Schemes (CLSS) to beneficiaries through Banks/HFCs for loans availed, (b) Beneficiary lead construction, (c) Affordable Housing in partnership and (d) In Situ 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.

(i) **PMAY CLSS Subsidy claim and Disbursement Status as on 31st March, 2020**

Your Company has also executed MOU for availing benefits under various Schemes of PMAY/ CLSS schemes and Rural Subsidy Scheme with National Housing Bank. During the year 2019-20, the Company has submitted from time to time the claim for subsidy to NHB under the PMAY scheme. The total subsidy received is as under:

ii) **PMAY Claim Received during FY 2019-20**

(Amount in crores)

Scheme Category	FY 2019-20		
	No. of Loans	Subsidy Amount	PF
EWS/LIG NEW	10707	232.21	3.21
EWG/LIG OLD	258	4.75	0.03
MIG I	150	2.78	0.03
MIG II	96	1.79	0.02
Grand Total	11,211	241.53	3.29

iii) **Total PMAY Claim Received since inception till 31st March, 2020**

(Amount in crores)

Scheme Category	Since Inception till 31st March, 2020		
	No. of Loans	Subsidy Amount	PF
EWS/LIG NEW	18,995	422.25	5.70
EWG/LIG OLD	2,031	31.30	0.18
MIG I	1,610	31.25	0.32
MIG II	103	1.93	0.02
Grand Total	22,739	486.73	6.22

The subsidies received during the year 2019-20 were credited to customer accounts and the EMI was accordingly modified to that extent. In certain other cases, the subsidy was refunded as follows:

iv) **PMAY Claim Returned during FY 2019-20:**

(Amount in crores)

Scheme Category	FY 2019-20		
	No. of Loans	Subsidy Amount	PF
EWS/LIG NEW	346	6.35	0.09
EWG/LIG OLD	12	0.12	0.00
MIG I	15	0.24	0.00
MIG II	23	0.44	0.00
Grand Total	396	7.15	0.09

v) **Total PMAY Claim Returned since Inception till 31st March, 2020**

(Amount in crores)

Scheme Category	Since Inception till 31st March, 2020		
	No. of Loans	Subsidy Amount	PF
EWS/LIG NEW	983	19.86	0.28
EWG/LIG OLD	254	4.11	0.02
MIG I	115	2.08	0.02
MIG II	23	0.44	0.00
Grand Total	1,375	26.49	0.32

In Q4 for the year 2019-20 the Company has submitted following fresh claims for availing subsidy to NHB, the details of which are as follows:-

vi) **PMAY Claim Submitted as on 31st March, 2020**

(Amount in crores)

Category	No. of Loans	Subsidy Amount
EWS/LIG NEW	3,439	82.19
EWS/LIG OLD	112	2.46
MIG I	125	2.88
MIG II	55	1.27
Grand Total	3,731	88.80

7. Registrations with and approvals from other Regulatory Authorities:

(i) Information Utility:

The NHB has come out with the policy circular No. NHB (ND)/DRS/Policy Circular No.87/ 2017-18 dated 6th February, 2018, advising the Housing Finance Companies to submit the financial information and information relating to assets in relation to which any security interest has been created, with the Information Utility (IU).

The Insolvency and Bankruptcy Code, 2016 consolidates the existing framework and creates a new institutional structure, by setting up of Information Utility Companies, which will store all the credit information of Corporates/ entities/persons; The Certificate & data furnished by IUs are accepted by NCLT/DRTs as legal evidence.

An Information Utility is a professional organization (which is registered with Insolvency and Bankruptcy Board of India under Section 210 of IBC, 2016 as per the eligibility criteria prescribed) that will collect financial information related to borrowers accounts, get the same authenticated by other parties connected to the debt, i.e. borrower & store the same and provide access to various parties, i.e. Creditors and other stake holders, so that all stake holders can make decisions based on the same information.

Further, the information are collected, storage and disseminated in such a way that, if a borrower makes default in paying any loan to the lender, then status of default will be disseminated to other creditors on real time basis.

The Company has on 16th May, 2018, executed an Agreement with National E-Governance Services Limited (NeSL), Information Utility, registered with Insolvency and Bankruptcy Board of India (IBBI), the first Information Utility (IU), having registration number IBBI/IU/01.

Further the Company has also registered with NeSL and submitted the financial information of delinquent borrowers accounts, in the prescribed format.

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

Your Company has duly registered with CERSAI Authority and has submitted various required information/ documents and uploading of mortgages/charge creation with details of mortgage loans of all customers of the company on a timely basis.

(iii) Registration with Receivables Exchange of India Limited, Trade Receivables Discounting System (TReDS) :-

Ministry of Micro Small and Medium Enterprise has come out with a Notification No. S.O. 5621, dated November 2, 2018, directing the companies having turnover of more than ₹.500 Crores to register itself with the Trade Receivables Discounting System (TReDS) set-up by Reserve Bank of India. Further the Ministry of Corporate Affairs, vide its Notification No. S.O. 368(E), dated January 22, 2019, directed all companies who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed 45 days from the date of acceptance or the date of deemed acceptance of the goods or services to get itself registered with TReDS and file half yearly return to ROC for the same.

TReDS is the scheme for setting up and operating the institutional mechanism for facilitating the financing of trade receivables of MSMEs from corporate and other buyers, including Government Departments and Public Sector Undertakings (PSUs), through multiple financiers.

During the year under review, the Company has got itself registered with Receivables Exchange of India Limited, i.e. Trade Receivables Discounting System (TReDS), in compliance with the aforesaid Notifications during the year.

(iv) Registration with BSE Bond platform :

The Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/DDHS/CIR/P/2018/05 dated January 5, 2018 ("SEBI EBP CIRCULAR") read with "Updated Operational Guidelines for issuance of Securities on Private Placement basis through the Electronic Book Mechanism" issued by BSE vide their notice no..20180424-45 -dated April 24, 2018, ("BSE EBP GUIDELINES"), provided that, all issuance of Debt Securities of ₹ 200 crore or more on private placement basis to be made through Electronic Book Provider (EBP) Platform.

Your Company has on 20th February, 2020, duly registered itself on BSE Bond platform to avail the facility of EBP Platform to issue the Debt Securities/ Non-Convertible Debentures on private placement basis, as per the SEBI EBP CIRCULAR.

(v) 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. Common Obligation & Chapter V- Obligations of entity which has listed its Non-Convertible Debt securities and other applicable common listing obligations. The Company is already registered with SEBI Scores portal and during the FY 2019-20 various queries/ complaints received from the NCD Holders were duly resolved within prescribed time-limit and also intimated to BSE as per the SEBI (LODR) Regulation 2015, on quarterly basis.

(vi) Insurance Regulatory and Development Authority of India (IRDAI):

The Company had submitted the documents for for renewal of registration as the Corporate Agent (Composite- i.e. the Life Insurance and Non-Life Insurance) and obtained the registration certificate duly renewed on March 7, 2019 and this Certificate is effective from April 1, 2019 and valid upto March 31, 2022. During the FY 2019-20, the Company has complied with Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, and has duly filed/ submitted various half yearly/ annual returns/reports/ registers, intimation of Branch opening/ closing, Directors Appointment/ Resignation within the prescribed time-limit. No Penalties/Fine was levied by the regulator during the year 2019-20. Various observations of IRDAI were satisfactorily complied and resolved and reported to the Board. Further, as per Insurance Business as per the IRDAI (Registration of Corporate Agents) Regulations, 2015, the Company has a Board approved Policy on Open Architecture for Insurance Business duly revised and approved by the Board at its meeting held in January, 2019.

The Company has also executed Corporate Agency Agreements with Pramerica Life Insurance Limited (Formerly known as DHFL Pramerica Life Insurance Company Limited), Navi General Insurance Limited (Formerly DHFL General Insurance Limited) and Cholamandalam MS General Insurance Company Limited.

(vii) Trade Marks Registration for the Company:-

During the year, the Company's Trade Mark registration applications for different logos with colour/word combination have been duly registered with Trade Marks Registry and the first Trade Mark of the company was registered in the year 2011. Thereafter, additional 12 different Logos in various languages were registered during the year under report, having a validity period of 10 years starting from 2018 till 2028 and these total 13 logos are listed on the website of the company, including previous one logo registered in the name of the Company.

(viii) Legal Entity Identifier of the Company:-

As per the RBI circular No. DBR. NO. BP.BC.92/21.04.048/2017/18 dated 2nd November, 2017, your Company had already registered with Legal Entity Identifier India Limited (wholly owned subsidiary of Clearing Corporation of India Limited) and has obtained the LEI code 335800JQMNJOX3W7LY96 vide e-mail dated 1st March, 2018 and the same is renewed with a validity period one year upto 1st March, 2021.

8.1. Financial summary and highlights of the Company:

Your Company takes pleasure in presenting the standalone and consolidated financials on the operational and business performance, along with the audited financial statements for the financial year ended March 31, 2020.

Financial summary and highlights of the Company are given as following :

(₹ in Crores)

Particulars	Standalone(Audited)		Consolidated(Audited)	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Total Income from Operations	1372.36	1,239.59	1388.46	1265.63
Less:				
Total Expenditures	1141.49	1,004.19	1157.55	1029.96
Profit before Taxes	230.87	235.40	230.91	235.67
Provision for Taxes	41.48	73.16	41.53	73.30
Profit after Taxes	189.39	162.24	189.38	162.37
Other comprehensive income	(0.90)	(0.39)	(0.81)	(0.34)
Total comprehensive income	188.49	161.85	188.57	162.03
Appropriations:				
Transfer to Special Reserve under NHB Act	38.51	32.45	38.51	32.45
Transfer to General Reserve	20.00	30.00	20.00	30.00
Transfer to Debenture redemption reserve	112.73	56.37	112.73	56.37
Equity dividend*	0.00	17.60	0.00	17.60
Dividend distribution tax*	0.00	3.62	0.00	3.62
Retained Profits	17.25	21.81	17.33	21.99
Balance at the beginning of the year	161.51	139.70	161.58	139.59
Balance at the end of the year	178.76	161.51	178.91	161.58
Earnings per share- Basic	58.56	64.51	58.56	64.56
Earnings per share- Diluted	58.29	64.06	58.28	64.11

Note: Consolidated financials include financials of wholly owned subsidiary Aadhar Sales and Services Private Limited.

** Dividend payment for the FY 2017-18 was paid in FY 2018-19.*

8.2. GNPA and ECL Provision (including additional provision for Covid-19):

a) **GNPA :**

Particulars	As at March 31, 2020	As at March 31, 2019
GNPA on AUM (%)	1.08%	1.02%
GNPA on Retail AUM (%)	0.82%	0.58%
GNPA on Own Book (%)	1.29%	1.23%
GNPA on Retail Own Book (%)	0.96%	0.69%

b) Your Company provides for Non-Performing Assets (NPAs), using the Expected Credit Loss Model prescribed under Ind AS 109.

c) Your Company's Gross loan assets is ₹ 9,036.12 Crore as at March 31, 2020 (₹ 8,103.90 Crore as at March 31, 2019). Your Company is carrying an impairment allowance of ₹ 127.09 Crore as at March 31, 2020- (₹ 78.31 Crore as March 31, 2019). ECL provision coverage ratio on Stage 3 (NPA Assets) is 36% as at March 31, 2020 (33% as at March 31, 2019).

8.3 Additional provision due to Covid-19 Moratorium:

The Covid-19 pandemic has resulted in a significant decrease in the economic activities across the country, on account of Lockdown that was announced on 24 March 2020. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Board approved policy in this regard, the Company has offered moratorium to its customers. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company policy).

The Company has, based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the board while arriving at the provision for impairment of financial assets which the management believes is adequate. The Company has performed an estimation of portfolio stress through analysing its portfolio in respect of various risk classification, using the available historical and current data and based on current indicators of future economic conditions. The said stress test has resulted in an additional impairment provision of ₹ 49.51 Crore included in ₹ 127.09 Crore of ECL provision as at March 31, 2020.

On May 22, 2020, the RBI has announced extension of the moratorium period by further three months. The extent to which Covid-19 pandemic will impact the Company's provision on financial assets will depend on future developments, which are highly uncertain. The impact of Covid-19 pandemic may be different from that estimated as at the date of approval of these Financial Results and the Company will continue to closely monitor any material changes to future economic conditions. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms by ₹ 26.67 crs.

8.4. Measures taken by the management for COVID19 preventive actions/Updates:

a) From March 23, 2020 lockdown was imposed by government due to COVID-19 threat. Your Company was successfully able to operate as per its Business Continuity plan.

- Employees up to the level of branch manager and majority of head office employees, adequate staff from central processing units were capable of remote working (Work from Home) and supporting the business operations
- Regular employees engagement through online trainings / daily calls and periodic customer engagement through tele-calling was ensured
- Uninterrupted system availability was ensured
- Necessary control were in place for cyber security and IS awareness training conduct to prevent cyber frauds and attacks
- Focus towards company's digitization has been accelerated
- Company has laid down standard operating procedures in line with government regulations for operating its branches and offices
- Company has nominated & formed a committee "Covid Response Task Force" to closely track and respond on any incidence in the organization relating to pandemic

b) ***Update on Moratorium:***

The Company has put in place a board approved policy and SOP for extending moratorium benefits, in line with RBIs notifications/circulars issued from time to time to all its customers whose cash flows are impacted due to current lockdown situation. Customer were guided / educated through SMSs, calling by call centres and branches staff and through other digital media on benefit and impact of moratorium so that informed decision can be taken by customer. Also necessary provisions have been made as per applicable accounting standards and regulations. Further details on the provisioning are covered in section on provisioning in this report.

8.5. Financial Ratios:

(a) The main Financial Ratios of the Company are;

	FY 2019-20	FY 2018-19
Basic Earning per share (EPS)	58.56	64.51
Capital to Risk Asset Ratio (CRAR)	51.42%	18.28%
Net Debt Equity Ratio (DE Ratio)	2.77	8.37
Net Owned Fund (NOF)	₹ 2342.66 Crores *	₹ 725.57 Crores

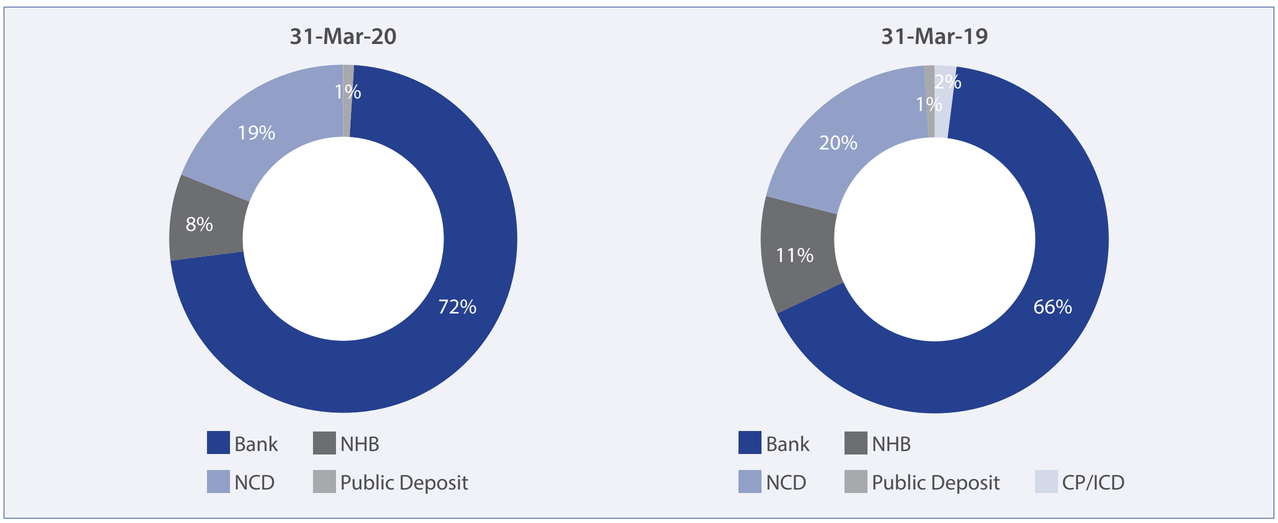
** If calculated as per previous GAAP (as done as at March 31, 2019), NOF is ₹ 2149.34 Crores.*

(b) Resource Mobilisation:

Your Company's Resource Planning Policy has been approved by the Board. The Company has obtained approval for borrowings vide special resolution passed by shareholders at their Annual General Meeting held on July 30, 2019, under Sections 42, 71, 180(1)(c) read with 181(1)(a)of the Companies Act, 2013 or other applicable provisions and 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 ₹ 20,000 Crores (Rupees twenty thousand crores) or upto 12 times of Net Owned Fund (NOF) of the Company or such reduced multiple as stipulated by NHB, whichever is lower as per provisions of RBI or National Housing Bank (NHB) Act/ NHB Directions(s)/Circulars & Notification/ Guidelines.

Your Company uses variety of funding sources to optimise funding costs, protect interest margins and maintain a diverse funding portfolio. 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. Total borrowings as on 31st March, 2020 was ₹ 9,643.34 Crores, as compared to ₹ 8,194.97 Crores as at March 31, 2019.

(c) Borrowing Composition:



The Borrowings comprised of 72% from banks, 8% from National Housing Bank, 19% from Non-Convertible Debentures and 1% from Public deposits as at March 31, 2020. Your Company endeavours to gradually reduce its reliance on the borrowings from banks and diversify it to other sources depending upon opportunities available in the market. All the borrowings of the company are long term borrowings. Your company's business model has a good acceptability with its lenders that enabled it to raise funds aggregating to ₹ 3,800 crores at competitive rates, even under the stringent market conditions that prevailed during the year, particularly for NBFCs/ HFC's.

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.

(d) ***Loans from Banks/Institutions:***
As at March 31, 2020, your company had relationship with 30 banks. Your Company continued to leverage on its long term relationship with these banks and have raised additional term loans from banks to the extent of ₹ 3,300 crores during the year at competitive rates. Total borrowing from banks outstanding as at 31st March, 2020 aggregated to ₹ 6,971 Crores.

(e) ***Refinance from National Housing Bank:***
The NHB Refinance department has sanctioned Refinance facility to the company under various schemes for a term ranging from 5 years to 15 years repayment tenure.

During the year, your Company has been sanctioned with Refinance facility of ₹ 600 crores from NHB including ₹ 200 crores under the Liquidity Infusion Facility (LIFt) Scheme. As on 31st March, 2020 the outstanding balance on NHB Refinance amounts to ₹. 813.04 crores.

8.6. Borrowings through other Debt Instruments and Resource Mobilisation:-

(i) ***Secured Redeemable Non-Convertible Debentures (NCDs):***
As at March 31, 2020 your Company's outstanding Secured NCDs issued under Initial Public Offer stood at 67,64,011 NCDs aggregating to ₹ 676.40 Crores, held by 8,436 NCD holders. The Company has created Debenture Redemption Reserve (DRR) on NCD issued under IPO, as per the applicable provisions of Companies Act, 2013 and NHB/RBI Directions. The amount transferred to DRR is disclosed in the Financial Statement for FY 2019-20. Your Company has duly paid the Principal/interest amounts due dates for the NCDs public issue and has duly intimated BSE Ltd./ Beacon Trusteeship Ltd.

During the year under review your Company raised ₹ 300 Crore by way of issue of 3,000 Senior, Secured, Listed, Rated, Redeemable, Non-Convertible Debentures (NCDs) of face value of ₹ 10 Lakhs each on 20th March 2020, by way of Electronic Bidding Mechanism through BSE Bond Platform, as per the provisions of Securities and Exchange Board of India ("SEBI") Circular SEBI/HO/DDHS/CIR/P/2018/05 dated January 5, 2018 and any amendments thereto ("SEBI EBP CIRCULAR") read with "Updated Operational Guidelines for Issuance Of Securities on Private Placement basis through the Electronic Book Mechanism" issued by BSE vide their notice no. 20180424-45 -dated April 24, 2018, and any amendments thereto.

As at March 31, 2020, your Company's outstanding secured NCDs under private placement were ₹ 1044.40 Crs at Face Value. The Board also noted the reporting on shortfall in the percentage of borrowing through issuance of NCDs as required under SEBI Directions, due to adverse market conditions and the future planning by the management to increase the NCDs share in the total resource planning for future years, so that this gap in the NCD holding position can be increased & rectified.

Your Company has duly paid the interest & principal amount due on the NCDs private placement on time, without any delay/default and has duly intimated BSE Ltd./ Trustees about the payment of interest/ repayment of principal amount on due dates.

The Secured NCD's of your company are rated CARE AA (Stable) by CARE Ratings Ltd and BWR AA (Stable) by Brickwork Ratings India Pvt. Ltd.

Further, as per SEBI (LODR) Regulation, 2015 & NHB Directions 2014 on NCDs issued on private placement basis, your company has made timely payment of NCDs interest and principal amount on the respective due dates and there is no delay/ default in payment/ repayment and there is no pending NCDs to be claimed by the Investors/ NCD holders.

Your Company, has duly received in-principle approval letter from BSE for the above mentioned new issuance of NCDs on private placement basis and has issued the same through BSE bond portal. Also the Company had listed the new NCDs and completed the allotment process within prescribed time-limit.

(ii) ***Unsecured Subordinated Non-Convertible Debentures***
As at March 31, 2020, your Company's outstanding unsecured subordinated debts were ₹ 84 Crs. at Face Value. The debt is subordinated to present and future senior debt of your company. Your Company has duly paid the interest amount due on the aforesaid NCDs on time, and reported the same to BSE/SEBI and Trustees without any delay/default. The sub-ordinated debt is rated CARE AA- (Stable) by CARE Ratings Ltd. and BWR AA (Stable) by Brickworks Ratings India Pvt. Ltd.

(iii) ***Commercial Paper:***
During the year, the company did not raise any funds through its Commercial Paper (CP) programme and there were no outstanding commercial papers as on March 31, 2020. The Commercial Paper program of your company is rated ICRA A1+ by ICRA Ltd vide its letter dated June 17, 2019 and CRISIL A1 by Credit Rating and Information Services of India Limited (CRISIL), by its letter dated June 20, 2019. There has been no delay/default in the interest & principal amount due on the Commercial papers.

(iv) ***Direct Assignment of Mortgage Pool Receivables:***

The company has more than 95% of its loan book portfolio qualifying under the Priority Sector Lending (PSL) mortgage loan portfolio, as per the notification issued by RBI from time to time. During the year, your company has assigned receivables of its mortgage loan assets aggregating to ₹ 955 Crores, being investors' share. Total assigned pool outstanding as at March 31, 2020 was ₹ 2,371 Crores.

(v) ***Security Coverage for the Borrowings:***

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No. 15& 16 in the Notes to accounts forming part of the Audited Financial statements for the year ended March 31, 2020.

(vi) ***Credit Ratings:***

The Credit ratings for various Borrowings/FD of the Company are given herein below :

Name of the Rating Agency	Rated Facility	Rating as on 31st March 2019	Rating as on 31st March 2020
CARE	Long Term Bank Facilities	CARE AA	CARE AA (stable)
CARE	Non-Convertible Debentures	CARE AA (Standalone)	CARE AA (stable)
CARE	Subordinated Debt	CARE AA -	CARE AA- (stable)
BRICKWORKS	Non-Convertible Debentures	BWR AA	BWR AA (stable)
BRICKWORKS	Subordinated Debt	BWR AA	BWR AA (stable)
CRISIL	Commercial Paper	CRISIL A1	CRISIL A1
CRISIL	Fixed Deposits	FA+	FA+ (Positive)
ICRA	Short Term Borrowings	ICRA A1+	ICRA A1+
INDIA RATINGS	Short Term Issuer Rating	N.A.	IND A1+

9. 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. 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.

Your company maintains sufficient liquidity for its business needs, repayment obligations and also to meet any contingency funding requirements. As at 31st March, 2020, your company had liquidity buffers of ₹ 2971 Crs in highly liquid assets. Further, surplus funds are also generated considering the time lag between raising of resources and its deployment. Such surplus funds are generally parked with highly liquid mutual funds and short-term deposits with banks. During the financial year 2019-20, your Company earned ₹ 23.59 Crores by way of income from mutual funds & other operations and ₹ 77.90 Crores by way of interest on deposits placed with banks and from bonds.

10. 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. The Company has duly implemented the NHB's Asset Liability Management (ALM) Guidelines applicable to HFCs.

The Board of Directors of the company has approved the ALM Policy & Framework and reviewed the same time to time. The ALCO Committee ensures that the liquidity and interest-rate risks are contained within the limits laid down by the NHB. As at March 31, 2020, your company had a strong asset-liability position with positive gaps across all the buckets.

11. Share Capital Structure:

Your Company's capital structure as at March 31, 2020 is given in the below table;

Share Capital	Amount in ₹ Lakhs
Authorized Share Capital (22,00,00,000 Equity Shares of ₹ 10 each)	22,000
Issued, Subscribed and Paid-up Share Capital (3,94,64,898 Equity Shares of ₹ 10 each)	3,946

11.1. Changes in Capital Structure and shareholding position:

(a) ***Change in authorised and paid-up Share Capital :***

During the year under review, there was no change in the authorised share capital of the Company.

During the financial year 2019-20, the issued and paid-up share capital of the Company was increased from ₹ 2,515 Lakhs as on March 31, 2019, to ₹ 3,946 Lakh as on March 31, 2020, based on fresh allotment of 88,10,088 Equity shares on 11th June, 2019 under preferential issue basis to the Holding Company, BCP Topco VII Pte. Ltd., and additional issue of 55,06,338 shares under Right Issue basis on 26th March, 2020 to existing shareholders, including the Holding Company, BCP Topco VII & another shareholder, as per the approval given by the Board.

(b) The present shareholding pattern of the Holding company, BCP Topco VII Pte. Ltd. and other external shareholders during FY 2019-20, are as mentioned below:-

List of Shareholders & percentage of holding as on 31st March, 2020

Sr. No.	Name of Shareholders	No. of Equity Shares held	Percentage of shareholding
1	BCP Topco VII Pte. Ltd.	3,89,68,342	98.74%
2	ICICI Bank Ltd.	4,65,000	1.18%
3	IEPF Authority	11,300	0.03%
4	Other Resident Shareholders	20,256	0.05%
Total		**3,94,64,898**	**100.00%**

12. Efficient Collections / NPA Recovery Process:

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 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 overdue by inviting them to branch and counselling alone for paying the EMI.
- Various online payment options are provided to delinquent customers for fast and convenient payment of overdue.

  The collection efforts got impetus with Government of India' Gazette of 18th Dec 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).

- Initiating of the 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 levels low.

(₹ in crores except %)

Particulars	As on 31st March	
	2020	**2019**
Gross Non-Performing Assets	117	100.07
Net Non – Performing Assets *	69.86	62.83
% of Gross NPA to Total Loan Portfolio	1.29%	1.23%
% of Net NPA to Total Loan Portfolio *	0.78%	0.77%
% of Gross Retail NPA to Retail AUM	0.82%	0.58%
ECL Provision	127.09	78.31
% ECL Provision to Loan Book	1.41%	0.97%

** Previous years numbers are realigned with current year's presentation as per Ind AS Figures.*

13. Information Technology:

To support Company's growth, improve operational efficiency and optimise costs through the use of technology your Company has been availing the support services from its erstwhile associated company, (Dewan Housing Finance Corporation Ltd.-DHFL) for maintaining business as usual through existing practices and processes towards the benefit of your Company.

Your company is currently sharing IT resources at Data Centre and Data Recovery Centre with DHFL and is utilising IT Platforms/Systems/Applications namely "Synergy" enabling overall business capabilities. As a part of the transition of ownership during the year 2020-21, your Company plans has in process of implementing proven business application platforms with various digital solutions to improve efficiency and superior customer experiences. Your Company is in the Process of setting up new IT infrastructure to enable separation from shared infrastructure and it has been approved by the Board of Directors.

The amount payable for the next financial year 2020-21 to DHFL for the said IT system/services has been finalised through transition service agreement (TSA) as per the approval given by the Board and Audit Committee after considering all the relevant factors at arm's length basis based- on share purchase agreement. These expenses proposed were towards the system support and maintenance of IT platforms/ systems/ applications (Synergy).

14. 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 for various loans. These policies are based on the state government/ urban and local authorities, 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.

15. Strong Credit Underwriting Evaluation & Framework :

The credit evaluation and credit portfolio management methodologies are designed to ensure consistent underwriting standards. Products are available considering need of target segment and market trend. The exposure limits of the 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 data to leverage areas of opportunity in Highly Competitive industry scenario.

16. Efficient Process and Cost Optimization:

The company is constantly working towards enhancing efficiencies and eliminating wastages. Aadhar leverages 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 appropriate authority and complete digitalization of credit decision process without movement of physical files.

17. Sound Asset Quality Management:

The company has a strong retail book with a large customer base of more than 1,61,000 customers. 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 as per a Board approved delegation of authority matrix 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.

18. 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.

19. Risk Management Framework and Monitoring:

In line with RBI / NHB Regulations, the company has a Board approved Risk Management Policy and a Board Level committee, i.e. Risk Management Committee to oversee the Risk management function. RBI / NHB directed Housing Finance company with Assets of ₹ 5000 Crores and above to appoint Chief Risk Officer without any double hatting. In compliance to regulatory guidelines company has appointed a full time Chief Risk Officer (CRO) to oversee Enterprise risk and review, analyse, monitor and report to Risk Management Committee and Board of all significant risk areas. The objective of Risk management is as follows:

A) To undertake businesses that are well understood and within acceptable risk appetite.

B) To inculcate culture of informed decision-making by creating environment of taking calculated business risk to maximize business growth.

C) To review exposure to various types of risks, risk appetite levels & other limits and take actions as required.

D) To ensure that all significant risks are identified, analysed, measured, monitored and reported to the Board in a timely manner through its Risk Management Committee.

Your Company endeavours to develop a "risk aware" culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions.

For the assurance of strong Risk governance framework, the company continuously monitors the processes and level of compliances through regular visit of Area level Managers, hind sighting of quick mortality cases and risk review meetings. The Company has also setup independent Fraud Control Unit (FCU) for real time screening of sanctioned files, keeping track of adverse trend in various locations and guidance to field team. This FCU team also verify & investigate the suspected Fraud cases & reporting of frauds to the Risk Committee and to the Regulators (NHB) on periodical basis as per the regulations applicable.

20. Internal Audit Control & Reporting:

The Company's Internal Audit Department, headed by the Head - Internal Audit and supported by team of qualified Chartered Accountants, experienced internal auditors and functional experts. Risk based Internal audit plan is approved annually by Audit Committee and all significant findings of internal audit and action taken thereon are discussed in the Audit Committee of the board. Periodic branch audits, continuous concurrent audits and risk based process audits, Information systems and Information security audits are part of Internal audit annual plan. Company's Internal Financial controls are reviewed for effectiveness and efficiency by internal audit.

21. Insurance Cover facilities:

Your Company has insured its various properties and facilities against the risk of fire, theft and other perils, etc. and has also obtained/renewed 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 the Fire & other Perils Policy for its assets, the Protection against money in safe/transit 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 during the year under report.

Your Company also has in place a mediclaim policy for its employees and their dependent family members to cover against hospitalisation including for Covid19 treatment, group term life and group personal accident policies, which provide various benefits to all the employees & their family.

22. Marketing and Branding - Marketing and Communications :

(i) Highlights of the financial year - Marketing & communication:

- Executed low cost high impact Below the Line (BTL) activities targeted at the low income segment at branch locations : 730 Aadhar Parichay, 7300 canopy activities, 50 leaflet insertions activities, 49 builder meets/ Participation with branded stall (Event/ Festivals/ Exhibitions) which gathered more than 1.4 lakh enquiries.

- Aadhar's Digital presence and social media campaigns generated more than 5 lakh leads.

- Aadhar's social media handles now have more than 52,711 followers in total with 2,14,824 engagements this year.

(ii) Highlights of the financial year - Media Communications and Public Relations:

- Agenda driven media interviews with key publications like The Hindu Business Line, Podcast (Paisa Vaisa), Financial Express Online, Business World Online, Outlook Money, Banking Frontiers, Fin Biz, Realty +, etc helped us successfully build and maintain a steady flow of coverage.

- Efficiently conducted city media meets and quality authored articles CAT A publications like Dainik Bhaskar, Financial Express Online, Business Today Online, Outlook Money Online, Nanayam Vikatan, Malayala Manorama, Vyapar, Janmabhumi, 99acres.com, etc which ensured media presence in the months of no news.

- Aadhar is recognized as a key authority operating in the affordable housing sector and an esteemed home loan company, this was demonstrated with coverage received without any significant press release or any major news we have managed to achieve 271 clips, solely based on interviews, authored article and industry stories. Last FY we had press releases on NCD, management control change, regional media meets amounting to a total of 267 clips. Aadhar maintained a significant (30%) share of voice in public relations and media coverages amongst its key competitors.

(iii) Effective PR resulted in the following awards and recognitions during this FY :

- Certified as a 'Great Place To Work' by Great Place To Work Institute (India). This is a significant milestone for Team Aadhar as 'The Great Place to Work Model' is the world's most researched, accepted and sustainable definition of a great workplace from an employee's point of view. It is a comprehensive framework encompassing the overall employee experience ecosystem. Aadhar was declared as one of the top 25 best employers in the BFSI segment in India.

- Won for the 3rd year in a row at The Outlook Money Awards. Team Aadhar received the Silver award in the Affordable Housing category at the Outlook Money Conclave held in Mumbai on 27th Feb, 2020.
- Shri Deo Shankar Tripathi, MD & CEO, Aadhar Housing Finance received the 'Top Most Influential BFSI Leaders' award at the World BFSI Congress & Awards, in Mumbai on 14th Feb 2020.
- Shri Deo Shankar Tripathi, MD & CEO, Aadhar Housing Finance received 'the NBFC Leadership Award 2020' at the 8th NBFC 100 Tech Summit held in Mumbai by Banking & Finance Post and Elets on 23rd January 2020.
- The Aadhar Annual Report 2018-19 wins all India 3rd Prize in the PRSI National Awards 2019 at the 41st All India Public Relations Conference – Hyderabad
- 'The Economic Times Best BFSI Brands 2019' award at the India-UAE Strategic Conclave 2019 held in Dubai on 15th October, 2019.

23. Lending Operations:

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

(₹ in crores)

Financial Year	2019-20	2018-19	2017-18
Sanction	5,387	5,870	6,062
Disbursement	3,190	3,192	3,905

24. Fixed Deposits programme:

Your Company was among the selected housing finance companies earlier with permission to accept public deposits under Section 29A of the National Housing Bank Act, 1987. However, pursuant to the instructions / directions issued by NHB as a condition for approval of the change in control & management of the company during the year, the company has stopped accepting any fresh or renewal of deposits from public from May, 2019. Your Company's FD programme has a rating from CRISIL and is rated, CRISIL FA+. As on March 31, 2020, your Company's outstanding Fixed Deposits including accrued interest (excluding unclaimed matured deposit) was amount to ₹ 69.62 Crores. The Company is regular in payment of interest and maturity amount dues to depositors without any delay or default. The Company has maintained SLR security deposits with Government Bonds/Fixed Deposits of more than the stipulated by the Regulators for repayment of these deposits as and when required by the depositors.

As per para- 10 of National Housing Bank Direction, 2010, the details of Company's unclaimed matured public deposits accounts of depositors, after the date on which the deposit became matured & due for repayment and the total amount dues under such unclaimed/ unpaid accounts as on 31st March, 2020 are mentioned below and also the company had sent individual Regd. Post notices to each of the deposit holders before March, 2020.

For these unclaimed deposits, the Company does the following communications and follow up activities:-

1) Regd. Post letter dispatched to Depositors & customers' communication address to intimate that deposits are matured and to return the FD certificate for making payment through NEFT/RTGS.
2) Also our branches contact the depositors or nominee or sourcing agent to submit FD certificates duly discharged and get the maturity payment.

In future, the Company will also start sending SMS communications to depositors, prior to 30 days of maturity and post maturity till the deposits are claimed for payment.

None of the below mentioned Unclaimed Deposits are pending for a period of more than seven years or more, except in the case of two deposit accounts of the unclaimed matured deposits amounting to ₹ 1,37,135 and action has been taken to transfer/deposit this deposits maturity amount with interest to the IEPF Authority of Govt. as applicable:-

Sr. No.	Total No. of unclaimed/ outstanding Public Deposits Accounts	Total Amount (maturity amount)
1	1151	₹ 3.30 Crores

Also pursuant to para- 17 of Housing Finance Companies (NHB) Directions, 2010 (NHB Directions), during the FY 2019-20, the Company had duly submitted with NHB the Statement in Lieu of Advertisement (SILA) on 2nd August, 2019, which was approved by the Board, further since the Company is not accepting any fresh deposits, there was no newspaper publication issued by the Company.

25. Unclaimed/ Unpaid Dividend:

During the financial year under review, your Company has transferred unclaimed final dividend of ₹ 12,300 for the Financial Year 2011-12, to the Investor Education and Protection Fund (IEPF) established by the Central Government after the expiry of seven years from the date of declaration remained in unclaimed dividend account after complying with regulations and issue of individual notice and newspaper publication before transfer to IEPF Authority and updated the same on the website of the Company.

26. 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/RBI from time to time are invariably adhered to and duly complied by the company. The Company has put in place, board approved robust KYC & AML policy for compliance by the branches. The revised KYC & AML policy was placed & approved by the Board of Directors at their meeting held on April 30, 2019. 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 pursuant to provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has duly implemented the Board approved POSH (Prevention of Sexual Harassment at Workplace) Policy approved and adopted by the Board at its meeting held on 30th April, 2019, and there is a POSH Committee formulated with majority Women Employees for looking into any such complaints or reports obtained, they will do the inquiry and finally solve/ dispose-off the complaint and post that the report will intimated to Board for their information and noting.

27. Internal Financial Control Measures/System:

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an Internal Audit Department which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems and processes and is manned by appropriately qualified personnel. The Internal Audit Department during the course of audit also ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective action. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls in the Company.

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with Company's policies.

28. Secretarial Audit Compliance:

The Board of Directors of the Company, at its meeting held on May 11, 2018, had appointed M/s Roy Jacob & Company, Company Secretaries, Mumbai, (having Membership Number – FCS 9017 and Certificate of Practice Number 8220) as Secretarial Auditor for FY 2018-19 & 2019-20, pursuant to section 204(1) of Companies Act, 2013. The Secretarial audit report for FY 2019-20 is annexed to this report.

29. Reporting on various Corporate Governance Regulations & Compliances under the Companies Act, 2013:

i) Filing the Annual Return as per section 134(3)(a):

During the year 2019-20, Annual General Meeting (AGM) for the financial year 2018-19 was duly held on 30th July, 2019, and Annual Return filing was done within prescribed time limit. Your Company has also filed FORM 'ACTIVE' with ROC, Bangalore, Karnataka on April 16, 2019 and duly approved by the ROC.

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 and also it is placed on the website of the Company at https://aadharhousing.com/investor-relations/annual-reports-of-company.php.

The Annual Return filed by the Company for FY 2018-19 to Registrar of Companies, Karnataka along with Extract of Annual Return in Form MGT-9 for FY 2019-20, are also available on the website of the Company, URL : www.aadharhousing.com under Investor Relations tab.

ii) Number of meetings of the Board & Committees under section 134(3)(b):

During the year under review the Board of Directors met periodically/as and when required to deliberate various issues, policy matters, take suitable decisions 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).

iii) Directors' Responsibility Statement under section 134(3)(c):

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 financial year ended 31st March, 2020, 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 31st March, 2020 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, in the case of a listed company, 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.

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

a) There were no material fraud cases detected and required to be reported during the year under review, as per the provisions of section 134 (3) (ca), read with section 143 (12) of the Companies Act, 2013 to the regulatory authorities.

b) However, the frauds of value involved for ₹ 1 Lakh & above and frauds committed by unscrupulous borrowers, detected, during the year under review, the Company has duly reported 29 fraud cases as per Circular(s)/ Guidelines, issued by National Housing Bank.

c) 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.

d) With regard to section **134(3)(e)** of the Companies Act, 2013, the Company has duly followed the Nomination (including Boards' Diversity), Remuneration & Evaluation Policy (NRE Policy), which, inter alia, lays down the approach to diversity of the Board, criteria for identifying the persons who are qualified to be appointed as Directors, Key Managerial Personnel (KMP) & Top Managerial Personnel of the Company, along with the criteria for determination of remuneration thereof and evaluation of Board of Directors/ Committees (including Independent Directors) and KMPs/Top managerial personnel of the Company and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013. Further every year the Company obtains Independent Directors Declaration from respective Independent Directors as per Companies Act, 2013 and during the FY 2019-20 as per NHB Corporate Governance Directions, SEBI (LODR), 2015 and Companies Act, 2013, the Company has obtained Fit & Proper declarations, Deed of Covenants and various other Declarations duly signed by all the Directors of the Company.

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

e) As per section **134(3)(f)** of the Companies Act, 2013, your management states that during the year under review and also during the previous year 2018-19, there were no adverse qualification, reservation or adverse remark or disclaimer made by the Statutory Auditors & Secretarial Auditor of the Company, during the course of their audits, as per their Auditors' Report and Secretarial Audit Report respectively, hence there is no clarification required to be provided by the Company.

f) 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. The Company being Housing Finance Company all other loans/ investments are in the ordinary course of business and there is no other loan with Related Party or outsiders or relatives of Directors of the Company, during the year under review.

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

The Transactions with related parties are entered as per the Related Party Transaction Policy of the Company, pursuant to provisions of section 188 of the Companies Act, 2013, read with the rules made thereunder after taking necessary approval of shareholders & Board of Directors.

Prior approval of the Audit Committee had been obtained by the Company before entering into any material related party transaction as per the applicable provisions of Companies Act, 2013. 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 for the financial year ended March 31, 2020.

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.

The disclosure of material related party transaction as per Section 188 of the Companies Act, 2013 read with rule 15 of Companies (Meeting of Board and its Power) Rules, 2014 as amended from time to time was reported as required in the prescribed Form AOC – 2 and enclosed herewith.

Pursuant to Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Related Party Transaction Policy of the Company is available on the website of the Company at URL https://aadharhousing.com/pdf/related-party-transactions-policy.pdf

Post the Secondary transaction on June 10, 2019 the Dewan Housing Finance Corporation Ltd/Wadhawan Group were ceased to be promoter/ related party with the Company or associate concern with the Company.

vi) **Meetings related Corporate Governance Reporting :**
Since the Specified Securities - Shares of the Company 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:-

The company is being managed by the Board of Directors duly assisted & supervised by the Audit Committee, Assets & Liabilities Management Committee, Management Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, IT Strategy Committee & other committees from time to time On 1st April, 2020, Mr. V Sridar has submitted his resignation from the Board and it was accepted by the Board with a deep gratitude & appreciation placed on record for his valuable contributions & guidance given to the Board/Management during his tenure as a Director of the Company.

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

vii) **Composition of Board of Directors:**
The Board is headed by Mr. O P Bhatt, Independent Director & Non-Executive Chairman and other Directors on the Board are experts from various fields like housing finance/Banking sector, corporate affairs and Government Organisations/Departments etc. During the financial year 2019-20, there was some changes occurred in the Board and the Board of Directors met 9 (nine) times and the composition of the Board along with attendance details of Board Meeting is given hereunder :

Name of the Director	Date of Board Meetings held & attended									No. of Meetings Attended
	25-04-2019	30-04-2019	11-06-2019	04-07-2019	02-08-2019	21-10-2019	17-12-2019	18-02-2020	05-03-2020	
Mr. O P Bhatt, Chairman@	-	-	-	-	-	Yes	Yes	Yes	Yes	4
Mr. V. Sridar, Independent Director *	Yes	Yes	-	Yes (Through VC)	Yes	Yes	Yes	Yes	Yes	8
Dr. Nivedita Haran, Independent Director	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	-	7
Mr. Amit Dixit, Non-Executive Director (Nominee)	-	-	-	-	Yes*** (Special Invitee)	Yes	-	Yes	-	3
Mr. Mukesh Mehta, Non-Executive Director (Nominee)	-	-	-	-	Yes*** (Special Invitee)	Yes	Yes	Yes	Yes	5
Mr. Neeraj Mohan, Non-Executive Director (Nominee)	-	-	-	-	Yes*** (Special Invitee)	Yes	Yes	Yes	Yes	5
Mr. Deo Shankar Tripathi Managing Director & CEO	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9
Mr. Kapil Wadhawan, Chairman**	-	-	-	-	-	-	-	-	-	-
Mr. G. P. Kohli, Independent Director **	Yes	Yes	-	-	-	-	-	-	-	2
Mr. Suresh Mahalingam Director **	Yes	Yes	-	-	-	-	-	-	-	2

Note:-

1. *@Mr. O P Bhatt, Independent Director & Non-Executive Chairman was appointed w.e.f. 13th September, 2019 and approval of shareholders obtained on 15th October, 2019.*
2. ** Mr. V. Sridar has resigned from the Board of Company with effect from 1st April, 2020.*
3. *** Mr. Kapil Wadhawan, Mr. G.P Kohli and Mr. Suresh Mahalingam had resigned from the Board of Directors on June 10, 2019, and Company had filed necessary Forms and intimated various regulators for the same.*
4. **** Mr. Amit Dixit, Mr. Mukesh Mehta and Mr. Neeraj Mohan were special invitees at the meeting held on 2nd August, 2019 and were appointed as Additional Directors in the same meeting and their appointment as Non-Executive Director (Nominee) was regularized with the approval of Shareholders w.e.f. 15th October, 2019.*

viii) Composition of Audit Committee:

As per provisions of section 177 of the Companies Act, 2013 and NHB Directions, Company has constituted the Audit Committee of Directors. At the beginning of the year the Committee consisted of Mr. V. Sridar, Independent Director as the Chairman of the committee and Dr. Nivedita Haran, Mr. Mukesh Mehta as members, as on 31st March, 2020. During the FY 2019-20- the Audit Committee was re-constituted by the Board during the FY 2019-20 due to resignation of Mr. Kapil Wadhawan and Mr. G.P. Kohli, post change in Management & Control w.e.f. June 10, 2019. During the financial year 2019-20, the Audit Committee met 6 (Six) 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.

Details of Audit Committee meetings held during the FY 2019-20 is given hereunder;

Name of the Members	Date of Audit Committee Meetings held & attended						No. of Meetings Attended
	25-04-2019	30-04-2019	02-08-2019	21-10-2019	17-12-2019	18-02-2020	
Mr. V. Sridar, Chairman *	Yes	Yes	Yes	Yes	Yes	Yes	6
Dr. Nivedita Haran, Member	Yes	Yes	Yes	-	Yes	Yes	5
Mr. Mukesh Mehta, Member **	-	-	-	Yes	Yes	Yes	3
Mr. Kapil Wadhawan, Member ***	-	-	-	-	-	-	-
Mr. G. P. Kohli, Member ***	Yes	Yes	-	-	-	-	2

Note:-

1. ** Mr. V. Sridar, was selected as Chairman of the Committee, by the Board at its meeting held on 4th July, 2019 and he has resigned from the Company with effect from 1st April, 2020 and the Board has appointed Mr. O P Bhatt as member of the Committee.*
2. *** Mr. Mukesh Mehta, was Special invitee at the meeting held on 2nd August, 2019 and represented BCP Topco VII Pte. Ltd./Holding Company and he was appointed as an Additional Director & also became the member of Audit Committee at the same Board Meeting.*
3. **** Mr. Kapil Wadhawan and Mr. G.P Kohli have ceased to be Members of Audit Committee due to their resignation from the Board of Directors of the Company w.e.f. June 10, 2019, because of change in control and management of the Company and Company had filed necessary e-forms to ROC and intimated various regulators for the same.*

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

The Company has reconstituted the Asset Liability Management Committee (ALCO) which consists of Mr. V Sridar, Independent Director, as Chairman, Mr. Mukesh Mehta and Mr. Neeraj Mohan, Non-Executive Directors, are Members of Committee, as on 31st March, 2020 and the CFO & IT Head are special invitees for these meetings. During the year, total 4 (four) ALCO meetings were held in the year, which were attended by following members:

Name of the Members	Date of ALCO Meetings held & attended				No. of Meetings Attended
	30-04-2019	02-08-2019	21-10-2019	18-02-2020	
Mr. V. Sridar, Chairman *	Yes	Yes	Yes	Yes	4
Dr. Nivedita Haran, Member **	-	Yes	-	-	1
Mr. Mukesh Mehta, Member***	-	-	Yes	Yes	2
Mr. Neeraj Mohan, Member***	-	-	Yes	Yes	2
Mr. Deo Shankar Tripathi, Member #	Yes	Yes	-	-	2
Mr. G. P. Kohli, Member ##	Yes	-	-	-	1

Note:-

1. ** Mr. V. Sridar, was selected as Chairman of the Committee, by the Board at its meeting held on 4th July, 2019 . Further he has resigned from the Company with effect from 1st April, 2020 and the Board has appointed Mr. O P Bhatt as member of the Committee.*
2. *** Dr. Nivedita Haran, became the member of the Committee, as decided by the Board at the meeting held on 4th July, 2019.*
3. **** Mr. Mukesh Mehta and Mr Neeraj Mohan, were Special invitees at the ALCO meeting held on 2nd August, 2019 and represented BCP Topco VII Pte. Ltd. Further they were appointed as Additional Directors at the Board meeting held on 2nd August, 2019 and also became the member of ALCO Committee as decided by the Board at the same meeting.*
4. *# Mr. Deo Shankar Tripathi, became the Member of the Committee, as decided by the Board at its meeting held on 4th July, 2019.*
5. *## Mr. G.P Kohli had resigned from the Board of Directors of the Company with effect from 10th June, 2019, due to change in control and management of the Company.*

x) **Composition of Management Committee (MC)**

The Company has formed & re-constituted the Management Committee of Directors, which consists of Mr. Neeraj Mohan, Non-Executive Director as the Chairman and Mr. Mukesh Mehta, Non-Executive Director and Mr. Deo Shankar Tripathi, Managing Director & CEO are the Members of the Committee as on 31st March, 2020. During the financial year 2019-20, various Circular resolutions were passed by Management Committee duly approved by the Majority of Directors, being Members/Chairman of the Committee and reported in the Board meetings held on quarterly basis.

xi) **Composition of Nomination & Remuneration Committee (NRC)**

The reconstitution of Nomination and Remuneration Committee was done is in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013 which consist of Mr. Amit Dixit, Non-Executive Director, as Chairman, Mr. V Sridar, Independent Director, Dr. Nivedita Haran, Independent Director and Mr. Mukesh Mehta, Non-Executive Director, are Members of the NRC Committee as on 31st March, 2020.

During the year under report, total 6 (six) NRC committee meetings were held as under:-

Name of the Members	Date of NRC Meetings held & attended						No. of Meetings Attended
	25-04-2019	02-08-2019	21-10-2019	17-12-2019	18-02-2020	05-03-2020	
Mr. Amit Dixit, Chairman *	-	-	Yes	-	Yes	-	2
Mr. V. Sridar, Member **	Yes	Yes	Yes	Yes	Yes	Yes	6
Dr. Nivedita Haran, Member	Yes	Yes	-	Yes	Yes	-	4
Mr. Mukesh Mehta, Member***	-	-	Yes	Yes	Yes	Yes	4
Mr. G. P. Kohli, Member ##	Yes	-	-	-	-	-	1

Note:-

1. ** Mr. Amit Dixit, was Special invitee at the NRC Meeting held on 2nd August, 2019. Further he was appointed as Director of the Company by the Board at its meeting held on 2nd August, 2019 and also the NRC Committee was reconstituted by the Board at the same meeting and Mr. Amit Dixit, was selected as the Chairman of NRC.*
2. *** Mr. V. Sridar, was the Chairman of the Committee, as decided by the Board at the meeting held on 4th July, 2019 and the Committee was reconstituted at Board meeting held on 2nd August, 2019 and he became the member of the Committee. Further he has resigned from the Company with effect from 1st April, 2020 and the Board has appointed Mr. O P Bhatt as member of the Committee in this vacancy.*
3. **** Mr. Mukesh Mehta was Special invitee at the Committee meeting held on 2nd August, 2019. Further he was appointed as Director at the Board meeting held on 2nd August, 2019 and also became the member of NRC as decided by the Board at the same meeting.*
4. *## Mr. G.P Kohli had resigned from the Board of Directors of the Company on 10th June, 2019, due to change in control and management of the Company.*

xii) **Composition of Corporate Social Responsibility Committee (CSR):**

As per section 135 of the Companies Act, 2013 the Company had duly constituted CSR Committee and during the year under review 1 (One) Meeting of CSR Committee was held on 24th April, 2019, attended by Mr. V Sridar, Independent Director as Chairman, Mr. G.P. Kohli, Independent Director and Mr. Suresh Mahalingam, Non-Executive Director, are Members of the Committee (prior to change in management). Further, during the year the CSR Committee was reconstituted due to change in Management and control of the Company and as on date, the Committee consists of Dr. Nivedita Haran, Independent Director, as Chairperson of the Committee, Mr. Deo Shankar Tripathi, Managing Director & CEO and Mr. Neeraj Mohan, Non-Executive Director, as Members of the Committee, as on 31st March 2020.

xiii) **Composition of Stakeholders Relationship Committee (SRC):**

As per section 178(5) of the Companies Act, 2013, your Company has duly reconstituted Stakeholders Relationship Committee, which consists of Mr. V Sridar, Independent Director as Chairman, Dr. Nivedita Haran, Independent Director, Mr. Neeraj Mohan, Non-Executive Director and Mr. Deo Shankar Tripathi, Managing Director and CEO of the Company are Members of the Committee, as on 31st March, 2020. During the financial year 2019-20, 1 (One) Stakeholders Relationship Committee Meeting was held on 26th March, 2020, through video conference facility, which was attended by Dr. Nivedita Haran, Mr. Neeraj Mohan and Mr. Deo Shankar Tripathi.

xiv) Composition of Risk Management Committee :

The Company has duly reconstituted Risk Management Committee, which consists of Mr. Mukesh Mehta, Non-Executive Director, as Chairman, Mr. V Sridar, Independent Director and Mr. Neeraj Mohan, Non-Executive Director as Members of the Committee, as on 31st March, 2020. During the year under report, total 4 (four) committee meetings were held as under:-

Name of the Member	Date of Risk Management Committee Meeting held & attended				No. of Meetings
	24/04/2019	02/08/2019	21/10/2019	18/02/2020	
Mr. G.P Kohli	Yes	#-	#-	#-	1
Mr. Suresh Mahalingam	Yes	#-	#-	#-	1
Mr. V Sridar**	Yes	Yes	Yes	Yes	4
Dr. Nivedita Haran	-	Yes	-	-	1
Mr. Deo Shankar Tripathi ## (Attended as an invitee)	##	##	##	##	--
Mr. Mukesh Mehta	-	#Yes (Special Invitee)	Yes	Yes	3
Mr. Neeraj Mohan	-	#Yes (Special Invitee)	Yes	Yes	3

Note:-

1. *#Mr. G.P Kohli & Mr. Suresh Mahalingam have resigned from the Board of Directors of the Company w.e.f. 10th June, 2019, due to change in control and management of the Company.*
2. *##Mr. Deo Shankar Tripathi has attended the Risk Management Committee meetings, as an Invitee.*
3. *** Mr. V. Sridar, was a member of the Committee, as decided by the Board and the Committee was reconstituted at Board meeting held on 2nd August, 2019. Further he has resigned from the Company with effect from 1st April, 2020 and the Board has appointed Mr. O P Bhatt as member of this Committee.*
4. ** Mr. Mukesh Mehta & Mr. Neeraj Mohan were Special invitees at the Committee meeting held on 2nd August, 2019. Further they were appointed as Director at the Board meeting held on 2nd August, 2019 and also became the member of Risk Management Committee as decided by the Board at the same meeting*

xv) Composition of Investment Committee:

The Company has duly reconstituted Investment Committee, which consists of Mr Neeraj Mohan, Non-Executive Director, as Chairman, Mr. Mukesh Mehta, Non-Executive Director, Member and Mr. Deo Shankar Tripathi, Managing Director & CEO are members of the Committee as on 31st March, 2020. During the year under report, total 4 (four) committee meetings were held as under:-

Name of the Member	Date of Investment Committee Meeting held & attended				No. of Meetings
	30/04/2019	02/08/2019	21/10/2019	18/02/2020	
Mr. V Sridar	-	Yes	-	-	1
Mr. Deo Shankar Tripathi	Yes	Yes	Yes	Yes	4
Mr. G. P. Kohli	Yes	-	-	-	1
Mr. Neeraj Mohan	-	#Yes (Special Invitee)	Yes	Yes	3
Mr. Mukesh Mehta	-	#Yes (Special Invitee)	Yes	Yes	3

Note:

#Mr. Mukesh Mehta & Mr. Neeraj Mohan were Special invitees at the Committee meeting held on 2nd August, 2019. Further they were appointed as Director at the Board meeting held on 2nd August, 2019 and also became the member of Investment Committee as decided by the Board at the same meeting.

xvi) Composition of Share Allotment & Transfer Committee :

The Company has earlier formed the Share Allotment and Transfer Committee. This committee was reconstituted and consists of Mr. V Sridar, Independent Director, as Chairman, Dr. Nivedita Haran, Independent Director and Mr. Deo Shankar Tripathi, Managing Director & CEO, are the Members of the Committee, as on 31st March, 2020.

During the financial year 2019-20, total **5 (five) meetings** were held as under:-

Name of the Member	Date of Share Allotment & Transfer Committee Meeting held & attended					No. of Meetings
	03/06/2019	04/07/2019	15/07/2019	02/08/2019	20/09/2019	
Mr. V Sridar	-	-	-	-	-	-
*Dr. Nivedita Haran	-	Yes	Yes	Yes	Yes	4
Mr. Deo Shankar Tripathi	Yes	Yes	Yes	Yes	Yes	5
**Mr. Suresh Mahalingam	Yes	-	-	-	-	1

Note:

1. **Dr. Nivedita Haran, became the member of the Committee, as decided by the Board at the meeting held on 4th July, 2019.*
2. ***Mr. Suresh Mahalingam has resigned from the Board of Directors of the Company on 10th June, 2019, due to change in control and management of the Company.*

xvii) Composition of IT Strategy Committee:

The Company has duly reconstituted IT Strategy Committee as per the NHB guidelines/Directions, which consists of Mr. V Sridar, Independent Director, as Chairman, Mr. Neeraj Mohan, Non-Executive Director, Mr. Deo Shankar Tripathi, Managing Director & CEO, are members and Mr. Rishi Anand, Chief Business Officer, Mr. Ravinder Singh Beniwal, Chief Operating Officer and Mr. Sharad Jambukar, IT-Head of the Company are Invitees of the said committee, as on 31st March, 2020. Further, during the period under review 1(one) meeting of IT Strategy Committee was held on 12th December, 2019 which was attended by Members of the Committee as aforesaid.

xviii) Wilful Defaulter Review Committee:

The Company has duly reconstituted Wilful Defaulter Review Committee, as per NHB Guidelines/Directions, which consists of Mr. V Sridar, Independent Director, as the Chairman, Mr. Neeraj Mohan, Non-Executive Director, Dr. Nivedita Haran, Independent Director & Mr. Deo Tripathi, MD &CEO are Members of the Committee, as on 31st March, 2020. During the period under review, one meeting of Wilful Defaulter Review Committee was held on 26th March, 2020 which was attended by Dr. Nivedita Haran and Mr. Neeraj Mohan.

xix) Transfer of profits to Reserves:-

In terms of section 134(3)(j) of the Companies Act, 2013, Company has transferred ₹ 20 Crores to General Reserve, ₹ 112.73 Crores to Debenture Redemption Reserve and a sum of ₹ 38.51 Crores to the Special Reserves under Section 29C of National Housing Bank Act, 1987 and Section 36(1)(viii) of the Income Tax Act, 1961, in addition to other provisions created during the year under report as per the audited financials submitted to the Board.

Material changes and commitments in terms of section 134(3)(l) of the Companies Act, 2013 are as given at the beginning of this Report & Financial statements circulated to the members.

xx) There was no dividend recommended or declared during the year under report.

xxi) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report, in terms of Section 134(3) (l) : -

The Government of India imposed Nation-wide Lockdown from 25th March, 2020 onwards due to the COVID-19 pandemic, which has affected the Business operations, including the log-in /disbursement & financial position of the Company, from 4th quarter onwards.

The Company has taken various appropriate measures to control this pandemic, including closure of offices/ branches during the lockdown period and allowed the employees to work from home, as directed by the Government.

The Company has, based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the board while arriving at the provision for impairment of financial assets which the management believes is adequate. Given the uncertainty over the closure of the aforesaid lockdown and the potential macro-economic impact, the Company's management has considered internal and external information upto the date of approval of these Financial Results. The Company has performed an estimation of portfolio stress through analysing its portfolio in respect of various risk classification, using the available historical and current data and based on current indicators of future economic conditions. The said stress test has resulted in an additional impairment provision of ₹ 4,951 Lakh. Pursuant to the announcement by RBI on 27th March your company has granted moratorium to eligible customers in accordance with Board approved policy. The company, however, did not opt for any moratorium from the lenders and it continues to service the obligations as per contractual terms

The impact of Covid-19 pandemic may be different from that estimated as at the date of approval of these Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

xxii) Conservation of Energy, Technology Absorption 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. The company has also implemented process to install all the energy saving devices in the branches such as Energy savers for ACs, 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 up gradation measures adopted by the company, had helped to efficiently manage inter-connectivity and system based loan processing and accounting facilities at various levels of the organisation and improve efficiency by using the current platform "Synergy". New system evaluation has been completed. The Company is in process of implementing new IT infrastructure and new business application platform with various digital solutions to improve efficiency and customer superior experiences. The company has appointed M/s Tata Consultancy Service Ltd as implementation partner.

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.

Amount in ₹ (in lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Foreign business travel	2	0*
Total	2	0*

**Amount less than ₹ 50,000*

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

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes Committee of the Board and Senior Management Committee. The Risk Management process is governed by the Comprehensive Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an on-going process that is supported by a robust risk reporting framework. Risk Management Framework of the Company covers Credit Risk, Market Risk & Operational Risk. The Risk Management Committee of the Board is set up to assist the Board in its oversight of various risks, review of compliance with risk policies, monitoring of risk tolerance limits, review and analyse the risk exposures related to specific issues and provides oversight of risk across the organization.

The Company has also implemented various policies such as - Collection and Recovery Policy, Risk Management Policy, Legal Policy, Technical Policy, IT Policy etc. as per the various provisions of the NHB/ other Regulators and internal control procedures have been adopted by the Company for effective utilization of the resources.

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

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 to this Board's Report.

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

xxv) Formal Annual Evaluation of the Board, its Committees and of individual directors 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. Also the Nomination and Remuneration Committee has evaluated the Directors/ KMPs at the time of their appointment.

xxvi) Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year, in terms of rule 8 (5) (iiia) of Companies (Accounts) Amendment Rules, 2019 :-

The Independent Directors are selected as per the applicable provisions of Companies Act, 2013, NHB Directions and Housing Finance Companies – Corporate Governance (National Housing Bank), Directions, 2016 based upon the qualification, expertise, track record, integrity and other "fit and proper" criteria and Company obtains the necessary information and declaration from the Directors. All the Independent Directors of the Company have strong academic background and having long stint experience with renowned Government and private Organisations/Corporates. Further, during the year under review one of the Independent Director has duly registered himself in the data bank, as per provisions of section 150 of the Companies Act, 2013 read with the rules made thereunder and rest of the Independent Directors will complete their registration with data bank within the time line prescribed under section 150(1) of the Companies Act, 2013 read with rule 6 of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019. The integrity/ expertise/ of the Directors have been evaluated by the Board and NRC at the time of appointment and every year evaluated at the respective meetings.

xxvii) 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.

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 Whistle Blower Policy & Fair Practice Code (FPC) Policy of the Company have been duly amended/ modified by the Board of Directors, at their meeting held on April 30, 2019, as per NHB circulars & notifications .

xxviii) Investments, 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. Details of Investments made, loans and guarantees given by the Company are disclosed in the Financial Statements for FY 2019-20.

xxix) 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 there is no change in the Subsidiary Company. However, due to the change in control & management, the Holding Company and Promoter Group Company has been changed & replaced by BCP Topco VII Pte Ltd, as described above in this Report.

The Holding Company, BCP Topco VII Pte. Ltd. which is held through intermediary companies by private equity funds, managed by wholly owned subsidiaries of The Blackstone Group Inc. USA.

xxx) 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 :

The National Housing Bank, vide its in-principle approval dated May 7, 2019, as well as final approval dated June 7, 2019, gave its approval for change in control & management for the purchase of the shares of the Company by the Investor. Further, as required under the NHB in-principle approval, the shareholders of the Company, vide EGM dated June 6, 2019, provided their approval for the purchase of the shares of the Company by the Investor.

xxxi) Appointment of Statutory Auditors:

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai and M/s Chaturvedi SK & Fellows, Chartered Accountants, Mumbai are the Joint Statutory Auditors of the Company and there is no change in these auditors during the year under review.

xxxii) Training & Development :

During the FY 2019-20, the company has conducted more than 10,000 Man-days of functional training for on-roll and off-roll employees at Branches. The trainings were imparted on various aspects including Risk Management, Fraud Prevention, KYC and Anti-Money Laundering, Credit Process, Operational Effectiveness, Business Development, Branch Manager Effectiveness Workshops, Process & Product update training & Soft Skills. Further, a comprehensive suite of e-learning programs and e-tests were conducted across the spectrum of employees to keep them updated about the changes in policies/processes and to enhance their on job skill sets.

xxxiii) 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.

Human Resources are cornerstone of Company's growth and progress. Aadhar team remained stable from 2219 on roll employees last year to 2097 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.

xxxiv) Details of ESAR Scheme & ESOPs Scheme implemented by the Company:

a) ***Employees Stock Appreciation Rights (ESAR) Scheme:***

The ESAR scheme was approved in March, 2018 by the previous promoter group and the first grant was approved by the Board w.e.f from 1st April, 2018. The first tranche of the grant amounting to 74,078 ESARs, for 32 employees were vested on 1st April, 2019. This accounted for 30% of the ESARs granted to the eligible set of employees. The 2nd tranche of vesting also accounting for 30% of the grant was approved for vesting for 26 eligible employees. A total of 59,698 ESARs therefore were vested on 1st April, 2020. The last tranche of ESARs amounting to 40% of the grant will be scheduled to vest on 1st April, 2021.

This ESAR scheme was withdrawn with the approval of the Board effective from March, 2020 and it has been replaced with the new ESOPs Plan, 2020.

b) ***Employees Stock Options (ESOPs) Plan 2020:***

In order to reward performance and elicit long term commitment of the employees towards the growth of the company the new ESOP Plan 2020 was introduced with the approval of Board & Shareholders. Under the ESOPs Plan 2020 duly approved by the Board, total 10,44,395 number of ESOP's were granted to the identified & eligible 389 number of permanent employees including the Whole Time/ Executive/ Managing Director(s) of the Company, w.e.f. 31st March, 2020. These ESOPs were issued at the price of INR 908.05 as per the Fair Value certificate & confirmed by the NRC Committee.

xxxv) Buy-back of the Company's Own Shares:

During the year under report, the Company did not make any buy back of any of its shares or share equivalent/ stock options during the year under report, hence the provisions of section 68 of the Companies Act, 2013, are not applicable.

xxxvi) Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year :

Mr. Kapil Wadhawan, Chairman (DIN 00028528) , Mr. Suresh Mahalingam, Director (DIN 01781730) and Mr. Guru Prasad Kohli, Director (DIN 00230388), have ceased to be the Directors of the Company w.e.f. June 10, 2019 pursuant to the execution of the Share Purchase Agreement for stake sale and the Board took note of the resignation tendered by them.

The Board of Directors of the Company at their meeting held on 15th September, 2018 have appointed Dr. Nivedita Haran (DIN : 06441500), as an Additional Director, whose period of directorship was regularized at 29th AGM of the Company held on 30th July, 2019 pursuant to sections 160 and 161 of the Companies act, 2013. The Members of the Company at their 29th AGM held on 30th July, 2019 have regularized her appointment and appointed her as an Independent Director upto 30th AGM held in 2020. It is proposed by the Board to recommend for reappointment of Dr. Nivedita as Independent Director for another term at the ensuing AGM.

Mr. O.P. Bhatt (DIN : 00548091) was appointed as an Additional Director and Non-Executive Chairman of the Board by the Board of Directors on 13th September, 2019 and the shareholders of the Company, by passing a resolution through Postal Ballot, confirmed & approved his appointment as an Independent Director and Non-Executive Chairman of the Board w.e.f. 13th September, 2019 pursuant to provisions of sections 149, 152, 160 & 161 (1) and other applicable provisions of the Companies Act, 2013.

Mr. Amit Dixit (DIN : 01798942) Mr. Mukesh Mehta (DIN: 08319159) and Mr. Neeraj Mohan (DIN: 05117389), were appointed as Additional Director in Nominee Category by the Board on 2nd August, 2019 and the shareholders of the Company, by passing of resolution through Postal Ballot, confirmed & approved their appointments as Director (Nominee Category), pursuant to provisions of section 152 & 161(1) and other applicable provisions of the Companies Act, 2013.

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.

Further, Mr. Venkatesan Sridar – Independent Director, DIN – 02241339 was appointed as Independent Director on 20th

January, 2017 and further he has submitted resignation from the Board w.e.f. 1st April, 2020 and the intimation of the same has been submitted with ROC, NHB, BSE and Regulatory Authorities.

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

xxxvii) 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 maintained at the Registered office to this Board Report.

xxxviii) Acknowledgement by the management:

Your Board of directors would like to place on record their sincere gratitude to the Regulators, Reserve Bank of India, National Housing Bank, Registrar of Companies, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, Stock Exchange, all Bankers to the company, other Associate companies, Central & State governments departments, Tax Authorities, 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 company and management team also express their sincere gratitude to the Promoter group entity, Holding Company BCP Topco VII Pte. Ltd. and other entities of Blackstone Inc. for their instinct 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.

By the Order of & For and
on behalf of the Board of Directors of-
Aadhar Housing Finance Ltd.

SD/-	SD/-
Mr. O.P. Bhatt	**Mr. Deo Shankar Tripathi**
DIN:- 00548091	DIN:- 07153794
Independent Director & Non-Executive Chairman	Managing Director & CEO

Corporate Office:
201, Raheja Point -1, Nr. SVC Bank, Vakola,
Nehru Rd., Santacruz - E, Mumbai- 400055

Date : 29th May, 2020

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31-03-2020

[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	Shares are not Listed. (Non- Convertible Debentures listed in debt segment with BSE)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	For Debentures issued on public issue basis and Equity shares issued by the Company : - 1) **KFin Technologies Pvt Ltd.** Selenium Tower B, Plot No 31 & 32 Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Telangana Ph. No. 040 67161663 Email : einward.ris@kfintech.com For Privately placed Non-Convertible Debentures issued by the Company: 2) **3i Infotech Ltd.** Address : Tower # 5, 3rd Floor, International Infotech Park, Vashi, Navi Mumbai – 400703 Ph. No. (022)- 6792 8024 Email : vijaysingh.chauhan@3i-infotech.com

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 and also to solicit and procure Insurance Business as Corporate Agent and to undertake such other activities incidental and ancillary thereto.	6492	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	**BCP Topco VII Pte. Ltd. Singapore**	N.A.	Holding	98.74%	2(46)
2	**Aadhar Sales and Services Private Limited,** Registered Office Address: 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 – As on 31st March, 2020):

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	Phy	Total	% of Total Shares	Demat	Ph*	Total	% of Total Shares	
A. Promoter and Promoter Group:									
(1) Indian Holding :									
a) Individual/ HUF	4,12,068	-	4,12,068	1.64%	-	-	-	-	(1.64%)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Body Corporate-Holding Company	1,98,98,805	-	1,98,98, 805	79.13%	-	-	-	-	(79.13%)
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	**2,03,10,873**	**-**	**2,03,10, 873**	**80.77%**	**-**	**-**	**-**	**-**	**Less (80.77%)**
(2) Foreign Holding:									
(a) NRIs- Individual	-	-	-	-	-	-	-	-	-
(b) Other Individual	-	-	-	-	-	-	-	-	-
(c) Body Corporate – Holding Co.	-	-	-	-	3,89,68,342	-	3,89,68,342	98.74%	98.74%
(d) Banks/ FI	-	-	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A) (1) + (A) (2)	**2,03,10,873**	**-**	**2,03,10,873**	**80.77%**	**3,89,68,342**	**-**	**3,89,68,342**	**98.74%**	**17.97%**
B Public Shareholding									
1. Institutions									
a) Mutual Fund	-	-	-	-	-	-	-	-	-
b) Banks/ FI	4,65,000	-	4,65,000	1.85%	4,65,000	-	4,65,000	1.18%	Less (0.67%)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs (IFC)	42,53,389	-	42,53,389	16.91%	-	-	-	-	Less (16.91%)
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Funds Others	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):-	**47,18,389**	**-**	**47,18,389**	**18.76%**	**4,65,000**	**-**	**4,65,000**	**1.18%**	**Less (17.58%)**

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	Phy	Total	% of Total Shares	Demat	Ph*	Total	% of Total Shares	
2. Non- Institutions									
a) Body Corporates									
i) Indian	38,603	2,000	40,603	0.16%	-	2,000	2,000	0.00%	Less (0.16%)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual									
i) Individual Share-holders holding nominal share capital upto ₹ 1 Lakh.	30,700	31,607	62,307	0.25%	7,841	10,415	18,256	0.05%	Less (0.20%)
ii) Individual Share-holders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
c) Other									
i. Trust	5,000	-	5,000	0.02%	-	-	-	-	Less (0.02%)
ii. IEPF	11,300	-	11,300	0.04%	11,300	-	11,300	0.03%	(0.01%)
Sub-total (B) (2):-	**85,603**	**33,607**	**1,19,210**	**0.47%**	**19,141**	**12,415**	**31,556**	**0.08%**	**(0.39%)**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**48,03,992**	**33,607**	**48,37,599**	**19.23%**	**4,84,141**	**12,415**	**4,96,556**	**1.26%**	**Less (17.97%)**
C Shares held by Custodian for GDRs & ADRs	----------NIL----------								
Grand Total (A+B+C)	**2,51,14,865**	**33,607**	**2,51,48,472**	**100%**	**3,94,52,483**	**12,415**	**3,94,64,898**	**100%**	**-**

**Ph : Physical Holding.*

ii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)- (As on March 31, 2020)

Sr. No.	Shareholder's Name	Shareholding at the beginning		Cumulative Shareholding at the end of the year	
	At the beginning of the year	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	a. M/s. Wadhawan Global Capital Limited	1,75,97,715	69.98%	-	-
	b. Sh. Kapil Wadhawan	1,34,017	0.53%	-	-
	c. Sh. Dheeraj Wadhawan	1,34,017	0.53%	-	-
	d. Smt. Aruna Wadhawan	1,44,034	0.57%	-	-
	e. M/s Dewan Housing Finance Corporation Limited	23,01,090	9.15%	-	-
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. On 10th June, 2019 erstwhile Promoter Group/Wadhawan Group has transferred/sold their entire shareholding to BCP Topco VII Pte. Ltd. (existing Promoter/Holding Company). 2. In February, 2020 the 65 Minority shareholders have transferred their 36,266 fully paid equity shares to the Promoter Company 3. In March, 2020 the 35 Minority shareholders have transferred their 13,018 fully paid equity shares to the Promoter Company 4. In addition, the Foreign Holding company contributed additional capital infusion during the year under report.			
3.	At the end of the year:-				
	a. *M/s. Wadhawan Global Capital Limited	-	-	-	-
	b. *Sh. Kapil Wadhawan				
	c. *Sh. Dheeraj Wadhawan	-	-	-	-
	d. *Smt. Aruna Wadhawan	-	-	-	-
	e. *M/s Dewan Housing Finance	-	-	-	-
	Corporation Limited	-	-	-	-
	***BCP Topco VII Pte. Ltd.**	**-**	**-**	**3,89,68,342**	**98.74%**

iii) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Promoter Group and Holders of GDRs and ADRs)- (As on March 31, 2020)**

Sr. No.	Shareholder's Name (Sh./ Smt./ M/s)	*Shareholding at the beginning of the period (1st April, 2019)			*Shareholding at the end of the year (31st March, 2020)			*% change in share-holding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged/ encumb-ered to	No. of shares	% of total Shares of the company	% of Shares Pledged/ encumb-ered to	
1	ICICI Bank Ltd.	465,000	1.85%	-	465,000	1.18%	-	(0.67%)
2	Investor Education and Protection Fund Authority	11,300	0.04%	-	11,300	0.03%	-	(0.01%)
3	B L Narayana Murthy	2,000	0.01%	-	2,000	0.01%	-	-
4	B N Chandrasekar	2,000	0.01%	-	2,000	0.01%	-	-
5	Gowra Leasing & Finance Ltd	2,000	0.01%	-	2,000	0.01%	-	-
6	A Aparna	1,500	0.01%	-	1,500	0.00%	-	(0.01%)
7	A Ashwin	1,500	0.01%	-	1,500	0.00%	-	(0.01%)
8	Manandi Nanjundasetty Dwarakanath	1,000	0.00%	-	1,000	0.00%	-	-
9	Murali Mohan S N	1,000	0.00%	-	1,000	0.00%	-	-
10	Sharath Kumar S N	1,000	0.00%	-	1,000	0.00%	-	-

Note : *The number have been taken upto two decimal and rounded-off to the nearest integer.

iv) **Shareholding of Directors and Key Managerial Personnel as on 31st March 2020:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
	a) Shri Kapil Wadhawan	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	1,34,017	0.53%	Nil	Nil
2	Date wise increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	On 10th June, 2019 the erstwhile Promoter Director has transferred their entire shareholding to BCP Topco VII Pte. Ltd. (Existing Promoter/Holding Company)			
3	At the end of the year	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (As on March 31, 2020)

(₹ in Lakhs)

Particulars	Secured Loans and NCDs excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
a) Indebtedness at the beginning of the financial year				
i) Principal Amount	7,90,702	20,514	11,687	8,22,903
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8,558	612	116	9,286
Total (a) (i+ii+iii)	**7,99,260**	**21,126**	**11,803**	**8,32,189**
Change in Indebtedness during the financial year				
Addition	3,80,004	0	933	3,80,937
Reduction	2,18,324	12,289	5,444	2,36,057
Net Change	1,61,680	(12,289)	(4,511)	1,44,880
b) Indebtedness at the end of the financial year				
i) Principal Amount	9,52,746	8,400	7,152	9,68,298
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	8,194	437	140	8,771
Total (b) (i+ii+iii)	**9,60,940**	**8,837**	**7,292**	**9,77,069**

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 Mr. Deo Shankar Tripathi	Total Amount (₹ in Lakhs)
1	**Gross salary (₹ in lakhs)**		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	Please refer to the Annexure attached with this report and to be kept at the Registered & Corporate office for verification	
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	**Stock Option**	-	-
3	**Sweat Equity**	-	-
4	**Commission**	-	-
	as % of profit	-	-
	others, specify....	-	-
5	**Others, please specify**	-	-
	Bonus, P.F. Contribution,	-	-
	Gratuity provision, etc.	-	-
	Car Transfer	-	-
Total (A)		-	-
Ceiling as per the Act (Companies Act, 2013)		As per section 197 & 198 read with Schedule V of Companies Act, 2013, it is well within the limits.	

B. Remuneration to other directors:

Sr. No.	Name of Directors	Particulars of Remuneration (₹ in Lakhs)			Total Amount (₹ in Lakhs)
		Fees for attending Board/ committee meetings	Commission*	Others	
1	**Independent Directors (Please refer to the Annexure attached to this report)**				
	a) #Sh. O P Bhatt	-	-	-	-
	b) Sh. V Sridar**	-	-	-	-
	c) *Sh. G. P. Kohli	-	-	-	-
	d) Dr. Nivedita Haran	-	-	-	-
Total B(1)		-	-	-	-
2	**Other Non-Executive Directors**				
	a) Mr. Amit Dixit	-	-	-	-
	b) Mr. Mukesh Mehta	-	-	-	-
	c) Mr. Neeraj Mohan	-	-	-	-
	d) *Sh. Kapil Wadhawan	-	-	-	-
	e) *Sh. Suresh Mahalingam	-	-	-	-
Total B(2)		-	-	-	-

Note:

#Mr. O.P. Bhatt was appointed as Additional Director, w.e.f. 13th September, 2019 by the Board of Director of the Company & appointed as Independent Director Non-Executive Chairman of the Board by the shareholders.

**Mr. Kapil Wadhawan, Mr. G.P. Kohli and Mr. Suresh Mahalingam, ceased to be Directors of the Company, w.e.f. 10th June, 2019 due to change in Management and Control as disclosed earlier in this Report.*

*** Mr. V Sridar has resigned from the Board w.e.f. 1st April, 2020.*

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total (₹ in Lakhs)
		Sh. Anmol Gupta**/ Sh. Rajesh V, Chief Financial Officer	Sh. Sreekanth V. N. Company Secretary	
1.	**Gross Salary (₹ In Lakhs)**			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	Please refer to the Annexure attached with this report and to be kept at the Registered & Corporate office for verification		
	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**	-	-	-
4	**Commission**			
	as % of profits	-	-	-
	others	-	-	-
5	**Others**	-	-	-
	Provident Fund	-	-	-
Total (₹ In Lakhs)		-	-	-

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	During the year under report, there was no incidence/non-compliance matter of any compounding or delayed filing of any form/returns with any of the Regulators.				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	------------------------------------NIL-----------------------------------				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	------------------------------------NIL-----------------------------------				
Punishment					
Compounding					

Annexure - II

SPECIMEN DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

To,
The Board of Directors
Aadhar Housing Finance Ltd.
2nd Floor, No. 3, JVT Towers, 8th 'A' Main Road, S.R. Nagar,
Bengaluru- 560027, Karnataka.

Sub:- Declaration under the provisions of Section 149(6) of the Companies Act, 2013 and Rules thereon.

I/ We, do hereby confirm that I/ We am/ are an independent director in relation to the company and declare that:-

(a) I/ We am/ are not appointed as managing director or a whole-time director or a nominee director of holding, subsidiary or associate company;

(b) a person of integrity and possesses relevant expertise and experience;

(c) (i) not a promoter of the company or its holding, subsidiary or associate company;

(ii) not related to promoters or directors in the company, its holding, subsidiary or associate company:

(d) Has/have or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten percent of his/ her total income or such amount as may be prescribed, with company, its holding, subsidiary or associate company, or their promoters or directors, during the two immediately preceding financial years or during the current financial year,

(e) none of my/ our relatives-

(i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year;

(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as way be prescribed during the two immediately preceding financial years or during the current financial year;

(iii) has/ have given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters or directors of such holding company, for such amount as may he prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has/ have any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii)

(f) neither myself/ ourselves nor any of my/ our relatives-

(i) holds or has/ have held the position of a key managerial personnel or is/ are or has/ have been employees of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial years in which he is proposed to be appointed;

(ii) is/ are or has/ have been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed of –

(A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has/ have or had any transaction with the company, its holding, subsidiary or associate company amounting to ten percent, or more of the gross turnover of such firm;

(iii) holds together with their relatives two per cent or more of the total voting power of the company; or

(iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent, or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or

(g) I/ We hold/ possess appropriate qualifications, skill, experience and knowledge as may be prescribed under the Companies Act/ Rules to become a director.

I/ We also declare to intimate changes, if any in the above conformations immediately as and when occurred to the Board Meeting.

Yours Faithfully,

SD/-
Om Prakash Bhatt
DIN: 00548091

SD/-
Dr. Nivedita Haran
DIN: 06441500

Date: 29th May, 2020
Place: Mumbai

Annexure - III

THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES (FOR FY 2019-20)

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, as on 31st March, 2020:-**

1) Dr. Nivedita Haran, Independent Director, Chairperson

2) Mr. Deo Shankar Tripathi, Managing Director & CEO, Member

3) Mr. Neeraj Mohan, Non-Executive Director, Member

b) **Average net profits before tax of the company for last three financial years:-**

Financial Year	Net Profit before tax (₹ in Lakhs)
2016-17	₹ 8,234/-
2017-18	₹ 15,905/-
2018-19	₹ 23,540/-
Total	**₹ 47,679/-**
Average Net Profit	**₹ 15,893/-**
2% of Average Net Profit	**₹ 317.86 Lakhs**

c) **Prescribed CSR Expenditure (two per cent of the net profits as in Sr. No (b) above):-**
The CSR expenditure to be provided under the regulatory provisions are 2% of the average net profits for last 3 financial years, which is worked out to ₹ 317.86 Lakhs, as per the audited financials approved by the Board & AGM.

d) **Total amount to be spent for the financial year 2019-20:-**
The total amount available to spent for the financial year 2019-20 was 2% of average net profit that is, ₹ 317.86 Lakhs and actual amount spent upto 31/03/2020 was ₹ 310.43 Lakhs. The balance unspent amount of CSR Funds was ₹ 7.43 Lakhs.

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

i. The unspent amount for the year under report is ₹ 7.43 Lakhs remaining upto 31/03/2020 during the current year under report. The previous year's unspent amount are not shown in this calculation as per the provisions of Companies Act / Rules, since carry forward of previous year balances are not yet notified.

ii. **Reasons for prescribed CSR amount remained unspent upto 31/03/2020:**
The company completely realize the fact of moral obligation towards the society at large and also towards the country. The company proposed to support various NGOs/organizations and local authorities in their mission to help the citizens stay safe,

healthy and secured. By undertaking this CSR activities, in the need of the hour, the company has pledged to contribute to the socio-economic development of the communities and deliver a message to the society at large through our CSR Activities, with the approval of CSR Committee.

Due to the lockdown because of the Novel Corona Virus (COVID 19) spread, the CSR amount remained unspent, as aforesaid as on 31st March, 2020.

However, post 31st March, 2020, the Company has undertaken balance CSR activities, for prevention of Novel Corona Virus (COVID 19) spread amongst others and it was planned to spent this unspent amount in the month of April & May itself as mentioned above.

Manner in which CSR Fund amounts contributed during the financial year given below:-

Sr. No.	CSR project or Activity identified		Sector in which the project is covered	Annual outlay or program wise actual spent (in Lakh)		Projects or Programs		Amount spent on the project or programs (in Lakh)		Cumulative Expenditure upto the reporting period (in Lakh)	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 under-taken	Direct expenditure on the project or program	Over-heads		
1.	Aadhar Aangan-Facilitating quality early child care & education through a capacity building approach	Jan Sahas Social Development Society	Early child care & educa-tion	96.00	96.00	Other	Damoh, Madhya Pradesh	96.00	0	96.00	Through implementing agency
2.	Aadhar Kishori Kalyan-Creating friendly environment for adolescent girls & women to help them manage menstrual hygiene	Coastal Salinity Prevention Cell	Menstrual Health Management	48.30	48.30	Other	Talaja & Rajula districts, Gujarat	48.30	0	48.30	Through implementing agency
3	Aadhar Kaushal-Developing capacities among the youth belonging to the underserved segments of the society, through developing skills required within the BFSI segment & ensuring corporate placements within BFSI companies	ITM Edutech	Skill Development	114.42	176.00	Other	Across India	114.42	0	114.42	Through implementing agency

Sr. No.	CSR project or Activity identified		Sector in which the project is covered	Annual outlay or program wise actual spent (in Lakh)		Projects or Programs		Amount spent on the project or programs (in Lakh)		Cumulative Expenditure upto the reporting period (in Lakh)	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 under-taken	Direct expenditure on the project or program	Over-heads		
4	Aadhar Swavalamban-Enhancing livelihood through financial literacy in the LIG segment	Work Ventures	Financial Literacy	26.60	50.00	Other	Across India	26.60	0	26.60	Through implementing agency
5	Aadhar Saksham-Driving economic empowerment through financial literacy & economic growth	Saath Livelihoods	Financial Literacy	7.80	7.80	Other	Ranchi, Jharkhand	7.80	0	7.80	Through implementing agency
6	Aadhar's donation of vehicle for transportation of patients in the palliative care unit	Kasturba Health Society	Medical Relief	10.00	10.00	Other	Wardha, Maharashtra	10.00	0	10.00	Direct
7	Aadhar's donation against COVID-19 preventive measures (Others)	N.A.	Against COVID-19 Action	7.31	12.00	Others	Across India	7.31	0	7.31	Direct
Total				**310.43**	**400.10**			**310.43**	**0**	**310.43**	

f) 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/-	SD/-	SD/-
Dr. Nivedita Haran	**Deo Shankar Tripathi**	**Neeraj Mohan**
DIN:- 06441500	DIN:- 07153794	DIN:- 05117389
Chairperson of Committee	Member of Committee	Member of Committee

Date:- 29th May, 2020

Annexure - IV

FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto as on 31/03/2020.

1. **Details of contracts or arrangements or transactions not at arm's length basis as on 31/03/2020 :-**
   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 material contracts or arrangement or transactions at arm's length basis :-**
   NOT APPLICABLE

   Note:- The Transactions with related parties are entered into as per the Related Party Transaction Policy of the Company, pursuant to provisions of section 188 read with section 177 of the Companies Act, 2013, and the rules made thereunder.

   Further, during the FY 2019-20 there is no such Related Party Contracts or Arrangements or transactions which are Material in nature, as defined in rule 15 of the Companies (Meeting of Board and its Power) 2014 and the Related party transaction(s) entered into in the ordinary course of business are at Arm's Length basis and disclosed in the Financial Statements for FY 2019-20.

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

Sl. No.	Particulars	(₹ in Lakh)
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	N.A.
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	1
5	Reserves & surplus	18
6	Total assets	318
7	Total Liabilities	299
8	Investments	5
9	Turnover	1,975
10	Profit before taxation	4
11	Provision for taxation	4
12	Profit after taxation	-
13	Proposed Dividend	Not Applicable/ NIL
14	% of shareholding	100%

The following information shall be furnished:-

1	Names of subsidiaries which are yet to commence operations	NIL
2	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 and on behalf of the Board of Directors

SD/-
O P Bhatt
Chairman
DIN 00548091

SD/-
Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

SD/-
Amit Dixit
Director
DIN 01798942

SD/-
Dr. Nivedita Haran
Director
DIN 06441500

SD/-
Neeraj Mohan
Director
DIN 05117389

SD/-
Mukesh G Mehta
Director
DIN 08319159

SD/-
Rajesh Viswanathan
Chief Financial Officer

SD/-
Sreekanth VN
Company Secretary

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,
The Members,
AADHAR HOUSING FINANCE LIMITED,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices 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 conducts/statutory compliances and expressing our 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, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2020 according to the provisions of:

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

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

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

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

(v) 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 regulations framed under the SEBI Act. It has completed the necessary processes and procedures with regards to their listed secured, redeemable, non-convertible debentures on the Bombay Stock Exchange (BSE). The Company has also paid the interest on their debentures on timely basis.

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; SEBI (Prohibition of Insider Trading) Regulations,2015

(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/ SEBI (Share Based Employee Benefits) Regulations, 2014:

(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 National Housing Bank Act, 1987 and the following Directions issued under sections 30, 30A, 31 and 33 of the Act (53 of 1987) are applicable to the Company.

i) Housing Finance Companies (NHB) Directions, 2010 as amended upto date

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 Bank & RBI in a timely manner. Further, the Company has been up-to-date with all new compliances as prescribed in the recent NHB/RBI Regulations.

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 the Company has filed Form IEPF-1 with respect to Unpaid/ Unclaimed dividend.

I further states 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. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. Due to the spread of contagious pandemic Covid-19 and consequent nationwide lockdown I could not verify certain secretarial records physically.

4. Wherever required, I have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events, etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of documents/procedures on the test basis.

6. 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 : 22/05/2020

For Roy Jacob & Co.,
Company Secretaries

SD/-
Roy Jacob
Proprietor
FCS No. 9017

FINANCIAL STATEMENTS

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Indiabulls Finance Centre, Tower 3,
27th – 32nd Floor, Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai 400013.

CHATURVEDI SK & FELLOWS
Chartered Accountants
402, Dev Plaza,
Swami Vivekanand Road,
Andheri (West),
Mumbai 400058

Independent Auditors' Report

To The Members of
Aadhar Housing Finance Limited
Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 6 to the standalone financial statements which fully describes that the Company has recognised provision on loans to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How the key audit matter was addressed in our Audit</th></tr>
<tr><td colspan="2">At March 31, 2020, the Company reported total gross loans of ₹ 9,03,612 lakh and ₹ 12,709 lakh of expected credit loss provisions.</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the standalone financial statements: 'Financial Instruments' and Note 6 in the standalone financial statements.</td></tr>
<tr><td>The estimation of Expected Credit Loss (ECL) on financial instruments involves significant judgements and estimates.

The key areas with greater degree of management judgment in the Company's estimation of ECL are:

Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian accounting standard (Ind AS) which also include considering the impact of RBI's COVID 19 Regulatory Package;

• Modelling assumptions and data used to build and run the models that calculate the Probability of Default (PD)/ Loss Given Default (LGD) ;

• There is significant amount of the data inputs required by the ECL model. The risk of completeness and accuracy of the data that has been used to create the model.

• Measurement of individual provisions including the assessment of multiple scenarios.

• Inputs and Judgements used in determination of Management overlay considering the current uncertain economic environment with the range of possible effects arising out of the COVID 19 Pandemic.

• The Disclosures made in financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL.</td><td>We examined the Board Policy approving methodologies for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company. The parameters and assumptions used and their rationale have been documented.

We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.

These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, data accuracy and completeness of the underlying data used in the models, credit monitoring, scenario analysis, assessing cash flows and provisions required in the case of individual provisions, passing of journal entries and preparing disclosures.

We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of March 31, 2020 by reconciling it with the balances as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system.

We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage.

We tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis.

We tested the basis of collateral valuation in the determination of ECL provision, on sample basis.

For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations.

We assessed the appropriateness of the scenarios used and the calculation of the overlay in response to COVID 19 related economic uncertainty and corroborated the assumptions using various parameters, such as, Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.

We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report (the "reports"), but does not include the standalone financial statements and our auditors' report thereon. The reports are expected to be made available to us after the date of this auditors' report.

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

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

When we read the reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

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

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

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

Auditors' Responsibility for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

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

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

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

      i. The Company does not have any pending litigations as at the year-end which would impact its financial position, except as disclosed in Note No. 32 of the standalone financial statement.

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

      iii. There 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)
UDIN: 20109839AAAAHM3813

Mumbai, May 29, 2020

For CHATURVEDI SK & FELLOWS
Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi
Partner
(Membership No. 070019)
UDIN: 20070019AAAAAD6633

Mumbai, May 29, 2020

Annexure "A" To The Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of Aadhar Housing Finance Limited (the "Company") as at March 31, 2020 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 issued by the Institute of Chartered Accountants of India" (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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 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, 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 the 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 March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G.K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 20109839AAAAHM3813

Mumbai, May 29, 2020

For CHATURVEDI SK & FELLOWS
Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi
Partner
(Membership No. 070019)
UDIN: 20070019AAAAAD6633

Mumbai, May 29, 2020

Annexure "B" To The Independent Auditors' Report

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

(i) In respect of its fixed assets:

a) 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 program 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, transfer deed / conveyance 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 following:

Particulars of the land and building	Gross block as at March 31, 2020	Net block as at March 31, 2020	Remarks
Plot no.11, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	₹ 20 lakh	₹ 20 Lakh	The title deeds are in the name of DHFL Vysya Housing Finance Limited currently known as Aadhar Housing Finance Limited, The Company was merged under Section 230 to 232 of the Companies Act, 2013.
Plot no 14, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	₹ 7.27 lakh	₹ 7.27 Lakh	The title deeds are in the name of erstwhile Aadhar Housing Finance Limited that was merged with the Company under Section 230 to 232 of the Companies Act 2013.
Unit No. 5, Row 07, Block B, Garden City, Coimbatore	₹ 13.25 lakh	₹ 11 Lakh	

In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) 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) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments, as applicable. The Company has not provided any guarantees and securities.

(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) 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 and hence reporting under clause 3(vi) of the order is not applicable.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues where applicable to it with the appropriate authorities. There were no arrears in respect of said statutory dues as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) In respect of disputed amounts of Income tax aggregating to ₹112.95 lakh, the Company has deposited the demand amount with appropriate authorities. There are no amounts in dispute in respect of Provident Fund, Goods and Service Tax, cess or any other material statutory dues.

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

(ix) In our opinion and according to the information and explanations given to us, money raised by way of debt instruments and the term loans 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 money by way of initial public offer/ further public offer.

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

(xi) To the best of our knowledge 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 3(xii) of the Order is not applicable.

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

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review and we report that:

1. the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

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

(xvi) In our opinion and according to the information and explanation given to us, 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)
UDIN: 20109839AAAAHM3813

Mumbai, May 29, 2020

For CHATURVEDI SK & FELLOWS
Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi
Partner
(Membership No. 070019)
UDIN: 20070019AAAAAD6633

Mumbai, May 29, 2020

Balance Sheet
as at March 31, 2020

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
1. Financial assets			
a) Cash and cash equivalents	4	136,434	94,274
b) Other bank balances	4	177,664	11,058
c) Receivables	5	408	386
d) Housing and other loans	6	890,903	802,559
e) Investments	7	2,392	14,913
f) Other financial assets	8	19,212	18,032
		1,227,013	**941,222**
2. Non-financial assets			
a) Current tax assets (Net)	9	2,546	1,107
b) Property, plant and equipment	10	1,751	2,362
c) Right to use assets	34	2,581	-
d) Other intangible assets	11	95	44
e) Other non-financial assets	12	2,531	1,379
		9,504	**4,892**
Total assets		**1,236,517**	**946,114**
Liabilities and equity			
Liabilities			
1. Financial liabilities			
a) Trade payables			
i) Total outstanding dues to micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	2,877	1,572
b) Debt securities	14	170,814	168,224
c) Borrowings (other than debt securities)	15	778,413	628,947
d) Deposits	16	6,803	13,992
e) Subordinated liabilities	17	8,304	8,334
f) Other financial liabilities	18	30,181	34,207
		997,392	**855,276**
2. Non-financial liabilities			
a) Provisions	19	903	684
b) Deferred tax liabilities (Net)	20	1,865	3,138
c) Other non-financial liabilities	21	1,639	1,031
		4,407	**4,853**
3. Equity			
a) Equity share capital	22	3,946	2,515
b) Other equity	23	230,772	83,470
		234,718	**85,985**
Total liabilities and equity		**1,236,517**	**946,114**

The accompanying notes form an integral part of the financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Amit Dixit
Director
DIN 01798942

Dr. Nivedita Haran
Director
DIN 06441500

Neeraj Mohan
Director
DIN 05117389

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lakh)

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Income**			
	Revenue from operations	24		
	a) Interest income		121,452	109,495
	b) Net gain on fair value changes		2,359	2,483
	c) Net gain on derecognition of financial instruments under amortised cost category		8,401	9,185
	d) Fees and commission Income		4,951	2,792
	Total revenue from operations		**137,163**	**123,955**
	Other income	25	73	4
	Total income		**137,236**	**123,959**
2	**Expenses**			
	Finance costs	26	79,349	73,051
	Impairment on financial instruments	27	10,965	3,200
	Employees benefits expense	28	15,225	15,279
	Depreciation and amortisation expense	10&11&34	1,158	529
	Operating expenses	29	7,452	6,974
	Total expenses		**114,149**	**99,033**
3	**Profit before tax and exceptional items**		**23,087**	**24,926**
4	**Exceptional item**	44	-	1,386
5	**Profit before tax**		**23,087**	**23,540**
6	**Tax expense**	30		
	Current tax		5,391	6,011
	Deferred tax		(1,243)	1,305
			4,148	**7,316**
7	**Profit for the year**		**18,939**	**16,224**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	i Remeasurements of the defined employee benefit plans		(120)	(60)
	ii Income tax relating to items that will not be reclassified to profit or loss		30	21
	Total other comprehensive income for the year (i + ii)		**(90)**	**(39)**
9	**Total comprehensive income**		**18,849**	**16,185**
10	**Earnings per equity share**	31		
	Basic earnings per share (₹)		58.56	64.51
	Diluted earnings per shares (₹)		58.29	64.06

The accompanying notes form an integral part of the financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Amit Dixit
Director
DIN 01798942

Dr. Nivedita Haran
Director
DIN 06441500

Neeraj Mohan
Director
DIN 05117389

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2020

a) Equity Share Capital

(₹ in Lakh)

Particulars	Total
Balance as at April 01, 2018	**2,515**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**2,515**
Changes in equity share capital during the year	
Share issued on Preferential Allotment	881
Share issued on Right Issue Allotment	551
Balance as at March 31, 2020	**3,946**

b) Other Equity

(₹ in Lakh)

Particulars	Capital reserve on amalgamation	Securities premium	Statutory reserve	Debenture redemption reserve	General Reserve	Retained earnings	Employee Stock Option Outstanding	Total
Balance as at April 01, 2018	**6**	**40,913**	**12,168**	**-**	**2,267**	**13,970**	**-**	**69,324**
Profit for the year	-	-	-	-	-	16,224	-	16,224
Other comprehensive income	-	-	-	-	-	(39)	-	(39)
Transferred to general reserve	-	-	-	-	3,000	(3,000)	-	-
Transferred to statutory reserve	-	-	3,245	-	-	(3,245)	-	-
Transferred to debenture redemption reserve	-	-	-	5,637	-	(5,637)	-	-
Employee Stock Option Outstanding	-	-	-	-	-	-	83	83
Final dividend	-	-	-	-	-	(1,760)	-	(1,760)
Dividend distribution tax	-	-	-	-	-	(362)	-	(362)
Balance as at March 31, 2019	**6**	**40,913**	**15,413**	**5,637**	**5,267**	**16,151**	**83**	**83,470**
Profit for the year	-	-	-	-	-	18,939	-	18,939
Other comprehensive income	-	-	-	-	-	(90)	-	(90)
Securities premium received on Allotment of Equity Shares	-	128,568	-	-	-	-	-	128,568
Expenses on Allotment of Equity Shares	-	(146)	-	-	-	-	-	(146)
Transferred to general reserve	-	-	-	-	2,000	(2,000)	-	-
Transferred to statutory reserve	-	-	3,851	-	-	(3,851)	-	-
Transferred to debenture redemption reserve	-	-	-	11,273	-	(11,273)	-	-
Employee Stock Option Outstanding	-	-	-	-	-	-	31	31
Balance as at March 31, 2020	**6**	**169,335**	**19,264**	**16,910**	**7,267**	**17,876**	**114**	**230,772**

The accompanying notes form an integral part of the financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
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Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

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Chairman
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Managing Director & CEO
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Neeraj Mohan
Director
DIN 05117389

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Cash flow statement

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash flow from operating activities		
Net profit before tax	23,087	23,540
Adjustments for:		
Depreciation and amortisation expense	1,158	529
Loss on sale of fixed assets (Net)	272	6
Interest on lease liabilities	201	-
Gain on modification in lease	(14)	-
Provision for contingencies & write offs	10,991	3,242
Profit on sale of investment in mutual fund and other investments	(2,359)	(2,483)
Provision for Employee share based payments	31	83
Operating profit before working capital changes	**33,367**	**24,917**
Adjustments for:		
Decrease in other financial and non-financial liabilities and provisions	(5,312)	(37,493)
Increase in trade receivables	(22)	(133)
Increase in other financial and non-financial assets	(4,292)	(8,516)
Cash generated from / (used in) operations during the year	**23,741**	**(21,225)**
Tax paid	(6,830)	(7,323)
Net cash flow generated from / (used in) operations before movement in housing and other loans	**16,911**	**(28,548)**
Housing and other property loans disbursed	(319,014)	(357,079)
Housing and other property loans repayments	123,682	129,842
Net cash used in operating activities [A]	**(178,421)**	**(255,785)**
B. Cash flow from investing activities		
Proceeds received on sale / redemption of investments	1,291,879	1,453,491
Payment towards purchase of investments	(1,274,497)	(1,447,396)
Investment in fixed deposits (net of maturities)	(166,606)	(10,040)
Payment towards purchase of fixed assets	(342)	(868)
Proceeds received on sale of fixed assets	2	9
Net cash used in investing activities [B]	**(149,564)**	**(4,804)**

Cash flow statement

for the year ended March 31, 2020

(₹ in Lakh)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
C.	**Cash flow from financing activities**		
	Proceeds received on allotment of equity shares	130,000	-
	Expenses related to allotment of equity shares	(146)	-
	Proceeds from loans from banks/institutions	350,004	247,500
	Proceeds from NCDs	30,000	67,640
	Repayment of loans to banks/institutions	(199,764)	(96,316)
	Repayment of NCDs	(18,200)	(10,000)
	Net repayment of short term Loan	(9,614)	(22,457)
	Proceeds from deposits	933	7,066
	Repayment of deposits	(7,937)	(3,591)
	Proceeds from assignment of portfolio	95,467	148,311
	Payment of lease liabilities	(598)	-
	Dividend paid	-	(1,760)
	Tax paid on dividend	-	(362)
	Net cash generated from financing activities [C]	**370,145**	**336,031**
	Net increase in cash and cash equivalents [A+B+C]	**42,160**	**75,442**
	Cash and cash equivalents at the beginning of the year	**94,274**	**18,832**
	Cash and cash equivalents at the end of the year (refer note 4)	**136,434**	**94,274**

The accompanying notes form an integral part of the financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
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Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

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 (VBHFL) on 26th November, 1990. VBHFL was taken over by Dewan Housing Finance Corporation Limited in 2003 and renamed as DHFL Vysya Housing Finance Ltd (DVHFL). The erstwhile Aadhar Housing Finance Ltd which was established in 2010 and commenced operation in Feb,2011 was merged into DVHFL on 20th November 2017 and renamed as Aadhar Housing Finance Limited on 4th December 2017 with permission of National Housing Bank ("NHB") and Registrar of Companies ("ROC"). The Company is carrying business of providing loans to 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 a subsidiary of BCP Topco VII Pte. Ltd. ("Holding Company").

During the current year, the Wadhawan Global Capital Ltd and Dewan Housing Finance Corporation Limited, along with promoter shareholders and International Finance Corporation (collectively "sellers") transferred their entire shareholding to BCP Topco VII Pte. Ltd., which is held through intermediary companies by private equity funds managed by wholly owned subsidiaries of The Blackstone Group L.P. (collectively "Blackstone").

2. Significant Accounting Policies

2.1 Basis of Preparation and Presentation

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

These financial statements have been prepared on a going concern basis.

Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The measurement and/ or disclosure in these financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other transactions that are required to be valued in accordance with Ind AS 102, Ind AS 116 and Ind AS 36, respectively.

2.2 Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees in Lakhs. Per share data is presented in Indian Rupee.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

a. Interest Income

The main source of revenue for the Company is Income from Housing and Other property loans. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally 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 the financing scheme opted by the borrower.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination. The financial assets that are classified at Fair Value through Statement of Profit

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

and Loss ("FVTPL"), transaction costs are recognised in Statement of Profit and Loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

b. *Fee and Commission income:*
Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

c. *Dividend Income*
Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

d. *Investment income*
The gains/losses on sale of investments are recognised in the statement of profit and loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

e. *Other operating revenue:*
Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognized on receipt basis.

2.4 Property, plant and equipment and Intangible Assets

Property Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at cost less accumulated depreciation/ amortization and impairment losses, if any. The cost of PPE is 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 PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land which is not depreciated) less their residual values over their useful lives specified in Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Office Equipment	5 – 10 Years
Furniture and fittings	10 Years
Vehicles	8 Years
Leasehold improvements	Lease Period
Buildings	60 Years

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Impairment of assets

As at the end of each financial year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss was recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

2.5 Employee benefits

i. Defined contribution plan

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees.

ii. Defined benefits plan

The Company's Gratuity liability under the Payment of Gratuity Act, 1972 is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognition of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

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. Other Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

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.

v. ***Share-based payment arrangements***

The share appreciation rights / stock options granted to employees pursuant to the Company's Stock appreciation rights scheme / stock options policy are measured at the fair value of the rights at the grant date. The fair value of the rights / options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within other equity.

2.6 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and a lease liability of ₹ 1,913 Lakh. The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

2.7 Financial instruments

Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial Assets Classification of Financial Assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Company may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Investment in equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI.

The Company has not elected to classify any equity investment at FVOCI.

Debt instruments at amortised cost or at FVTOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset individually and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

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

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

Subsequent Measurement of Financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. During the current financial year and previous financial year there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since

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initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL based on category of loans at a collective level. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Company transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in Statement of Profit and Loss.

Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities shall be recognised in Statement of Profit and Loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss

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is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

A financial liability is

a) a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or

b) a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or

c) a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' in the statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.9 Borrowing Costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the statement of profit and loss when they are incurred.

2.10 Foreign currencies

a. The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operate considering the currency in which funds are generated, spent and retained.

b. Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end, Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

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Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.11 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.12 Investments in Subsidiary

Investments in Subsidiary is measured at cost as per Ind AS 27 – Separate Financial Statements.

2.13 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

2.14 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current Tax

The tax currently payable is based on the estimated taxable profit for the year for the Company and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

2.15 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.

2.16 Impairment Reserve

As per the RBI Circular RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March, 2020, in the event of the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms , then the difference shall be appropriated from the Net Profit or loss after tax to a separate "Impairment Reserve".

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

2.17 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when: an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised but disclosed in the financial statements

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.18 Commitments

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

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.19 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.20 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

2.21 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

2.22 Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) 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.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Expected Credit Loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 37.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

EIR

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

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

Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 41.

3. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4 Cash and bank balance

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
a) Cash on hand	95	599
b) Balances with banks in current accounts	39,501	13,475
c) Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	96,838	80,200
	136,434	**94,274**
Other bank balances		
a) In other deposit accounts		
- Original maturity of more than three months (refer note (ii) & (iii) below)	177,658	11,051
b) Earmarked balances with banks		
- Unclaimed dividend account	6	7
	177,664	**11,058**
Total	**314,098**	**105,332**

i) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

ii) Fixed deposit and other balances with banks earns interest at fixed rate.

iii) Other bank balances includes ₹ 16,950 Lakh are under lien (March 31, 2019: ₹ 8,010 Lakh).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

5 Receivables

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Unsecured, considered good	408	386
Total	**408**	**386**

i) Trade receivables includes amounts due from the related parties amounting to Nil (As at March 31, 2019 : ₹ 328 Lakh) [Refer Note 43].

ii) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

iv) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

6 Housing and other loans

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
i) Housing and other property loan	896,670	798,273
ii) Loans to developers	4,205	9,488
iii) Loan against fixed deposits	21	18
iv) Interest accrued on above loans	2,716	2,611
Total gross	**903,612**	**810,390**
Less: Impairment loss allowance	12,709	7,831
Total net	**890,903**	**802,559**

i) All Housing and other loans are originated in India.

ii) 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.

iii) 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 ₹ 2,37,116 Lakh (March 31, 2019: ₹ 1,89,197 Lakh). The carrying value of these assets have been de-recognised in the books of the Company.

iv) There is no Outstanding loan to Public institution.

v) Housing loan and other property loan includes ₹ 4,981 Lakh (March 31, 2019: ₹ 2,604 Lakh) given to employees of the Company under the staff loan.

vi) In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Board approved policy in this regard, the Company has offered moratorium to its customers. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company policy).

The Company has, based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the board while arriving at the provision for impairment of financial assets which the management believes is adequate. The Company has performed an estimation of portfolio stress through analysing its portfolio in respect of various risk classification, using the available historical and current data and based on current indicators of future economic conditions. The said stress test has resulted in an additional impairment provision of ₹ 4,951 Lakh.

On May 22, 2020, the RBI has announced extension of the moratorium period by further three months. The extent to which Covid-19 pandemic will impact the Company's provision on financial assets will depend on future developments, which are highly uncertain. The impact of Covid-19 pandemic may be different from that estimated as at the date of approval of these Financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Significant accounting policies and notes to the accounts

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7 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Nos of Units / Shares		(₹ in Lakh)	
At cost				
Investments in equity instruments (Subsidiary)				
Investment in Aadhar Sales and Services Private Limited	10,000	10,000	1	1
			1	**1**
At amortised cost				
Investments in bonds				
6.57% GOI Bonds 2033 Face Value of ₹ 100/- each	500,000	500,000	491	494
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of ₹ 10,00,000/- each	200	200	1,898	1,902
			2,389	**2,396**
At fair value through profit and loss				
Investments in mutual funds				
HSBC Cash Fund	-	134,392	-	2,502
Invesco India Liquid Fund	-	97,262	-	2,502
BOI AXA Liquid Fund	-	116,180	-	2,503
SBI Magnum Insta Cash Plus Fund - Direct Growth	-	85,473	-	2,503
Axis Liquid Fund - Direct Growth	-	120,713	-	2,503
			-	**12,513**
Investments in quoted equity instruments (others than subsidiary)				
Reliance Power Limited Equity Shares of Face value of ₹ 10 each	222	222	0	-
IDFC First Bank Limited Equity Shares of Face value of ₹ 10 each	2,390	2,390	1	2
Mangalore Refinery and Petrochemical Limited Equity Shares of Face value of ₹ 10 each	3,000	3,000	1	1
			2	**3**
Total			**2,392**	**14,913**

Notes :

i) Amount "0" represent value less than ₹ 50,000/-.

ii) All investments are made within India.

iii) Investment in bonds aggregating to ₹ 1,898 Lakh (March 31, 2019: ₹ 1,902 Lakh) carry a floating charge in favour of fixed deposits holder read with note no 16.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

8 Other financial assets

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good		
Receivable from related parties		
Security deposits	190	266
Receivable on Assigned Loans (net of servicing fee)	-	926
Others		
Receivable from assignment of portfolio	18,567	13,634
Receivable on Assigned Loans (net of servicing fee)	4	-
Receivable from mutual fund	-	2,502
Security deposits	443	694
Advances to employees	8	10
Total	**19,212**	**18,032**

9 Current tax assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax paid in advance (net of provisions)	2,546	1,107
Total	**2,546**	**1,107**

10. Property, plant and equipment

(₹ in Lakh)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipment's	Vehicles	Computer	Total
Balance as at April 1, 2018	27	13	1,011	377	39	701	2,168
Additions during the year	-	-	441	333	-	263	1,037
Deduction / adjustments	-	-	(11)	(2)	(6)	(1)	(20)
Balance as at March 31, 2019	27	13	1,441	708	33	963	3,185
Balance as at April 1, 2019	27	13	1,441	708	33	963	3,185
Additions during the year	-	-	49	57	-	123	229
Deduction / adjustments	-	-	(331)	(10)	(5)	(13)	(359)
Balance as at March 31, 2020	27	13	1,159	755	28	1,073	3,055
Accumulated depreciation							
Balance as at April 1, 2018	-	1	105	55	4	174	339
Depreciation for the year	-	1	128	96	6	258	489
Deduction / adjustments	-	-	-	-	(5)	-	(5)
Balance as at March 31, 2019	-	2	233	151	5	432	823
Balance as at April 1, 2019	-	2	233	151	5	432	823
Depreciation for the year	-	-	193	113	4	256	566
Deduction / adjustments	-	-	(67)	(5)	(5)	(8)	(85)
Balance as at March 31, 2020	-	2	359	259	4	680	1,304
Net book value							
As at March 31, 2020	27	11	800	496	24	393	1,751
As at March 31, 2019	27	11	1,208	557	28	531	2,362

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

11. Other intangible asset

(₹ in Lakh)

Particulars	Software
Balance as at April 1, 2018	**107**
Additions during the year	1
Deduction / adjustments	-
Balance as at March 31, 2019	**108**
Balance as at April 1, 2019	**108**
Additions during the year	101
Deduction / adjustments	(1)
Balance as at March 31, 2020	**208**
Accumulated depreciation	
Balance as at April 1, 2018	**24**
Depreciation for the year	40
Deduction / adjustments	-
Balance as at March 31, 2019	**64**
Balance as at April 1, 2019	**64**
Depreciation for the year	50
Deduction / adjustments	(1)
Balance as at March 31, 2020	**113**
Net book value	
As at March 31, 2020	**95**
As at March 31, 2019	**44**

12 Other non-financial assets

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Asset held for sale	628	875
Less : Provision for diminution in the value of asset held for sale	(213)	(285)
	415	590
Prepaid expenses	237	239
Capital advance	19	7
Advance for expenses (refer note below)	1,638	296
Balance with government authorities	222	247
Total	**2,531**	**1,379**

Note: Advance for expenses includes ₹ Nil (March, 2019 ₹ 62 Lakhs) due to related parties [Refer Note 43]

13 Trade payables

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,877	1,572
Total	**2,877**	**1,572**

a) There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2020 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables includes 75 Lakh (March 31, 2019: ₹ 274 Lakh) due to related parties [Refer Note 43].

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for the year ended March 31, 2020

14 Debt securities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Secured		
Redeemable non convertible debentures	170,814	158,610
Unsecured		
Commercial paper	-	9,614
Total	**170,814**	**168,224**

i) All debt securities are issued in India

ii) Terms of repayment and rate of interest in case of Debt Securities.

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	(8.83% to 9.80%)	109,720	45,377	16,983	**172,080**

As At March 31, 2019

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	(8.40% to 10.25%)	116,919	23,877	19,484	**160,280**
Unsecured					
Commercial paper	(9.40%)	10,000	-	-	**10,000**

Maturity profile disclosed above excludes discount and EIR adjustments amounting to ₹ 1,266 Lakh (March 31, 2019: ₹ 2,056 Lakh).

List of Redeemable debentures

S. No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2020	As at March 31, 2019
1	INE538L07452	8.40%	6-May-2019	-	1,100
2	INE538L07452	8.40%	6-May-2019	-	1,400
3	INE538L07452	8.40%	6-May-2019	-	2,500
4	INE538L07452	8.40%	6-May-2019	-	2,500
5	INE538L07452	8.40%	6-May-2019	-	1,000
6	INE538L07452	8.40%	6-May-2019	-	1,500
7	INE538L07429	8.85%	24-Jul-2019	-	5,000
8	INE538L07023	10.25%	9-Jan-2020	-	1,000
9	INE538L07023	10.25%	9-Jan-2020	-	500
10	INE538L07023	10.25%	9-Jan-2020	-	200
11	INE538L07023	10.25%	9-Jan-2020	-	1,000
12	INE538L07023	10.25%	9-Jan-2020	-	500
13	INE538L07403	8.88%	12-Jun-2020	2,000	2,000
14	INE538L07445	8.83%	23-Jun-2020	15,000	15,000
15	INE538L07411	9.05%	3-Jul-2020	5,000	5,000
16	INE538L07130	9.70%	9-Nov-2020	1,000	1,000
17	INE538L07148	9.65%	11-Dec-2020	1,000	1,000
18	INE538L07239	9.55%	3-Mar-2021	1,000	1,000
19	INE538L07247	9.40%	21-Mar-2021	700	700

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

S. No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2020	As at March 31, 2019
20	INE538L07247	9.40%	21-Mar-2021	500	500
21	INE538L07460	8.90%	26-Mar-2021	1,000	1,000
22	INE538L07460	8.90%	26-Mar-2021	500	500
23	INE538L07262	9.50%	29-Mar-2021	1,000	1,000
24	INE538L07338	9.40%	27-May-2021	450	450
25	INE883F07033	9.60%	5-Jul-2021	200	200
26	INE883F07082	9.35%	17-Aug-2021	200	200
27	INE883F07090	9.35%	25-Aug-2021	100	100
28	INE538L07486	9.60%	29-Sep-2021	2,943	2,943
29	INE538L07494	9.60%	29-Sep-2021	57,627	57,627
30	INE538L07353	9.20%	18-Oct-2021	5,000	5,000
31	INE883F07108	9.37%	20-Oct-2021	200	200
32	INE883F07116	9.36%	25-Oct-2021	100	100
33	INE883F07132	9.36%	27-Oct-2021	200	200
34	INE538L07361	9.00%	11-Nov-2021	1,000	1,000
35	INE538L07064	9.80%	27-Mar-2022	2,000	2,000
36	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
37	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
38	INE538L07080	9.80%	7-Aug-2022	800	800
39	INE538L07080	9.80%	7-Aug-2022	100	100
40	INE538L07080	9.80%	7-Aug-2022	100	100
41	INE538L07098	9.80%	3-Sep-2022	1,000	1,000
42	INE538L07106	9.80%	10-Sep-2022	1,000	1,000
43	INE538L07122	9.70%	4-Nov-2022	2,000	2,000
44	INE538L07155	9.60%	28-Dec-2022	2,000	2,000
45	INE538L07171	9.60%	7-Jan-2023	2,000	2,000
46	INE538L07296	9.30%	28-Apr-2023	1,000	1,000
47	INE538L07296	9.30%	28-Apr-2023	130	130
48	INE883F07017	9.40%	5-May-2023	3,000	3,000
49	INE538L07304	9.50%	13-May-2023	500	500
50	INE883F07165	9.15%	20-Jun-2023	30,000	-
51	INE538L07502	9.25%	29-Sep-2023	3,051	3,051
52	INE538L07510	9.65%	29-Sep-2023	1,896	1,896
53	INE883F07124	9.36%	27-Oct-2023	400	400
54	INE883F07140	9.40%	21-Nov-2023	1,800	1,800
55	INE883F07140	9.40%	21-Nov-2023	200	200
56	INE883F07157	9.40%	22-Nov-2023	900	900
57	INE538L07056	9.80%	23-Mar-2025	2,500	2,500
58	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
59	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
60	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
61	INE538L07189	9.60%	19-Jan-2026	1,000	1,000
62	INE538L07197	9.60%	19-Jan-2026	100	100
63	INE538L07197	9.60%	19-Jan-2026	170	170
64	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
65	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
66	INE538L07213	9.55%	29-Jan-2026	500	500
67	INE538L07213	9.55%	29-Jan-2026	100	100
68	INE538L07213	9.55%	29-Jan-2026	500	500
69	INE538L07213	9.55%	29-Jan-2026	100	100
70	INE538L07221	9.55%	1-Mar-2026	1,000	1,000

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

S. No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2020	As at March 31, 2019
71	INE538L07254	9.55%	22-Mar-2026	2,000	2,000
72	INE538L07270	9.55%	31-Mar-2026	1,000	1,000
73	INE538L07270	9.55%	31-Mar-2026	250	250
74	INE883F07025	9.40%	5-May-2026	2,000	2,000
75	INE883F07041	9.35%	8-Jul-2026	200	200
76	INE883F07058	9.40%	13-Jul-2026	120	120
77	INE883F07066	9.28%	18-Jul-2026	200	200
78	INE883F07074	9.15%	5-Aug-2026	120	120
79	INE538L07379	9.00%	16-Nov-2026	500	500
80	INE538L07528	9.35%	29-Sep-2028	955	955
81	INE538L07536	9.75%	29-Sep-2028	1,168	1,168

iii) The Company has raised ₹ 30,000 Lakh (March 31, 2019 : ₹ 67,640 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year ended March 31, 2020. 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.

iv) There has been no deviation in the utilisation of issue proceeds of publically issued secured redeemable NCD, from the Objects as stated in the Self prospectus document dated September 03, 2018.

15 Borrowings (other than debt securities)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
At amortised cost		
Term Loans		
from banks	697,105	540,337
from National Housing Bank	81,304	88,610
Cash credit facilities		
from banks	4	-
Total	**778,413**	**628,947**

i) All borrowings are issued in India

ii) Terms of repayment and rate of interest in case of Borrowings.

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	383,264	147,948	168,146	699,358
Term Loan from National Housing Bank	4.86% to 9.30%	41,280	22,326	17,698	81,304

As At March 31, 2019

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	311,912	117,100	112,800	541,812
Term Loan from National Housing Bank	4.86% to 9.75%	29,484	20,261	38,865	88,610

**(Linked with MCLR/Base Rate of respective banks)*

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 2,253 Lakh (March 31, 2019 : ₹ 1,475 Lakh).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

iii) The secured term loans from banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2020 and October 2031. These loans 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.

iv) Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2020 and July 2032. These loans from National Housing Bank 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 .

v) 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.

16 Deposits

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposit		
At amortised cost		
Public deposits	6,803	11,492
From others	-	2,500
Total	**6,803**	**13,992**

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.

17 Subordinated liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Redeemable non convertible debentures	8,304	8,334
Total	**8,304**	**8,334**

i) All subordinated liabilities are issued in India

ii) Terms of repayment and rate of interest in case of Subordinated Liabilities.

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	1,800	600	6,000	8,400

As At March 31, 2019

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	-	2,400	6,000	8,400

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 96 Lakh (March 31, 2019: ₹ 66 Lakh).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

iii) Unsecured Redeemable Non-Convertible Debentures 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.

18 Other financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Book overdraft	10,303	17,663
Lease liabilities (refer note 34)	2,292	-
Accrued employee benefits	2,858	2,761
Interest accrued but not due - Deposits	140	116
Interest accrued but not due - Others	8,631	9,170
Amount payable under assignment of receivables	5,621	4,345
Unpaid dividend (refer note below)	6	7
Unpaid matured deposits and interest accrued thereon	330	145
Total	**30,181**	**34,207**

The Company has transferred a sum of ₹ 0.12 Lakh during the year ended March 31, 2020 (March 31, 2019 : ₹ 0.15 Lakh) being Unclaimed Dividend to Investor Education and Protection Fund under section 124 of the Companies Act, 2013.

19 Provisions

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for compensated absences	671	613
Provision for gratuity (refer note 40)	232	71
Total	**903**	**684**

20 Deferred tax liabilities (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	6,073	7,365
Deferred Tax Assets	4,208	4,227
Total deferred tax liabilities (net)	**1,865**	**3,138**

Deferred tax assets and liabilities in relation to:

Particulars	As at April 1, 2018	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2019	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2020
Deferred tax liabilities							
On difference between book balance and tax balance of assets	75	(26)	-	49	(49)	-	-
Fair value on Amalgamation	3,249	(546)	-	2,703	(1,143)	-	1,560
Net gain on derecognition of financial instruments under amortised cost category	1,981	2,632	-	4,613	(100)	-	4,513
	5,305	**2,060**	-	**7,365**	**(1,292)**	-	**6,073**

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

Particulars	As at April 1, 2018	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2019	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2020
Deferred tax assets							
On difference between book balance and tax balance of assets	-	-	-	-	85		85
On account of impairment on financial instruments	1,807	369		2,176	801		2,977
On account of provision for employee benefits	103	67	21	191	(14)	30	207
Others	1,541	319	-	1,860	(921)	-	939
	3,451	**755**	**21**	**4,227**	**(49)**	**30**	**4,208**
Net	**1,854**	**1,305**	**(21)**	**3,138**	**(1,243)**	**(30)**	**1,865**

21 Other non-financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance from Customers	476	396
Statutory remittance	220	235
Others	943	400
Total	**1,639**	**1,031**

22 Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Number of shares		(₹ in Lakh)	
Authorised share capital				
Equity shares of ₹ 10 each	220,000,000	220,000,000	22,000	22,000
Issued share capital				
Equity shares of ₹ 10 each	39,464,898	25,148,472	3,946	2,515
Subscribed and paid up capital				
Equity shares of ₹ 10 each	39,464,898	25,148,472	3,946	2,515
Total			**3,946**	**2,515**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Equity shares at the beginning of the year	25,148,472	25,148,472
Preferential Allotment during the year	8,810,088	-
Right Issue Allotment during the year	5,506,338	-
Equity shares at the end of the year	**39,464,898**	**25,148,472**

b) **Terms / Rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 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 ensuing Annual General Meeting.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

c) The Company has not proposed any dividend for the year ended March 31, 2020.

d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at March 31, 2020		As at March 31, 2019	
	% of Holding	Number of shares	% of Holding	Number of shares
BCP Topco VII Pte. Ltd (Holding Company)	98.74%	38,968,342	0.00%	-
Wadhawan Global Capital Ltd	-	-	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

23 Other equity

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserve on amalgamation	6	6
Securities premium	169,335	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 (i) below)	19,264	15,413
Debenture redemption reserve (refer note (ii) below)	16,910	5,637
General reserve	7,267	5,267
Employee Stock Option Outstanding	114	83
Retained earnings	17,876	16,151
Total	**230,772**	**83,470**

Notes :

i) 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.

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	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	14,705	11,460
c) Total	**15,413**	**12,168**
Additions 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	3,851	3,245
c) Total	**3,851**	**3,245**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
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	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	18,556	14,705
c) Total	**19,264**	**15,413**

ii) 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. However, the Company needs to create DRR in case of public issue of Debentures and accordingly, the Company has created DRR as at year end March 31, 2020 to the tune of ₹ 16,910 Lakh against ₹ 16,910 Lakh towards its public issue of Secured Redeemable Non-Convertible Debentures.

24 Revenue from operations

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Interest income		
On financial assets measured at amortised cost		
Interest on Loans	113,659	106,810
Interest on fixed deposits	7,568	1,238
Interest on bonds	222	736
Other interest	3	711
	121,452	**109,495**
b) Net gain on fair value changes		
Measured at FVTPL		
Equity investment measured at FVTPL		
Realised	-	-
Unrealised	(2)	(1)
	(2)	**(1)**
Investment in mutual fund measured at FVTPL		
Realised	2,361	2,470
Unrealised	-	14
	2,361	**2,484**
	2,359	**2,483**
c) Net gain on derecognition of financial instruments under amortised cost category		
On assignment of portfolio	8,401	9,185
d) Fees and commission Income		
Loan processing fee and other charges (net of business sourcing expenses)	3,251	1,054
Intermediary services	1,700	1,738
	4,951	**2,792**
Total	**137,163**	**123,955**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

25 Other income

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent income	2	2
Miscellaneous income	71	2
Total	**73**	**4**

26 Finance costs

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	60,448	51,987
Interest on fixed deposits	864	915
Interest on non convertible debentures	14,016	12,081
Interest on subordinated liabilities	832	829
Interest on others	443	4,703
Interest on lease liabilities (refer note 34)	201	-
Finance charges	2,545	2,536
Total	**79,349**	**73,051**

27 Impairment on financial instruments

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial instruments measured at Amortised Cost		
Impairment allowance on Loans (Refer note 27.1 & 27.2 below)	10,065	2,452
Bad-debts written off	972	463
Others		
Asset held for sale	(72)	285
Total	**10,965**	**3,200**

27.1 The Company has provided an additional impairment provision of ₹ 4,951 Lakh for the year ended March 31, 2020 towards Covid-19 (March 31, 2019 : Nil) (Refer note 6(vi)).

27.2 Impairment allowance on Loans (including write off) includes ₹ 3,999 Lakh for the year ended March 31, 2020 (March 31, 2019 : ₹ 428 Lakh) towards Loans to Developers. The Net carrying value of Loans to developers after impairment provision is ₹ 1,964 Lakh as at March 31, 2020 (₹ 6,781 Lakh as at March 31, 2019). The Company has not made any fresh loan sanctions under Loans to developers during the year ended March 31, 2019 and March 31, 2020.

28 Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and other allowances	13,800	13,864
Contribution to provident fund and other funds (refer note 40)	1,017	1,002
Share Based Payments to employees (refer note 41)	31	83
Staff welfare expenses	377	330
Total	**15,225**	**15,279**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

29 Operating expenses

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent (refer note 34)	551	1,142
Rates and taxes	1	2
Travelling expenses	1,156	1,255
Printing and stationery	239	410
Advertisement and business promotion	381	401
Insurance	396	330
Legal and professional charges	560	645
Auditors remuneration (refer note below 29.2)	66	61
Postage, telephone and other communication expenses	509	532
General repairs and maintenance	1,050	445
Loss on sale of asset held for sale	26	42
Electricity charges	267	255
Directors sitting fees and commission (refer note below 29.3)	56	82
Corporate social responsibility expenses (refer note below 29.1)	659	79
Goods and service tax	826	775
Loss on sale of fixed assets	272	6
Other expenses	437	512
Total	**7,452**	**6,974**

29.1 Details of Corporate Social Responsibility

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Amount required to be spend during the year	318	188
b) Amount spend during the year	310	79
c) Amount provided during the year	349	-

Amount mentioned above were paid in cash during the respective financial year and were incurred for the purpose other than construction / purchase of assets.

29.2 Details of auditors remuneration:

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee (including regulatory certificates)	52	52
Tax audit fee	8	8
Others	1	1
GST on Above	5	-
	66	**61**
Services towards NCD IPO (including fees paid to previous auditors)	-	104
Total	**66**	**165**

29.3 a). Directors sitting fee and commission is net off reversal of ₹ 47 Lakh from provision made in FY 2018-19.

b). Directors sitting fees and commission includes ₹ 75 Lakh (excluding GST disallowance) of commission which will be paid subject to approval in the ensuing Annual General Meeting.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

30 Tax expenses

a) **Income tax expenses**

The major components of income tax expenses

i) Profit and Loss section

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expenses	5,391	6,011
Deferred tax	(1,243)	1,305
Total	**4,148**	**7,316**

ii) Other comprehensive income section

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expenses	-	-
Deferred tax	(30)	(21)
Total	**(30)**	**(21)**

b) **Reconciliation of tax expenses**

(₹ in Lakh)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
(A)	Profit before income taxes	22,967	23,480
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	34.944%
(C)	Expected tax expenses	5,780	8,205
(D)	Other than temporary difference		
	Special reserve	969	986
	Effect of change in rate (refer note below)	878	-
	Expenses disallowed / (allowed)	(185)	(76)
(E)	Tax expense recognised in profit and loss	4,148	7,316
(F)	Tax expense recognised in other comprehensive income	(30)	(21)

Note : The recently promulgated Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act. 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Consequently, the opening deferred tax Liability (net) has been measured at the lower rate with a one-time corresponding credit of ₹ 878 lakh to the Statement of Profit and Loss for the year ended March 31, 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

31. Earnings per share

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after tax attributable to equity shareholders (₹ In Lakh)	18,939	16,224
Weighted average number of equity shares outstanding during the year (Nos)	3,23,39,767	2,51,48,472
Add: Effect of potential issue of shares / stock rights outstanding during the year*	1,53,197	1,78,724
Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos)	3,24,92,964	2,53,27,196
Face value per equity share (₹)	10	10
Basic earnings per equity share (₹)	58.56	64.51
Diluted earnings per equity share (₹)	58.29	64.06

** not considered when anti-dilutive*

32. Contingent liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax matters of earlier years	113	136

The aforementioned contingent liabilities towards income tax have been paid under protest.

33. Commitments

i. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2020 ₹ 1,063 Lakh (March 31, 2019: ₹ 114 Lakh)

ii. Undisbursed amount of loans sanctioned and partly disbursed as at March 31, 2020 ₹ 35,673 Lakh (March 31, 2019: ₹ 40,431 Lakh)

34. Operating lease

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

(₹ in Lakh)

Particulars	Building
Balance as of April 1, 2019	**1,913**
Addition during the year*	1,439
Deletion during the year	(229)
Depreciation charge for the year	(542)
Balance as of March 31, 2020	**2,581**

** Includes ₹ 420 Lakh of Right to use asset which are under development.*

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	₹ in Lakh
Balance as of April 1, 2019	**1,913**
Addition during the year	1,019
Finance cost accrued during the year	201
Deletion during the year	(243)
Payment made during the year	(598)
Balance as of March 31, 2020	**2,292**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

Particulars	₹ in Lakh
Less than one year	703
One to five years	2,137
More than five year	401
Total	**3,241**

Rental expense recorded for short-term leases was ₹ 551 Lakh for the year ended March 31,2020.

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

35. Financial instruments

(i) Fair value hierarchy

The company uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

The Company recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation process

The management of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Valuation processes and Technique

Type of Instrument	Reference Price
Investment in Mutual Funds	NAV as on the reporting date.
Investment in Equity Shares	Quoted price on exchange as on the reporting date.

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

As at March 31, 2020

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	Level 1	2	-	-	2	-	-
- Mutual funds	Level 1	-	-	-	-	-	-
- Government securities	Level 2	-	-	497	-	-	491
Financial liabilities							
Debt securities	Level 1	-	-	64,354	-	-	66,844
Debt securities	Level 3	-	-	1,04,958	-	-	1,03,970

As at March 31, 2019

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	Level 1	3	-	-	3	-	-
- Mutual funds	Level 1	12,513	-	-	12,513	-	-
- Government securities	Level 2	-	-	470	-	-	494
Financial liabilities							
Debt securities	Level 1	-	-	64,861	-	-	66,435
Debt securities	Level 3	-	-	93,709	-	-	92,175

The Company considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, borrowings (other than debt securities) , trade receivables, payables and other financial assets and liabilities whose fair value is not disclosed approximate their fair values. The Company is carrying the investment in subsidiary at Cost.

36. Maturity Analysis of Assets and Liabilities

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

(₹ in Lakh)

Particulars	March 31, 2020			March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	1,36,434	-	1,36,434	94,274	-	94,274
Other bank balances	1,67,116	10,548	1,77,664	10,955	103	11,058
Receivables	408	-	408	386	-	386
Housing and other loans	65,067	8,25,836	8,90,903	1,33,098	6,69,461	8,02,559
Investments	-	2,392	2,392	12,517	2,396	14,913
Other financial assets	7,638	11,574	19,212	8,786	9,246	18,032

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	March 31, 2020			March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (Net)	2,546	-	2,546	1,107	-	1,107
Property, plant and equipment	-	1,751	1,751	-	2,362	2,362
Right to use assets	-	2,581	2,581	-	-	-
Other intangible assets	-	95	95	-	44	44
Other non-financial assets	2,512	19	2,531	1,372	7	1,379
Total Assets	**3,81,721**	**8,54,796**	**12,36,517**	**2,62,495**	**6,83,619**	**9,46,114**
LIABILITIES						
Financial Liabilities						
Trade Payables	2,877	-	2,877	1,572	-	1,572
Debt Securities	27,434	1,43,380	1,70,814	26,144	1,42,080	1,68,224
Borrowings (Other than debt securities)	1,29,284	6,49,129	7,78,413	1,53,743	4,75,204	6,28,947
Deposits	2,579	4,224	6,803	6,972	7,020	13,992
Subordinated liabilities	(96)	8,400	8,304	(66)	8,400	8,334
Other financial liabilities	28,325	1,856	30,181	34,207	-	34,207
Non-Financial Liabilities						
Provisions	275	628	903	261	423	684
Deferred tax liabilities (Net)	-	1,865	1,865	-	3,138	3,138
Other non-financial liabilities	1,639	-	1,639	1,031	-	1,031
Total liabilities	**1,92,317**	**8,09,482**	**10,01,799**	**2,23,864**	**6,36,265**	**8,60,129**
Net	**1,89,404**	**45,314**	**2,34,718**	**38,631**	**47,354**	**85,985**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.

37. Financial risk management

a. Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Maturity Analysis of Financial assets and Financial Liabilities

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

As at March 31, 2020

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	1,36,434	1,36,434	-	-	-
Other bank balances	1,77,664	1,67,116	10,116	213	219
Housing and other loans	8,90,903	65,067	1,91,716	1,61,522	4,72,598
Investments	2,392	-	-	-	2,392
Receivables & Other financial assets	19,620	8,046	7,393	2,785	1,396
Total	**12,27,013**	**3,76,663**	**2,09,225**	**1,64,520**	**4,76,605**
Financial Liabilities					
Trade payables	2,877	2,877	-	-	-
Debt securities	1,70,814	27,434	81,020	45,377	16,983
Borrowings (other than debt securities)	7,78,413	1,29,284	2,93,011	1,70,274	1,85,844
Deposits	6,803	2,579	3,890	268	66
Subordinated liabilities	8,304	(96)	1,800	600	6,000
Other financial liabilities	30,181	28,325	771	727	358
Total	**9,97,392**	**1,90,403**	**3,80,492**	**2,17,246**	**2,09,251**
Net	**2,29,621**	**1,86,260**	**(1,71,267)**	**(52,726)**	**2,67,354**

As at March 31, 2019

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	94,274	94,274	-	-	-
Other bank balances	11,058	10,955	103	-	-
Housing and other loans	8,02,559	1,33,098	1,90,025	1,54,906	3,24,530
Investments	14,913	12,517	-	-	2,396
Receivables & Other financial assets	18,418	9,172	5,445	2,501	1,300
Total	**9,41,222**	**2,60,016**	**1,95,573**	**1,57,407**	**3,28,226**
Financial Liabilities					
Trade payables	1,572	1,572	-	-	-
Debt securities	1,68,224	26,144	98,719	23877	19,484
Borrowings (other than debt securities)	6,28,947	1,53,743	1,86,178	137361	1,51,665
Deposits	13,992	6,972	6,423	479	118
Subordinated liabilities	8,334	(66)	-	2400	6,000
Other financial liabilities	34,207	34,207	-	-	-
Total	**8,55,276**	**2,22,572**	**2,91,320**	**1,64,117**	**1,77,267**
Net	**85,946**	**37,444**	**(95,747)**	**(6,710)**	**1,50,959**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.

b. **Interest Risk**

The core business of the company is providing housing and other mortgage loans. The company borrows through various financial instruments to finance its core lending activity. These activities expose the company to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored through above measures on a quarterly basis.

Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Company's statement of profit and loss (before taxes)

(₹ in Lakh)

Particulars	Basis Points	For the year ended March 31, 2020	For the year ended March 31, 2019
Increase by basis points	50	791	735
Decrease by basis points	-50	(791)	(735)

c. **Credit risk**

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Company measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and other property loans. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

Credit Risk Assessment Methodology

Company's customers for retail loans are primarily lower and middle income, salaried and self-employed individuals. The loans are secured by the mortgage of the borrowers' property.

The Company's credit officers evaluate credit proposals on the basis of operating policies approved by the Board of Directors. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

Company monitor's borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Stage 1	High quality assets	12-month ECL
Stage 2	Assets for which there is no significant increase in credit risk	Lifetime ECL
Stage 3	Assets for which there is significant increase in credit risk	Lifetime ECL – credit-impaired

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

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

Additional provision due to Covid-19 - For the computation of probability of default, the company has considered various factors like Loan to value ratio, Type of customer – Salaried/Government/Self Employed, Installment to Income ratio, Performance in last 12 months, Moratorium availed customers etc. These factors put together are assigned weights and mapped to the loan balances to arrive at the default probability of the portfolio.

For computation of Loss given default, the management has worked out revised rate of Collection considering the stress in property valuation.

Taking effect of the above, Overlay percentages has been applied to determine the additional provision amount of ₹ 4,951 lakh.

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

a) Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	8,57,981	4,100	8,53,881
Stage 2 – Assets for which there is no significant increase in credit risk	Loan	36,399	3,551	32,848
Stage 3 - Assets for which there is significant increase in credit risk	Loan	9,912	2,549	7,363

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 37 Lakh.

2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and moratorium amounting to ₹ 4,951 Lakh

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**7,62,243**	**36,346**	**6,301**	**8,04,890**	**6,95,597**	**23,046**	**5,105**	**7,23,748**
New assets added during the year	3,19,014	-	-	3,19,014	3,57,079	-	-	3,57,079
Assets derecognised under direct assignment	(95,467)	-	-	(95,467)	(1,48,305)	-	-	(1,48,305)
Repayment of Loans (excluding write offs)	(1,16,456)	(5,481)	(995)	(1,22,932)	(1,21,844)	(3,993)	(846)	(1,26,683)
Transfers to / from Stage 1	10,044	(9,843)	(225)	(24)	3,328	(5,853)	(218)	(2,743)
Transfers to / from Stage 2	(19,336)	19,461	(138)	(13)	(22,124)	25,172	(398)	2,650
Transfers to / from Stage 3	(1,892)	(3,603)	5,883	388	(1,360)	(1,818)	3,416	238
Amounts written off	(169)	(481)	(914)	(1,564)	(128)	(208)	(758)	(1,094)
Gross carrying amount closing balance	**8,57,981**	**36,399**	**9,912**	**9,04,292**	**7,62,243**	**36,346**	**6,301**	**8,04,890**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,322**	**1,916**	**1,280**	**4,518**	**986**	**1,349**	**952**	**3,287**
New assets added during the year	447	-	-	447	423	-	-	423
Assets derecognised under direct assignment	(134)	-	-	(134)	(176)	-	-	(176)
Repayment of Loans (excluding write offs)	(163)	(266)	(223)	(652)	(145)	(211)	(174)	(530)
Transfers to / from Stage 1	14	(477)	(50)	(513)	4	(309)	(45)	(350)
Transfers to / from Stage 2	(27)	944	(31)	886	(26)	1,327	(82)	1,219
Transfers to / from Stage 3	(3)	(175)	1,320	1,142	(2)	(96)	671	573
Impact on year end ECL of exposures transferred between stages during the year	(198)	36	314	152	258	(144)	557	671
Additional Provision (refer note 2 below)	2,842	1,784	325	4,951	-	-	-	-
Amounts written off	0	(211)	(386)	(597)	-	-	(599)	(599)
Gross carrying amount closing balance	**4,100**	**3,551**	**2,549**	**10,200**	**1,322**	**1,916**	**1,280**	**4,518**

1) Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 37 Lakh (As at March 31, 2019: ₹ 46 Lakh)

2) Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and moratorium amounting to ₹ 4,951 Lakh (As at March 31, 2019: Nil)

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	254	26	228
Stage 2 – Assets for which there is no significant increase in credit risk	Loan	1,000	318	682
Stage 3 - Assets for which there is significant increase in credit risk	Loan	3,219	2,165	1,054

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,675**	**2,422**	**4,997**	**10,094**	**7,102**	**2,243**	**4,369**	**13,714**
New assets added during the year	-	-	-	-	-	-	-	-
Repayment of Loans (excluding write offs)	(575)	(392)	(94)	(1,061)	(1,854)	(372)	(1,236)	(3,462)
Transfers to / from Stage 1	242	(254)	-	(12)	1,671	(1,143)	(528)	-
Transfers to / from Stage 2	(790)	1,000	(210)	-	(2,278)	2,278	-	-
Transfers to / from Stage 3	(283)	(491)	1,033	259	(1,966)	(584)	2,571	21
Amounts written off	(1,015)	(1,285)	(2,507)	(4,807)	-	-	(179)	(179)
Gross carrying amount closing balance	**254**	**1,000**	**3,219**	**4,473**	**2,675**	**2,422**	**4,997**	**10,094**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**180**	**689**	**2444**	**3313**	**355**	**590**	**1,942**	**2,887**
New assets added during the year	-	-	-	-	-	-	-	-
Repayment of Loans (excluding write offs)	(58)	(125)	(63)	(246)	(125)	(106)	(618)	(849)
Transfers to / from Stage 1	24	(81)	-	(57)	113	(325)	(264)	(476)
Transfers to / from Stage 2	(80)	318	(141)	97	(154)	648	-	494
Transfers to / from Stage 3	(28)	(156)	695	511	(133)	(166)	1,275	976
Impact on year end ECL of exposures transferred between stages during the year	1,001	957	1,737	3,695	124	48	288	460
Amounts written off	(1,013)	(1,284)	(2,507)	(4,804)	-	-	(179)	(179)
Gross carrying amount closing balance	**26**	**318**	**2,165**	**2,509**	**180**	**689**	**2,444**	**3,313**

Above includes Expected Credit Loss provision on Loan commitment amount to Nil Lakh (As at March 31, 2019: ₹ Nil).

Impairment allowance for loan against fixed deposit is Nil and therefore related disclosures are not given in the financial statement.

c) Company monitor's Gross NPA's on AUM and Own Book at retail and overall basis.

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
GNPA on AUM	12,371	10,217
GNPA on AUM (%)	1.08%	1.02%
GNPA on Retail AUM	9,374	5,727
GNPA on Retail AUM (%)	0.82%	0.58%
GNPA on Own Book	11,700	10,003
GNPA on Own Book (%)	1.29%	1.23%
GNPA on Retail Own Book	8,703	5,513
GNPA on Retail Own Book (%)	0.96%	0.69%

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

38. Capital Management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total 'equity' (as shown in the balance sheet) and Capital adequacy ratio.

Particulars	Amount
Total Net Borrowings (₹ in Lakh)	6,50,242
Total Equity (₹ in Lakh)	2,34,718
Debt Equity Ratio	2.77

**Total net borrowing = Total borrowings – Cash and Cash Equivalents – Investment in Liquid Mutual fund – Receivable from Mutual Fund*

The Company is required to maintain the CAR of 13% as required by NHB (Refer note 45.1). Further company is required to maintain borrowing not exceeding 14 time of Net Owned Fund.

39. Segment reporting

The Company operates only in one Operating Segment i.e Housing Finance business - Financial Services and all other activities are incidental to the main business activity, hence have only one reportable Segment as per Indian Accounting Standard 108 "Operating Segments". The reportable business segments are in line with the segment wise information which is being presented to the CODM. The Company has identified Managing Director and CEO as CODM.

The Company has its operations within India and all revenue is generated within India.

40. Employee benefits

40.1 Defined Contribution Plan

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:

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident fund	254	236
Contribution to pension fund	273	245
Contribution to new pension scheme	36	9
Contribution to ESIC	9	20

40.2 Defined Obligation Benefit

The company provides gratuity 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, 2020

The gratuity plan typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Liability at the beginning of the year	580	415
Current service cost	168	120
Interest cost	41	30
Plan Amendment Cost	0	-
Actuarial (gain) /losses	131	59
Benefits paid	(72)	(44)
Liability at the end of the year	848	580

ii. Changes in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Plan Assets at the beginning of the year	509	407
Expected return on plan assets	41	34
Actuarial Gain/(Loss)	10	(2)
Employer Contribution	56	70
Plan Assets at the end of the year	616	509

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of Plan Assets	616	509
Present Value of Obligation	848	580
Amount Recognised in Balance Sheet	(232)	(71)

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

iv. Expenses recognized in Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service Cost	168	120
Net interest on net defined benefit liability / (asset)	1	(4)
Plan Amendment cost / Direct Payment	-	-
Expenses recognized in the statement of profit and loss under employee benefits expenses	169	116

v. Expenses recognized in Statement of Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain) / loss arising during year	120	60
Expenses recognized in the other comprehensive income	120	60

vi. Expected benefit payments

(₹ in Lakh)

Particulars	As at March 31, 2020
March 31, 2021	62
March 31, 2022	52
March 31, 2023	66
March 31, 2024	100
March 31, 2025	128
After March 31, 2026	1027

vii. Actuarial Assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	6.7%	7.6%
Expected rate of return on plan asset (per annum)	7%	7.5%
Salary Escalation Rate	9.5%	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.

Effect of change in assumptions

(₹ in Lakh)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(41)
Discount Rate (decrease by 0.5%)	44
Salary Escalation Rate (increase by 0.5%)	40
Salary Escalation Rate (decrease by 0.5%)	(38)

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

viii. Amount recognised in current year and previous year
Gratuity :

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation	848	580	415	104	79
Fair value of plan asset	616	509	407	105	97
(Surplus)/ Deficit in the plan	232	71	8	(1)	(18)
Actuarial (gain)/loss on plan obligation	130	59	98	7	(4)
Actuarial gain/(loss) on plan asset	10	(2)	(10)	-	(1)

Plan Assets as at March 31, 2020

Plan asset composition	Percentage
Schemes of Insurance –conventional products	2.61%
Schemes of Insurance –ULIP Product	97.39%

41. Employee stock appreciation rights and Employees Stock Option

a) Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018" / "Plan")

ESAR 2018 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.

Movement in ESARs

Particulars	For the year ended March 31, 2020 (Nos)	For the year ended March 31, 2019 (Nos)
Opening	**2,63,308.76**	-
Granted during the year	-	2,77,295.20
Lapsed during the year	49,935.75	13,986.44
Exercised by employee*	14,380.53	-
Closing	**1,98,992.48**	**2,63,308.76**
Vested as at year end	**1,19,395.49**	**78,992.63**
Unvested as at year end	**79,596.99**	**1,84,316.13**

** Exercised by employee pending for decision by Nomination and remuneration committee on allotment.*

ESAR were granted at the Price of ₹ 291.70 which was the fair value on the grant date.

The key assumptions used to estimate the fair value of ESARs are:

Particulars	ESAR 2018
Dividend yield	2.40%
Expected Life	3 Years
Risk free interest rate	7.45%
Volatility	0.01%
Model Used	Black & Scholes

The expense arises from equity settled ESARs amounting to ₹ 30 Lakh (March 31, 2019 : ₹ 83 Lakh) for the year ended 31 March 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

b) **Employee stock option plans (ESOPS)**

Employee Stock Option Plan 2020 ("ESOP Plan 2020")

ESOP Plan 2020 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 May 05, 2020 with the grant date of March 31, 2020. Details of ESOP Plan 2020 granted during the year.

Particulars	ESOP Plan 2020
Scheme Name	Employee Stock Option Plan 2020
No. of options approved	12,00,000
Date of Grant	March 31, 2020
No of option granted	10,44,395
Exercise Price (₹)	908.05
Method of Settlement	Equity
Time Based Eligibility	20% each year in next Five year.
Vesting Schedule	Eligible options will vest in 60%, 20% and 20% in on Eligibility date, 1st year from eligibility date and 2nd year from eligibility date respectively
Condition	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.
Exercise period	2 Years from Vesting

Computation of fair value of options granted during year ended March 31, 2020

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020
Fair value of the option (₹)	₹ 96 to ₹ 333
Share price on the date of grant (₹)	908.05
Exercise Price(₹)	908.05
Expected Life	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%
Life of the Option (years)	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%
Expected dividend rate (%)	0.8%

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may actually occur. Further, the condition of specified sale of the shares held by the investor is estimated to be fulfilled on the relevant eligibility dates.

Movement in ESOPs

Particulars	For the year ended March 31, 2020 (Nos)
Opening	-
Granted during the year	10,44,395
Lapsed during the year	-
Closing	**10,44,395**
Vested as at year end	-
Unvested as at year end	**10,44,395**

The expense arises from equity settled ESOPs transaction amounting to ₹ 1 Lakh (March 31, 2019 : Nil) for the year ended 31 March 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

42. Foreign currency transactions

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Foreign business travel	2	0*
Total	**2**	**0**

** Amount less than ₹ 50,000.*

43. 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	BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)
		Wadhawan Global Capital Limited (Formerly Known as Wadhawan Global Capital Private Limited) (upto June 10, 2019)
2.	Wholly Owned Subsidiary	Aadhar Sales and Service Private Limited
3.	Associate Companies	Dewan Housing Finance Corporation Limited (upto June 10, 2019)
4.	Other Group Companies	DHFL Pramerica Life Insurance Company Limited (upto June 10, 2019)
		DHFL General Insurance Limited (upto June 10, 2019)
		DHFL Pramerica Asset Manager (upto June 10, 2019)
		Avanse Financial Services Limited (upto June 10, 2019)
5.	Key Management Personal	O P Bhatt - Chairman and Director (w.e.f. September 13, 2019)
		Deo Shankar Tripathi - Managing Director and CEO
		Kapil Wadhawan – Chairman and Director (upto June 10, 2019)
		Amit Dixit - Director (w.e.f.- August 2, 2019)
		Mukesh G Mehta - Director (w.e.f.- August 2, 2019)
		Neeraj Mohan - Director (w.e.f.- August 2, 2019)
		Shri. G P Kohli (upto June 10, 2019)
		Shri. Sridar Venkatesan (upto April 1, 2020)
		Dr. Nivedita Haran – Director (w.e.f. – September 15, 2018)
		Suresh Mahalingam (upto June 10, 2019)

Transactions with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income :			
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	71	645
DHFL General Insurance Limited	Intermediary Services	114	965
Dewan Housing Finance Corporation Limited	Other Income	0	1
Dewan Housing Finance Corporation Limited	Sale of Fixed Asset	-	8
Aadhar Sales and Services Private Limited	Rent Income	2	2
Aadhar Sales and Services Private Limited	Recovery of Expenses	-	1
Avanse Financial Services Limited	Other Income	6	-
Expenditure:			
Aadhar Sales and Services Private Limited	Business sourcing services	1,959	2,913
Dewan Housing Finance Corporation Limited	IT support services	20	200
Dewan Housing Finance Corporation Limited	Rent	27	163
DHFL Pramerica Life Insurance Company Limited	Insurance Premium	-	48
Dewan Housing Finance Corporation Limited	Service fee on assignment	6	20
DHFL General Insurance Limited	Insurance Premium	15	335
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	271	430

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Name	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend Payment :			
Wadhawan Global Capital Limited	Dividend Payment	-	1,232
Dewan Housing Finance Corporation Limited	Dividend Payment	-	161
Others :			
Dewan Housing Finance Corporation Limited	Purchase of Investment	-	39,527
Dewan Housing Finance Corporation Limited	Sale of Investment	-	16,740
Dewan Housing Finance Corporation Limited	Purchase of portfolio	-	37,894
BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)	Proceeds received on allotment of Equity Shares	1,30,000	-

Compensation of key management personnel of the Company

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short–term employee benefits	264	423
Post–employment pension (defined contribution)	7	7
Termination benefits	-	-
Sitting fee and commission	56	82
Total	**327**	**512**

Balances with Related Parties:

(₹ in Lakh)

Name	Particulars	As at March 31, 2020	As at March 31, 2019
Dewan Housing Finance Corporation Limited	Receivable	Not Applicable	926
Dewan Housing Finance Corporation Limited	Payable	Not Applicable	214
Dewan Housing Finance Corporation Limited	Security Deposit	Not Applicable	16
Aadhar Sales and Services Private Limited	Investment	1	1
Aadhar Sales and Services Private Limited	Deposit	190	250
Aadhar Sales and Services Private Limited	Receivable	-	0*
DHFL Pramerica Life Insurance Company Limited	Receivable	Not Applicable	113
DHFL Pramerica Life Insurance Company Limited	Advance	Not Applicable	22
DHFL General Insurance Limited	Receivable	Not Applicable	215
DHFL General Insurance Limited	Advance	Not Applicable	40
DHFL Pramerica Life Insurance Company Limited	Secured Non-convertible debentures (Liabilities) (Excluding Accrued Interest)	Not Applicable	2,000
Directors Commission	Payable	75	60

** Less than ₹ 50,000*

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

44. Exceptional item

During the year ended March 31, 2019, the Company has paid one-time retention bonus to its employees amounting to ₹ 1,386 lakh that is debited to the Statement of Profit & Loss. Considering the nature, frequency, and materiality of the item it is treated as an exceptional item in the Statement of Profit & Loss.

45. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MDandCEO/2016 and notification issued by RBI dated March 13, 2020 RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20. Comparative numbers in these disclosures have been provided as per the audited financial statements as at and for the year ended March 31, 2019. Accordingly, the current year's figures are not strictly comparable to that of the previous year:

45.1 Capital to Risk Asset Ratio (CRAR)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
CRAR	51.42%	18.28%
CRAR-Tier I Capital	49.07%	15.57%
CRAR- Tier II Capital	2.35%	2.71%
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	7,080	7,560
Amount raised by issue of perpetual debt instruments	Nil	Nil

45.2 Derivatives transaction entered by company is ₹ Nil (Previous Year ₹ Nil)

45.3 Maturity pattern of certain items of assets and liabilities as per Asset Liability Management system of the company as of March 31, 2020 is as under:

(₹ in Lakh)

Particulars	Liabilities			Assets	
	Deposits	Borrowings from Bank	Market Borrowings	Housing and Other Loans (refer note 1 below)	Investments (including Cash and Bank Balance)
1 day to 30 / 31 days (One Month)	294	2,264	-	1,542	81,431
Over 1 month and upto 2 Months	529	5,859	-	1,534	45,006
Over 2 months and upto 3 Months	354	18,242	17,000	1,543	80,180
Over 3 months and upto 6 Months	396	35,531	5,000	6,252	11,878
Over 6 Months and upto 1 Year	1,024	69,638	6,700	54,197	85,053
Over 1 year and upto 3 Years	3,890	2,89,748	82,819	1,91,716	10,117
Over 3 years and upto 5 Years	268	1,73,537	45,977	1,61,527	213
Over 5 years and upto 7 Years	51	1,03,001	20,860	1,42,340	-
Over 7 years and upto 10 Years	16	78,079	2,124	1,98,013	219
Over 10 Years	-	4,763	-	1,43,172	2,393
Total	**6,822**	**7,80,662**	**1,80,480**	**9,01,836**	**3,16,490**

Notes:

1. Contractual cash inflows are considered at 50% during the moratorium period upto August 2020 and prepayment / foreclosure are not considered upto September 2020.
2. Company has no Foreign Currency Assets and Liabilities as at March 31, 2020 (March 31, 2019 : Nil).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

45.4 Exposure to Real Estate Sector

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
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 ₹ 15 Lakh	5,95,323	5,18,316
· Others	1,68,582	1,41,101
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates		
· Funds Based	5,983	5,236
· Non-Funds Based	-	-
· Others (refer note below)	1,36,162	1,47,720
(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)	-	-

Note : Amount disclosed under Commercial Real Estate includes non-housing loan which are provided against residential property.

45.5 Exposure to Capital Market

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Direct investment in equity shares	2	3

The company does not have any other exposure to capital market.

45.6 Details of financing parent company products

Nil during the year ended March 31, 2020 (March 31, 2019 : Nil)

45.7 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.

45.8 Disclosure as per Loan Portfolio

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
Housing loans		
Standard loans	7,16,722	6,24,283
Sub-Standard loans	5,004	5,306
Doubtful loans	4,852	3,786
Loss assets	-	-
Total Housing Loans	7,26,578	6,33,375

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Other property loan		
Standard loans	1,77,628	1,78,075
Sub-Standard loans	1,234	517
Doubtful loans	610	406
Loss assets	-	-
Total Other Property Loans	**1,79,472**	**1,78,998**
Total Own Loan Book	**9,06,050**	**8,12,373**
Assigned Book	**2,37,116**	**1,89,197**
Total Asset Under Management	**11,43,166**	**10,01,570**

45.9 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loans. The Insurance portion amounting to ₹ 41,532 lakh (March 31, 2019 : ₹ 35,530 Lakh) helps in mitigating the risk and secures the Company's Loan portfolio against any eventuality.

45.10 Detail of Assignment transactions undertaken:

(₹ in Lakh)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1	No of Pools	12	9
2	Aggregate value (Net of Provisions) of accounts assigned	95,467	1,48,311
3	Aggregate consideration	95,467	1,48,311
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain over net book value for the year	8,401	-

45.11 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 disclosed and considered adequate provision on Non-performing Assets as prescribed under Housing Finance Companies (NHB) Directions 2010 in CAR and other NHB returns.

The Company has disclosed and considered provision on outstanding standard loans as prescribed under Housing Finance Companies (NHB) Directions 2010 and Notifications as amended from time to time in CAR and other NHB returns.

45.12 Unsecured Advances

Nil during the year ended March 31, 2020 (March 31, 2019 : Nil)

45.13 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

45.14 Disclosure of penalties imposed by NHB and other regulators

Nil during the year ended March 31, 2020

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

45.15 Rating assigned by Credit Rating Agencies and migration of rating during the year.

Name of the Rating Agency	Type	Rating As at March 31, 2020	Rating As at March 31, 2019
CARE	Long Term Bank Facilities	CARE AA (Stable)	CARE AA (Credit watch with developing implications)
CARE	Non-Convertible Debentures	CARE AA (Stable)	CARE AA (Credit watch with developing implications)
CARE	Subordinated Debt	CARE AA - (Stable)	CARE AA - (Credit watch with developing implications)
BRICKWORKS	Non-Convertible Debentures	BWR AA(Stable)	BWR AA+ (SO) (Credit watch with Negative implications)
BRICKWORKS	Subordinated Debt	BWR AA(Stable)	BWR AA+ (SO) (Credit watch with Negative implications)
CRISIL	Commercial Paper	CRISIL A1	CRISIL A1 (Rating Watch with Negative implications)
CRISIL	Fixed Deposits	FA+(Positive)	FA + (Rating Watch with Negative implications)
ICRA	Short Term Borrowings	ICRA A1+	ICRA A1 + & Rating placed on watch with developing implications
India Rating	Short Term Borrowings	IND A1+	Not applicable

45.16 Remuneration of Non-Executive Directors for the year ended March 31, 2020.

(In ₹)

Name of the Director	Sitting Fee	Commission	Total
Shri. O P Bhatt	1,75,000	-	1,75,000
Shri. G P Kohli	3,15,000	5,00,000	8,15,000
Shri. Sridar Venkatesan	10,15,000	5,00,000	15,15,000
Dr. Nivedita Haran	6,65,000	2,91,667	9,56,667

* Above does not include the provision for commission for an amount of ₹ 75 Lakh (excluding disallowance of GST) for the year ended March 31, 2020 which will be paid subject to approval in the ensuing Annual General Meeting.

45.17 Net profit or Loss for the period, prior period items and changes in accounting policies

The financial statements have been prepared under historical cost convention on an accrual basis in accordance with the Indian Accounting Standards ("Ind AS") and the relevant provisions of the Companies Act, 2013 (the "Act") (to the extent notified). Same accounting policies have been followed for all period presented in these financial statements.

Additional Disclosures

45.18 Provisions and Contingencies

Break up of provisions and contingencies shown under the head Expenditure in Profit and Loss Account

(₹ in Lakh)

S. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1.	Provisions for depreciation on Investment	-	14
2.	Provision made towards Income Tax	5,391	6,011
3.	Provision towards NPA	990	922
4.	Provision for Standard Assets	3,888	1,530
5.	Other Provision (Expenses) and Contingencies		
5a.	(a) Provision for Expenses	6,499	4,546
5b.	(b) Provision for asset held for sale	(72)	285

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

45.19 A comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109

(₹ in Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms (Including interest on Net NPA)	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	8,58,268	4,089	8,54,179	3,228	861
	Stage 2	37,399	3,869	33,530	2,231	1,638
Subtotal		**8,95,667**	**7,958**	**8,87,709**	**5,459**	**2,499**
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,851	1,626	5,225	1,857	(231)
Doubtful - up to 1 year	Stage 3	3,866	2,017	1,849	1,357	660
1 to 3 years	Stage 3	2,103	994	1,109	1,090	(96)
More than 3 years	Stage 3	279	77	202	279	(202)
Subtotal for doubtful		**6,248**	**3,088**	**3,160**	**2,726**	**362**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	35,673	37	35,636	-	37
Subtotal		**35,673**	**37**	**35,636**	**-**	**37**
	Stage 1	**8,93,941**	**4,126**	**8,89,815**	**3,228**	**898**
	Stage 2	**37,399**	**3,869**	**33,530**	**2,231**	**1,638**
Total	**Stage 3**	**13,099**	**4,714**	**8,385**	**4,583**	**131**
	Total	**9,44,439**	**12,709**	**9,31,730**	**10,042**	**2,667**

Notes :

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms hence the Company has not transferred any amount in Impairment Reserve during the current year.
2. Above includes ₹ 18,590 Lakh of Loans which were 61-90 Day past dues as at March 01, 2020 on which Moratorium was extended and asset classification has been extended.

45.20 Break up of Loan and Advances and Provisions thereon

(₹ in Lakh)

Particulars	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
a) Total Outstanding Amount	7,16,722	6,24,283	1,77,628	1,78,075
b) Provisions made	6,473	3,515	1,522	1,564
Sub-Standard Assets				
a) Total Outstanding Amount	5,004	5,306	1,235	517
b) Provisions made	1,346	1,015	280	106

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Doubtful Assets - Category – I				
a) Total Outstanding Amount	3,140	1,721	354	199
b) Provisions made	1,874	485	143	61
Doubtful Assets - Category – II				
a) Total Outstanding Amount	1,543	1,976	223	195
b) Provisions made	903	896	91	88
Doubtful Assets - Category – III				
a) Total Outstanding Amount	169	86	32	15
b) Provisions made*	65	86	12	15
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**7,26,578**	**6,33,372**	**1,79,472**	**1,79,001**
b) Provisions made	**10,661**	**5,997**	**2,048**	**1,834**

45.21 Concentration of Public Deposits

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits of twenty largest depositors	2,097	2,469
Percentage of Deposits of twenty largest deposits to Total Deposits of the HFC	29.30%	21.13%

45.22 Concentration of Loans and Advances

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans and Advances to twenty largest borrowers	5,067	8,804
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	0.56%	1.08%

45.23 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans and Advances to twenty largest borrowers	5,067	8,804
Percentage of Loans and Advances to twenty largest borrowers / customers to Total exposure of the HFC on borrowers / customers.	0.43%	1.03%

45.24 Concentration of NPAs

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten NPA accounts	2,982	4,542

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

45.25 Sector-wise NPAs

S. No.	Particulars	Percentage of NPAs to Total Advances in that Sector
A.	**Housing Loan**	
1.	Individuals	0.95%
2.	Builders / Project Loans	71.28%
3.	Corporate	-
4.	Others	-
B.	**Non Housing Loans:**	
1.	Individuals	1.03%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-

45.26 Movement of NPAs

(₹ in Lakh)

S. No.	Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
i)	Net NPAs to Net Advances (%)		0.78%	0.90%
ii)	Movement of NPAs (Gross)			
	a)	**Opening Balance**	**10,007**	**8,629**
	b)	Additions during the year	6,318	5,829
	c)	Reductions during the year	4,625	4,451
	d)	**Closing Balance**	**11,700**	**10,007**
iii)	Movement of Net NPAs			
	a)	**Opening Balance**	**6,283**	**5,739**
	b)	Additions during the year	1,927	4,886
	c)	Reductions during the year	1,224	3,370
	d)	**Closing Balance**	**6,986**	**7,255**
iv)	Movement of provisions for NPAs (excluding provision on standard assets)			
	a)	**Opening Balance**	**3,724**	**2,891**
	b)	Additions during the year	4,391	943
	c)	Reductions during the year	3,401	1,082
	d)	**Closing Balance**	**4,714**	**2,752**

45.27 Overseas Assets

Nil as at March 31, 2020 (March 31, 2019 : Nil)

45.28 Off- Balance Sheet SPV's sponsored (which are required to be consolidated as per accounting norms)

Overseas : Nil

Domestic : Nil

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

45.29 Disclosure of Complaints

S. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a)	No. of complaints pending at the beginning of the year	0	6
b)	No. of complaints received during the year	2217	715
c)	No. of complaints redressed during the year	2194	721
d)	No. of complaints pending at the end of the year	23	0

46. Previous year 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.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Amit Dixit
Director
DIN 01798942

Dr. Nivedita Haran
Director
DIN 06441500

Neeraj Mohan
Director
DIN 05117389

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Indiabulls Finance Centre, Tower 3,
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CHATURVEDI SK & FELLOWS
Chartered Accountants
402, Dev Plaza,
Swami Vivekanand Road,
Andheri (West),
Mumbai 400058

Independent Auditors' Report

To The Members of
Aadhar Housing Finance Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Aadhar Housing Finance Limited** (the "Parent") and its subsidiary, (the Parent and its subsidiary together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (the "consolidated financial statements").

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 6 to the consolidated financial statements which fully describes that the Group has recognised provision on loans to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Key audit matter</th><th>How the key audit matter was addressed in our Audit</th></tr>
<tr><td colspan="2">At March 31, 2020, the Group reported total gross loans of ₹ 9,03,612 lakh and ₹ 12,709 lakh of expected credit loss provisions.</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the Consolidated financial statements: 'Financial Instruments' and Note 6 in the Consolidated financial statements.</td></tr>
<tr><td>The estimation of Expected Credit Loss (ECL) on financial instruments involves significant judgements and estimates.

The key areas with greater degree of management judgment in the Group's estimation of ECL are:

Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian accounting standard (Ind AS) which also include considering the impact of RBI's COVID 19 Regulatory Package;

• Modelling assumptions and data used to build and run the models that calculate the Probability of Default (PD)/ Loss Given Default (LGD) ;

• There is significant amount of the data inputs required by the ECL model. The risk of completeness and accuracy of the data that has been used to create the model.

• Measurement of individual provisions including the assessment of multiple scenarios.

• Inputs and Judgements used in determination of Management overlay considering the current uncertain economic environment with the range of possible effects arising out of the COVID 19 Pandemic.

• The Disclosures made in financial statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL.</td><td>We examined the Board Policy approving methodologies for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Group. The parameters and assumptions used and their rationale have been clearly documented.

We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.

These controls, among others, included controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments, data accuracy and completeness of the underlying data used in the models, credit monitoring, scenario analysis, assessing cash flows and provisions required in the case of individual provisions, passing of journal entries and preparing disclosures.

We tested the completeness of loans and advances included in the Expected Credit Loss calculations as of March 31, 2020 by reconciling it with the balances as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system

We tested assets in stage 1, 2 and 3 on sample basis to verify that they were allocated to the appropriate stage.

We tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis.

We tested the basis of collateral valuation in the determination of ECL provision, on sample basis.

For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations.

We assessed the appropriateness of the scenarios used and the calculation of the overlay in response to COVID 19 related economic uncertainty and corroborated the assumptions using various parameters, such as, Group's portfolio, risk profile, credit risk management practices and the macroeconomic environment.

We assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report (the "reports") but does not include the consolidated financial statements and our auditors' report thereon. The reports is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, compare with the financial statement of the subsidiary audited by the other auditor, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditor and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statement audited by the other auditor.

When we read the reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditors' responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS 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 for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

We communicate with those charged with governance of the Parent and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of ₹ 318 lakh as at March 31, 2020, total revenues of ₹ 1,975 lakh and net cash outflows amounting to ₹ 7 lakh for the year ended on that date, as considered in the consolidated financial statements. The financial statement has been audited by other 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 report 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 matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. 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 the separate financial statement of its subsidiary entity referred to in the Other Matters section above 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 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 report of the other auditor.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors of the Parent and taken on record by the Board of Directors of the Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and its subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

i) there were no pending litigations as at the year-end which would impact the consolidated financial position of the Group, except as disclosed in Note No. 32 of the consolidated financial statement.

ii) the Group did not have any material foreseeable losses on long-term contracts including derivative contracts as at the year-end 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 Parent, and its subsidiary company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

G.K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 20109839AAAAHO8031

Mumbai, May 29, 2020

For CHATURVEDI SK & FELLOWS
Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi
Partner
(Membership No. 070019)
UDIN: 20070019AAAAAE9470

Mumbai, May 29, 2020

Annexure "A" To The Independent Auditors' Report

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

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

In conjunction with our audit of the consolidated financial statements of the Group as at and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Aadhar Housing Finance Limited (the "Parent") and its subsidiary company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and 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) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary 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 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 report referred to in the Other Matters 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 Parent and its subsidiary company.

Meaning of Internal Financial Controls Over Financial Reporting

A Group'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 Group'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 Group; (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 Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group'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 report of the other auditor referred to in the Other Matters paragraph below, the Parent 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 March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

Other Matters

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 the subsidiary company, is based solely on the corresponding 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)
UDIN: 20109839AAAAHO8031

Mumbai, May 29, 2020

For CHATURVEDI SK & FELLOWS
Chartered Accountants
(Firm's Registration No. 112627W)

Srikant Chaturvedi
Partner
(Membership No. 070019)
UDIN: 20070019AAAAAE9470

Mumbai, May 29, 2020

Consolidated Balance Sheet
as at March 31, 2020

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
1. Financial assets			
a) Cash and cash equivalents	4	136,488	94,335
b) Other bank balances	4	177,664	11,058
c) Receivables	5	408	386
d) Housing and other loans	6	890,903	802,559
e) Investments	7	2,396	14,966
f) Other financial assets	8	19,022	17,782
		1,226,881	**941,086**
2. Non-financial assets			
a) Current tax assets (Net)	9	2,787	1,361
b) Property, plant and equipment	10	1,751	2,362
c) Right to use assets	34	2,581	-
d) Other intangible assets	11	95	44
e) Deferred tax assets (net)	20	17	9
f) Other non-financial assets	12	2,531	1,379
		9,762	**5,155**
Total assets		**1,236,643**	**946,241**
Liabilities and equity			
Liabilities			
1. Financial liabilities			
a) Trade payables			
i) Total outstanding dues to micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	13	2,881	1,576
b) Debt securities	14	170,814	168,224
c) Borrowings (other than debt securities)	15	778,413	628,947
d) Deposits	16	6,803	13,992
e) Subordinated liabilities	17	8,304	8,334
f) Other financial liabilities	18	30,181	34,209
		997,396	**855,282**
2. Non-financial liabilities			
a) Provisions	19	968	715
b) Deferred tax liabilities (Net)	20	1,865	3,138
c) Other non-financial liabilities	21	1,681	1,114
		4,514	**4,967**
3. Equity			
a) Equity share capital	22	3,946	2,515
b) Other equity	23	230,787	83,477
		234,733	**85,992**
Total liabilities and equity		**1,236,643**	**946,241**

The accompanying notes form an integral part of the consolidated financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Amit Dixit
Director
DIN 01798942

Dr. Nivedita Haran
Director
DIN 06441500

Neeraj Mohan
Director
DIN 05117389

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lakh)

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1	**Income**			
	Revenue from operations	24		
	a) Interest income		121,452	109,495
	b) Net gain on fair value changes		2,361	2,485
	c) Net gain on derecognition of financial instruments under amortised cost category		8,401	9,185
	d) Fees and commission Income		6,553	5,396
	Total revenue from operations		**138,767**	**126,561**
	Other income	25	79	2
	Total income		**138,846**	**126,563**
2	**Expenses**			
	Finance costs	26	79,349	73,051
	Impairment on financial instruments	27	10,965	3,200
	Employees benefits expense	28	16,756	17,784
	Depreciation and amortisation expense	10&11&34	1,158	529
	Operating expenses	29	7,527	7,046
	Total expenses		**115,755**	**101,610**
3	**Profit before tax and exceptional items**		**23,091**	**24,953**
4	**Exceptional item**	44	-	1,386
5	**Profit before tax**		**23,091**	**23,567**
6	**Tax expense**	30		
	Current tax		5,407	6,032
	Deferred tax		(1,254)	1,298
			4,153	**7,330**
7	**Profit for the year**		**18,938**	**16,237**
8	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	i Remeasurements of the defined employee benefit plans		(108)	(53)
	ii Income tax relating to items that will not be reclassified to profit or loss		27	19
	Total other comprehensive income for the year (i + ii)		**(81)**	**(34)**
9	**Total comprehensive income**		**18,857**	**16,203**
10	**Earnings per equity share**	31		
	Basic earnings per share (₹)		58.56	64.56
	Diluted earnings per shares (₹)		58.28	64.11

The accompanying notes form an integral part of the consolidated financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
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Amit Dixit
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Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

a) Equity Share Capital

(₹ in Lakh)

Particulars	Total
Balance as at April 01, 2018	**2,515**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**2,515**
Changes in equity share capital during the year	
Share issued on Preferential Allotment	881
Share issued on Right Issue Allotment	551
Balance as at March 31, 2020	**3,946**

b) Other Equity

(₹ in Lakh)

Particulars	Capital reserve on amalgamation	Securities premium	Statutory reserve	Debenture redemption reserve	General Reserve	Retained earnings	Employee Stock Option Outstanding	Total
Balance as at April 01, 2018	**6**	**40,913**	**12,168**	**-**	**2,267**	**13,959**	**-**	**69,313**
Profit for the year	-	-	-	-	-	16,237	-	16,237
Other comprehensive income	-	-	-	-	-	(34)	-	(34)
Transferred to general reserve	-	-	-	-	3,000	(3,000)	-	-
Transferred to statutory reserve	-	-	3,245	-	-	(3,245)	-	-
Transferred to debenture redemption reserve	-	-	-	5,637	-	(5,637)	-	-
Employee Stock Option Outstanding	-	-	-	-	-	-	83	83
Final dividend	-	-	-	-	-	(1,760)	-	(1,760)
Dividend distribution tax	-	-	-	-	-	(362)	-	(362)
Balance as at March 31, 2019	**6**	**40,913**	**15,413**	**5,637**	**5,267**	**16,158**	**83**	**83,477**
Profit for the year	-	-	-	-	-	18,938	-	18,938
Other comprehensive income	-	-	-	-	-	(81)	-	(81)
Securities premium received on Allotment of Equity Shares	-	128,568	-	-	-	-	-	128,568
Expenses on Allotment of Equity Shares	-	(146)	-	-	-	-	-	(146)
Transferred to general reserve	-	-	-	-	2,000	(2,000)	-	-
Transferred to statutory reserve	-	-	3,851	-	-	(3,851)	-	-
Transferred to debenture redemption reserve	-	-	-	11,273	-	(11,273)	-	-
Employee Stock Option Outstanding	-	-	-	-	-	-	31	31
Balance as at March 31, 2020	**6**	**169,335**	**19,264**	**16,910**	**7,267**	**17,891**	**114**	**230,787**

The accompanying notes form an integral part of the consolidated financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
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Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Consolidated Cash flow statement

for the year ended March 31, 2020

(₹ in Lakh)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities**		
	Net profit before tax	23,091	23,567
	Adjustments for:		
	Depreciation and amortisation expense	1,158	529
	Loss on sale of fixed assets (Net)	272	6
	Interest on lease liabilities	201	-
	Gain on modification in lease	(14)	-
	Provision for contingencies & write offs	10,991	3,242
	Profit on sale of investment in mutual fund and other investments	(2,361)	(2,485)
	Provision for Employee share based payments	31	83
	Operating profit before working capital changes	**33,369**	**24,942**
	Adjustments for:		
	Decrease in other financial and non-financial liabilities and provisions	(5,309)	(37,476)
	Increase in trade receivables	(22)	(133)
	Increase in other financial and non-financial assets	(4,352)	(8,333)
	Cash generated from / (used in) operations during the year	**23,686**	**(21,000)**
	Tax paid	(6,833)	(7,509)
	Net cash flow generated from / (used in) operations before movement in housing and other loans	**16,853**	**(28,509)**
	Housing and other property loans disbursed	(319,014)	(357,079)
	Housing and other property loans repayments	123,682	129,842
	Net cash used in operating activities [A]	**(178,479)**	**(255,746)**
B.	**Cash flow from investing activities**		
	Proceeds received on sale / redemption of investments	1,292,460	1,453,491
	Payment towards purchase of investments	(1,275,027)	(1,447,448)
	Investment in fixed deposits (net of maturities)	(166,606)	(10,040)
	Payment towards right to use assets	-	-
	Payment towards purchase of fixed assets	(342)	(868)
	Proceeds received on sale of fixed assets	2	9
	Net cash used in investing activities [B]	**(149,513)**	**(4,856)**

Consolidated Cash flow statement

for the year ended March 31, 2020

(₹ in Lakh)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
C.	**Cash flow from financing activities**		
	Proceeds received on allotment of equity shares	130,000	-
	Expenses related to allotment of equity shares	(146)	-
	Proceeds from loans from banks/institutions	350,004	247,500
	Proceeds from NCDs	30,000	67,640
	Repayment of loans to banks/institutions	(199,764)	(96,316)
	Repayment of NCDs	(18,200)	(10,000)
	Net repayment of short term Loan	(9,614)	(22,457)
	Proceeds from deposits	933	7,066
	Repayment of deposits	(7,937)	(3,591)
	Proceeds from assignment of portfolio	95,467	148,311
	Payment of lease liabilities	(598)	-
	Dividend paid	-	(1,760)
	Tax paid on dividend	-	(362)
	Net cash generated from financing activities [C]	**370,145**	**336,031**
	Net increase in cash and cash equivalents [A+B+C]	**42,153**	**75,429**
	Cash and cash equivalents at the beginning of the year	**94,335**	**18,906**
	Cash and cash equivalents at the end of the year (refer note 4)	**136,488**	**94,335**

The accompanying notes form an integral part of the consolidated financial statements

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

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Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

1. Corporate information

Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited) (the "Parent Company") and its subsidiary company (collectively referred to as "the Group" or "the Company") was incorporated in India in the name of Vysya Bank Housing Finance Limited (VBHFL) on 26th November, 1990. VBHFL was taken over by Dewan Housing Finance Corporation Limited in 2003 and renamed as DHFL Vysya Housing Finance Ltd (DVHFL). The erstwhile Aadhar Housing Finance Ltd which was established in 2010 and commenced operation in Feb,2011 was merged into DVHFL on 20th November 2017 and renamed as Aadhar Housing Finance Limited on 4th December 2017 with permission of National Housing Bank ("NHB") and Registrar of Companies ("ROC"). The Company is carrying business of providing loans to 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 Parent Company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987. The Parent Company is a subsidiary of BCP Topco VII Pte. Ltd. ("Holding Company").

During the current year, the Wadhawan Global Capital Ltd and Dewan Housing Finance Corporation Limited, along with promoter shareholders and International Finance Corporation (collectively "sellers") transferred their entire shareholding to BCP Topco VII Pte. Ltd., which is held through intermediary companies by private equity funds managed by wholly owned subsidiaries of The Blackstone Group L.P. (collectively "Blackstone").

2. Significant Accounting Policies

2.1 Basis of Preparation and Presentation

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

These financial statements have been prepared on a going concern basis.

Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The measurement and/ or disclosure in these financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other transactions that are required to be valued in accordance with Ind AS 102, Ind AS 116 and Ind AS 36, respectively.

2.2 Basis of Consolidation

The Group consolidates all entities which are controlled by it.

The Group establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Group are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent Company.

Details of Companies Consolidated in these consolidated financial statements

Name of the Company	Type	Country of Incorporation	Holding As at March 31, 2020	Holding As at March 31, 2019
Aadhar Housing Finance Limited	Parent Company	India	Parent Company	Parent Company
Aadhar Sales and Services Private Limited	Subsidiary Company	India	100%	100%

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

2.3 Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees in Lakhs. Per share data is presented in Indian Rupee.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

a. Interest Income

The main source of revenue for the Group is Income from Housing and Other property loans. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally 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 the financing scheme opted by the borrower.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination. The financial assets that are classified at Fair Value through Statement of Profit and Loss ("FVTPL"), transaction costs are recognised in Statement of Profit and Loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

b. Fee and Commission income:

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

c. Dividend Income

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

d. Investment income

The gains/losses on sale of investments are recognised in the statement of profit and loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

e. Other operating revenue:

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognized on receipt basis.

2.5 Property, plant and equipment and Intangible Assets

Property Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at cost less accumulated depreciation/ amortization and impairment losses, if any. The cost of PPE is 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 PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land which is not depreciated) less their residual values over their useful lives specified in Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Estimated useful life considered by the Group are:

Asset	Estimated Useful Life
Office Equipment	5 – 10 Years
Furniture and fittings	10 Years
Vehicles	8 Years
Leasehold improvements	Lease Period
Buildings	60 Years

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Impairment of assets

As at the end of each financial year, the Group reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss was recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

2.6 Employee benefits

i. Defined contribution plan

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees.

ii. Defined benefits plan

The Group's Gratuity liability under the Payment of Gratuity Act, 1972 is determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognition of the asset is limited to the present value of economic benefits available in the

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

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. Other 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.

v. Share-based payment arrangements

The share appreciation rights / stock options granted to employees pursuant to the Group's Stock appreciation rights scheme / stock options policy are measured at the fair value of the rights at the grant date. The fair value of the rights / options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within other equity.

2.7 Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

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Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset and a lease liability of ₹ 1,913 Lakh. The effect of this adoption is insignificant on the profit before tax, profit for the year and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Group has chosen to apply the practical expedient as per the standard.

2.8 Financial instruments

Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial Measurement of Financial Instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial Assets Classification of Financial Assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal

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amount outstanding (SPPI), are subsequently measured at amortised cost;

- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Investment in equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI.

The Group has not elected to classify any equity investment at FVOCI.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset individually and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

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

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

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Subsequent Measurement of Financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group's business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. During the current financial year and previous financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Impairment

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL based on category of loans at a collective level. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Group transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in Statement of Profit and Loss.

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Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities shall be recognised in Statement of Profit and Loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

A financial liability is

a) a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or

b) a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or

c) a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' in the statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant

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risk of change in value, are not included as part of cash and cash equivalents.

2.10 Borrowing Costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the statement of profit and loss when they are incurred.

2.11 Foreign currencies

a. The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group has been determined based on the primary economic environment in which the Group operate considering the currency in which funds are generated, spent and retained.

b. Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end, Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.12 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.13 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

2.14 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current Tax

The tax currently payable is based on the estimated taxable profit for the year for each entity of the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and each entity the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

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2.15 Special Reserve

The parent 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.

2.16 Impairment Reserve

As per the RBI Circular RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March, 2020, in the event of the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms , then the difference shall be appropriated from the Net Profit or Loss after tax to a separate "Impairment Reserve".

2.17 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when: an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised but disclosed in the financial statements

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.18 Commitments

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

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.19 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.20 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

2.21 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

2.22 Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) 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.

Future results could differ due to these estimates and the differences between the actual results and the estimates are

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recognised in the periods in which the results are known / materialise.

Expected Credit Loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Group in determining the increase in credit risk have been detailed in Note 37.

EIR

The Group's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

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

Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 41.

3. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

4 Cash and bank balance

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents		
a) Cash on hand	95	599
b) Balances with banks in current accounts	39,555	13,536
c) Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	96,838	80,200
	136,488	**94,335**
Other bank balances		
a) In other deposit accounts		
- Original maturity of more than three months (refer note (ii) & (iii) below)	177,658	11,051
b) Earmarked balances with banks		
- Unclaimed dividend account	6	7
	177,664	**11,058**
Total	**314,152**	**105,393**

i) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

ii) Fixed deposit and other balances with banks earns interest at fixed rate.

iii) Other bank balances includes ₹ 16,950 Lakh are under lien (March 31, 2019: ₹ 8,010 Lakh) .

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5 Receivables

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables		
Unsecured, considered good	408	386
Total	**408**	**386**

i) Trade receivables includes amounts due from the related parties amounting to Nil (As at March 31, 2019 : ₹ 328 Lakh) [Refer Note 43].

ii) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

iv) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

6 Housing and other loans

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
i) Housing and other property loan	896,670	798,273
ii) Loans to developers	4,205	9,488
iii) Loan against fixed deposits	21	18
iv) Interest accrued on above loans	2,716	2,611
Total gross	**903,612**	**810,390**
Less: Impairment loss allowance	12,709	7,831
Total net	**890,903**	**802,559**

i) All Housing and other loans are originated in India.

ii) 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.

iii) 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 ₹ 2,37,116 Lakh (March 31, 2019: ₹ 1,89,197 Lakh). The carrying value of these assets have been de-recognised in the books of the Company.

iv) There is no Outstanding loan to Public institution.

v) Housing loan and other property loan includes ₹ 4,981 Lakh (March 31, 2019: ₹ 2,604 Lakh) given to employees of the Company under the staff loan.

vi) In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and the Board approved policy in this regard, the Company has offered moratorium to its customers. For all such accounts where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company policy).

The Company has, based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the board while arriving at the provision for impairment of financial assets which the management believes is adequate. The Company has performed an estimation of portfolio stress through analysing its portfolio in respect of various risk classification, using the available historical and current data and based on current indicators of future economic conditions. The said stress test has resulted in an additional impairment provision of ₹ 4,951 Lakh.

On May 22, 2020, the RBI has announced extension of the moratorium period by further three months. The extent to which Covid-19 pandemic will impact the Company's provision on financial assets will depend on future developments, which are highly uncertain. The impact of Covid-19 pandemic may be different from that estimated as at the date of approval of these Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

7 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Nos of Units / Shares		(₹ in Lakh)	
At amortised cost				
Investments in bonds				
6.57% GOI Bonds 2033 Face Value of ₹ 100/- each	500,000	500,000	491	494
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of ₹ 10,00,000/- each	200	200	1,898	1,902
			2,389	**2,396**
At fair value through profit and loss				
Investments in mutual funds				
HSBC Cash Fund	-	134,392	-	2,502
Invesco India Liquid Fund	166	97,262	5	2,556
BOI AXA Liquid Fund	-	116,180	-	2,503
SBI Magnum Insta Cash Plus Fund - Direct Growth	-	85,473	-	2,503
Axis Liquid Fund - Direct Growth	-	120,713	-	2,503
			5	**12,567**
Investments in quoted equity instruments				
Reliance Power Limited Equity Shares of Face value of ₹ 10 each	222	222	0	-
IDFC First Bank Limited Equity Shares of Face value of ₹ 10 each	2,390	2,390	1	2
Mangalore Refinery and Petrochemical Limited Equity Shares of Face value of ₹ 10 each	3,000	3,000	1	1
			2	**3**
Total			**2,396**	**14,966**

Notes :

i) Amount "0" represent value less than ₹ 50,000/-.

ii) All investments are made within India.

iii) Investment in bonds aggregating to ₹ 1,898 Lakh (March 31, 2019: ₹ 1,902 Lakh) carry a floating charge in favour of fixed deposit holders read with note no 16.

8 Other financial assets

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, Considered Good		
Receivable from related parties		
Security deposits	-	16
Receivable on Assigned Loans (net of servicing fee)	-	926
Others		
Receivable from assignment of portfolio	18,567	13,634
Receivable on Assigned Loans (net of servicing fee)	4	-
Receivable from mutual fund	-	2,502
Security deposits	443	694
Advances to employees	8	10
Total	**19,022**	**17,782**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

9 Current tax assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax paid in advance (net of provisions)	2,787	1,361
Total	**2,787**	**1,361**

10. Property, plant and equipment

(₹ in Lakh)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipment's	Vehicles	Computer	Total
Balance as at April 1, 2018	**27**	**13**	**1,011**	**377**	**39**	**701**	**2,168**
Additions during the year	-	-	441	333	-	263	1,037
Deduction / adjustments	-	-	(11)	(2)	(6)	(1)	(20)
Balance as at March 31, 2019	**27**	**13**	**1,441**	**708**	**33**	**963**	**3,185**
Balance as at April 1, 2019	**27**	**13**	**1,441**	**708**	**33**	**963**	**3,185**
Additions during the year	-	-	49	57	-	123	229
Deduction / adjustments	-	-	(331)	(10)	(5)	(13)	(359)
Balance as at March 31, 2020	**27**	**13**	**1,159**	**755**	**28**	**1,073**	**3,055**
Accumulated depreciation							
Balance as at April 1, 2018	**-**	**1**	**105**	**55**	**4**	**174**	**339**
Depreciation for the year	-	1	128	96	6	258	489
Deduction / adjustments	-	-	-	-	(5)	-	(5)
Balance as at March 31, 2019	**-**	**2**	**233**	**151**	**5**	**432**	**823**
Balance as at April 1, 2019	**-**	**2**	**233**	**151**	**5**	**432**	**823**
Depreciation for the year	-	-	193	113	4	256	566
Deduction / adjustments	-	-	(67)	(5)	(5)	(8)	(85)
Balance as at March 31, 2020	**-**	**2**	**359**	**259**	**4**	**680**	**1,304**
Net book value							
As at March 31, 2020	**27**	**11**	**800**	**496**	**24**	**393**	**1,751**
As at March 31, 2019	**27**	**11**	**1,208**	**557**	**28**	**531**	**2,362**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

11. Other intangible asset

(₹ in Lakh)

Particulars	Software
Balance as at April 1, 2018	**107**
Additions during the year	1
Deduction / adjustments	-
Balance as at March 31, 2019	**108**
Balance as at April 1, 2019	**108**
Additions during the year	101
Deduction / adjustments	(1)
Balance as at March 31, 2020	**208**
Accumulated depreciation	
Balance as at April 1, 2018	**24**
Depreciation for the year	40
Deduction / adjustments	-
Balance as at March 31, 2019	**64**
Balance as at April 1, 2019	**64**
Depreciation for the year	50
Deduction / adjustments	(1)
Balance as at March 31, 2020	**113**
Net book value	
As at March 31, 2020	**95**
As at March 31, 2019	**44**

12 Other non-financial assets

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Asset held for sale	628	875
Less : Provision for diminution in the value of asset held for sale	(213)	(285)
	415	590
Prepaid expenses	237	239
Capital advance	19	7
Advance for expenses (refer note below)	1,638	296
Balance with government authorities	222	247
Total	**2,531**	**1,379**

Note: Advance for expenses includes Nil (March 31, 2019: ₹ 62 Lakh) due to related parties [Refer Note 43].

13 Trade payables

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,881	1,576
Total	**2,881**	**1,576**

a) There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2020 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables includes 75 Lakh (March 31, 2019: ₹ 274 Lakh) due to related parties [Refer Note 43].

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

14 Debt securities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
At amortised cost		
Secured		
Redeemable non convertible debentures	170,814	158,610
Unsecured		
Commercial paper	-	9,614
Total	**170,814**	**168,224**

i) All debt securities are issued in India

ii) Terms of repayment and rate of interest in case of Debt Securities.

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	(8.83% to 9.80%)	109,720	45,377	16,983	**172,080**

As At March 31, 2019

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	(8.40% to 10.25%)	116,919	23,877	19,484	**160,280**
Unsecured					
Commercial paper	(9.40%)	10,000	-	-	**10,000**

Maturity profile disclosed above excludes discount and EIR adjustments amounting to ₹ 1,266 Lakh (March 31, 2019: ₹ 2,056 Lakh).

List of Redeemable debentures

S. No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2020	As at March 31, 2019
1	INE538L07452	8.40%	6-May-2019	-	1,100
2	INE538L07452	8.40%	6-May-2019	-	1,400
3	INE538L07452	8.40%	6-May-2019	-	2,500
4	INE538L07452	8.40%	6-May-2019	-	2,500
5	INE538L07452	8.40%	6-May-2019	-	1,000
6	INE538L07452	8.40%	6-May-2019	-	1,500
7	INE538L07429	8.85%	24-Jul-2019	-	5,000
8	INE538L07023	10.25%	9-Jan-2020	-	1,000
9	INE538L07023	10.25%	9-Jan-2020	-	500
10	INE538L07023	10.25%	9-Jan-2020	-	200
11	INE538L07023	10.25%	9-Jan-2020	-	1,000
12	INE538L07023	10.25%	9-Jan-2020	-	500
13	INE538L07403	8.88%	12-Jun-2020	2,000	2,000
14	INE538L07445	8.83%	23-Jun-2020	15,000	15,000
15	INE538L07411	9.05%	3-Jul-2020	5,000	5,000
16	INE538L07130	9.70%	9-Nov-2020	1,000	1,000
17	INE538L07148	9.65%	11-Dec-2020	1,000	1,000
18	INE538L07239	9.55%	3-Mar-2021	1,000	1,000
19	INE538L07247	9.40%	21-Mar-2021	700	700
20	INE538L07247	9.40%	21-Mar-2021	500	500

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

S. No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2020	As at March 31, 2019
21	INE538L07460	8.90%	26-Mar-2021	1,000	1,000
22	INE538L07460	8.90%	26-Mar-2021	500	500
23	INE538L07262	9.50%	29-Mar-2021	1,000	1,000
24	INE538L07338	9.40%	27-May-2021	450	450
25	INE883F07033	9.60%	5-Jul-2021	200	200
26	INE883F07082	9.35%	17-Aug-2021	200	200
27	INE883F07090	9.35%	25-Aug-2021	100	100
28	INE538L07486	9.60%	29-Sep-2021	2,943	2,943
29	INE538L07494	9.60%	29-Sep-2021	57,627	57,627
30	INE538L07353	9.20%	18-Oct-2021	5,000	5,000
31	INE883F07108	9.37%	20-Oct-2021	200	200
32	INE883F07116	9.36%	25-Oct-2021	100	100
33	INE883F07132	9.36%	27-Oct-2021	200	200
34	INE538L07361	9.00%	11-Nov-2021	1,000	1,000
35	INE538L07064	9.80%	27-Mar-2022	2,000	2,000
36	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
37	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
38	INE538L07080	9.80%	7-Aug-2022	800	800
39	INE538L07080	9.80%	7-Aug-2022	100	100
40	INE538L07080	9.80%	7-Aug-2022	100	100
41	INE538L07098	9.80%	3-Sep-2022	1,000	1,000
42	INE538L07106	9.80%	10-Sep-2022	1,000	1,000
43	INE538L07122	9.70%	4-Nov-2022	2,000	2,000
44	INE538L07155	9.60%	28-Dec-2022	2,000	2,000
45	INE538L07171	9.60%	7-Jan-2023	2,000	2,000
46	INE538L07296	9.30%	28-Apr-2023	1,000	1,000
47	INE538L07296	9.30%	28-Apr-2023	130	130
48	INE883F07017	9.40%	5-May-2023	3,000	3,000
49	INE538L07304	9.50%	13-May-2023	500	500
50	INE883F07165	9.15%	20-Jun-2023	30,000	-
51	INE538L07502	9.25%	29-Sep-2023	3,051	3,051
52	INE538L07510	9.65%	29-Sep-2023	1,896	1,896
53	INE883F07124	9.36%	27-Oct-2023	400	400
54	INE883F07140	9.40%	21-Nov-2023	1,800	1,800
55	INE883F07140	9.40%	21-Nov-2023	200	200
56	INE883F07157	9.40%	22-Nov-2023	900	900
57	INE538L07056	9.80%	23-Mar-2025	2,500	2,500
58	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
59	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
60	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
61	INE538L07189	9.60%	19-Jan-2026	1,000	1,000
62	INE538L07197	9.60%	19-Jan-2026	100	100
63	INE538L07197	9.60%	19-Jan-2026	170	170
64	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
65	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
66	INE538L07213	9.55%	29-Jan-2026	500	500
67	INE538L07213	9.55%	29-Jan-2026	100	100
68	INE538L07213	9.55%	29-Jan-2026	500	500
69	INE538L07213	9.55%	29-Jan-2026	100	100
70	INE538L07221	9.55%	1-Mar-2026	1,000	1,000

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

S. No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2020	As at March 31, 2019
71	INE538L07254	9.55%	22-Mar-2026	2,000	2,000
72	INE538L07270	9.55%	31-Mar-2026	1,000	1,000
73	INE538L07270	9.55%	31-Mar-2026	250	250
74	INE883F07025	9.40%	5-May-2026	2,000	2,000
75	INE883F07041	9.35%	8-Jul-2026	200	200
76	INE883F07058	9.40%	13-Jul-2026	120	120
77	INE883F07066	9.28%	18-Jul-2026	200	200
78	INE883F07074	9.15%	5-Aug-2026	120	120
79	INE538L07379	9.00%	16-Nov-2026	500	500
80	INE538L07528	9.35%	29-Sep-2028	955	955
81	INE538L07536	9.75%	29-Sep-2028	1,168	1,168

iii) The Company has raised ₹ 30,000 Lakh (March 31, 2019 : ₹ 67,640 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year ended March 31, 2020. 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.

iv) There has been no deviation in the utilisation of issue proceeds of publically issued secured redeemable NCD, from the Objects as stated in the Self prospectus document dated September 03, 2018.

15 Borrowings (other than debt securities)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Secured		
At amortised cost		
Term Loans		
from banks	697,105	540,337
from National Housing Bank	81,304	88,610
Cash credit facilities		
from banks	4	-
Total	**778,413**	628,947

i) All borrowings are issued in India

ii) Terms of repayment and rate of interest in case of Borrowings.

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	383,264	147,948	168,146	699,358
Term Loan from National Housing Bank	4.86% to 9.30%	41,280	22,326	17,698	81,304

As At March 31, 2019

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	311,912	117,100	112,800	541,812
Term Loan from National Housing Bank	4.86% to 9.75%	29,484	20,261	38,865	88,610

**(Linked with MCLR/Base Rate of respective banks)*

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 2,253 Lakh (March 31, 2019 : ₹ 1,475 Lakh).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

iii) The secured term loans from banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between April 2020 and October 2031. These loans 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.

iv) Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between April 2020 and July 2032. These loans from National Housing Bank 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 .

v) 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.

16 Deposits

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Deposit		
At amortised cost		
Public deposits	6,803	11,492
From others	-	2,500
Total	**6,803**	**13,992**

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.

17 Subordinated liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Redeemable non convertible debentures	8,304	8,334
Total	**8,304**	**8,334**

i) All subordinated liabilities are issued in India

ii) Terms of repayment and rate of interest in case of Subordinated Liabilities.

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	1,800	600	6,000	8,400

As At March 31, 2019

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Redeemable non convertible debentures	9.75% to 10.00%	-	2,400	6,000	8,400

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 96 Lakh (March 31, 2019: ₹ 66 Lakh).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

iii) Unsecured Redeemable Non-Convertible Debentures 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.

18 Other financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Book overdraft	10,303	17,663
Lease liabilities (refer note 34)	2,292	-
Accrued employee benefits	2,858	2,763
Interest accrued but not due - Deposits	140	116
Interest accrued but not due - Others	8,631	9,170
Amount payable under assignment of receivables	5,621	4,345
Unpaid dividend (refer note below)	6	7
Unpaid matured deposits and interest accrued thereon	330	145
Total	**30,181**	**34,209**

The Company has transferred a sum of ₹ 0.12 Lakh during the year ended March 31, 2020 (March 31, 2019 : ₹ 0.15 Lakh) being Unclaimed Dividend to Investor Education and Protection Fund under section 124 of the Companies Act, 2013.

19 Provisions

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for compensated absences	671	613
Provision for gratuity (refer note 40)	297	102
Total	**968**	**715**

20 Deferred tax liabilities (Net)

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities	6,073	7,365
Deferred Tax Assets	4,208	4,227
Total deferred tax liabilities (net)	**1,865**	**3,138**
Deferred Tax Assets	17	9
Deferred Tax Assets (net)	**17**	**9**
Total	**1,848**	**3,129**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Deferred tax assets and liabilities in relation to:

Particulars	As at April 1, 2018	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2019	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2020
Deferred tax liabilities							
On difference between book balance and tax balance of assets	75	(26)	-	49	(49)	-	-
Fair value on Amalgamation	3,249	(546)	-	2,703	(1,143)	-	1,560
Receivable on Excess interest spread	1,981	2,632	-	4,613	(100)	-	4,513
	5,305	**2,060**	**-**	**7,365**	**(1,292)**	**-**	**6,073**
Deferred tax assets							
On difference between book balance and tax balance of assets	-	-	-	-	85		85
On account of impairment on financial instruments	1,807	369		2,176	801		2,977
On account of provision for employee benefits	107	74	19	200	(3)	27	224
Others	1,541	319	-	1,860	(921)	-	939
	3,455	**762**	**19**	**4,236**	**(38)**	**27**	**4,225**
Net	**1,854**	**1,298**	**(19)**	**3,129**	**(1,254)**	**(27)**	**1,848**

21 Other non-financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Advance from Customers	476	396
Statutory remittance	261	318
Others	944	400
Total	**1,681**	**1,114**

22 Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Number of shares		(₹ in Lakh)	
Authorised share capital				
Equity shares of ₹ 10 each	220,000,000	220,000,000	22,000	22,000
Issued share capital				
Equity shares of ₹ 10 each	39,464,898	25,148,472	3,946	2,515
Subscribed and paid up capital				
Equity shares of ₹ 10 each	39,464,898	25,148,472	3,946	2,515
Total			**3,946**	**2,515**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Equity shares at the beginning of the year	25,148,472	25,148,472
Preferential Allotment during the year	8,810,088	-
Right Issue Allotment during the year	5,506,338	-
Equity shares at the end of the year	**39,464,898**	**25,148,472**

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

b) Terms / Rights attached to equity shares
The Company has only one class of equity shares having a par value of ₹ 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 ensuing Annual General Meeting.

c) The Company has not proposed any dividend for the year ended March 31, 2020.

d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at March 31, 2020		As at March 31, 2019	
	% of Holding	Number of shares	% of Holding	Number of shares
BCP Topco VII Pte. Ltd (Holding Company)	98.74%	38,968,342	0.00%	-
Wadhawan Global Capital Ltd	-	-	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

23 Other equity

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital reserve on amalgamation	6	6
Securities premium	169,335	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 (i) below)	19,264	15,413
Debenture redemption reserve (refer note (ii) below)	16,910	5,637
General reserve	7,267	5,267
Employee Stock Option Outstanding	114	83
Retained earnings	17,891	16,158
Total	**230,787**	**83,477**

Notes :

i) 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.

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	708	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	14,705	11,460
c) Total	**15,413**	**12,168**
Additions 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	3,851	3,245
c) Total	**3,851**	**3,245**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
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	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	18,556	14,705
c) Total	**19,264**	**15,413**

ii) 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. However, the Company needs to create DRR in case of public issue of Debentures and accordingly, the Company has created DRR as at year end March 31, 2020 to the tune of ₹ 16,910 Lakh against ₹ 16,910 Lakh towards its public issue of Secured Redeemable Non-Convertible Debentures.

24 Revenue from operations

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Interest income		
On financial assets measured at amortised cost		
Interest on Loans	113,659	106,810
Interest on fixed deposits	7,568	1,238
Interest on bonds	222	736
Other interest	3	711
	121,452	**109,495**
b) Net gain on fair value changes		
Measured at FVTPL		
Equity investment measured at FVTPL		
Realised	-	-
Unrealised	(2)	(1)
	(2)	**(1)**
Investment in mutual fund measured at FVTPL		
Realised	2,363	2,472
Unrealised	-	14
	2,363	**2,486**
	2,361	**2,485**
c) Net gain on derecognition of financial instruments under amortised cost category		
On assignment of portfolio	8,401	9,185
d) Fees and commission Income		
Loan processing fee and other charges (net of business sourcing expenses)	4,853	3,658
Intermediary services	1,700	1,738
	6,553	**5,396**
Total	**138,767**	**126,561**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

25 Other income

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Miscellaneous income	79	2
Total	**79**	**2**

26 Finance costs

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	60,448	51,987
Interest on fixed deposits	864	915
Interest on non convertible debentures	14,016	12,081
Interest on subordinated liabilities	832	829
Interest on others	443	4,703
Interest on lease liabilities (refer note 34)	201	-
Finance charges	2,545	2,536
Total	**79,349**	**73,051**

27 Impairment on financial instruments

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial instruments measured at Amortised Cost		
Impairment allowance on Loans (Refer note 27.1 & 27.2 below)	10,065	2,452
Bad-debts written off	972	463
Others		
Asset held for sale	(72)	285
Total	**10,965**	**3,200**

27.1 The Company has provided an additional impairment provision of ₹ 4,951 Lakh for the year ended March 31, 2020 towards Covid-19 (March 31, 2019 : Nil) (Refer note 6(vi)).

27.2 Impairment allowance on Loans (including write off) includes ₹ 3,999 Lakh for the year ended March 31, 2020 (March 31, 2019 : ₹ 428 Lakh) towards Loans to Developers. The Net carrying value of Loans to developers after impairment provision is ₹ 1,964 Lakh as at March 31, 2020 (₹ 6,781 Lakh as at March 31, 2019). The Company has not made any fresh loan sanctions under Loans to developers during the year ended March 31, 2019 and March 31, 2020.

28 Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and other allowances	15,100	16,085
Contribution to provident fund and other funds (refer note 40)	1,248	1,286
Share Based Payments to employees (refer note 41)	31	83
Staff welfare expenses	377	330
Total	**16,756**	**17,784**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

29 Operating expenses

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent (refer note 34)	551	1,142
Rates and taxes	1	2
Travelling expenses	1,156	1,255
Printing and stationery	239	410
Advertisement and business promotion	381	401
Insurance	451	373
Legal and professional charges	578	670
Auditors remuneration (refer note below 29.2)	68	63
Postage, telephone and other communication expenses	509	532
General repairs and maintenance	1,050	445
Loss on sale of asset held for sale	26	42
Electricity charges	267	255
Directors sitting fees and commission (refer note below 29.3)	56	82
Corporate social responsibility expenses (refer note below 29.1)	659	79
Goods and service tax	826	775
Loss on sale of fixed assets	272	6
Other expenses	437	514
Total	**7,527**	**7,046**

29.1 Details of Corporate Social Responsibility

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Amount required to be spend during the year	318	188
b) Amount spend during the year	310	79
c) Amount provided during the year	349	-

Amount mentioned above were paid in cash during the respective financial year and were incurred for the purpose other than construction / purchase of assets.

29.2 Details of auditors remuneration:

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee (including regulatory certificates)	54	54
Tax audit fee	8	8
Others	1	1
GST	6	-
	69	**63**
Services towards NCD IPO (including fees paid to previous auditors)	-	104
Total	**138**	**230**

29.3 a). Directors sitting fee and commission is net off reversal of ₹ 47 Lakh from provision made in FY 2018-19.

b). Directors sitting fees and commission includes ₹ 75 Lakh (excluding GST disallowance) of commission which will be paid subject to approval in the ensuing Annual General Meeting.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

30 Tax expenses

a) **Income tax expenses**

The major components of income tax expenses

i) **Profit and Loss section**

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expenses	5,407	6,032
Deferred tax	(1,254)	1,298
Total	**4,153**	**7,330**

ii) **Other comprehensive income section**

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expenses	-	-
Deferred tax	(27)	(19)
Total	**(27)**	**(19)**

b) **Reconciliation of tax expenses**

(₹ in Lakh)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A)	Profit before income taxes	22,983	23,514
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	34.944%
(C)	Expected tax expenses	5,784	8,217
(D)	Other than temporary difference		
	Special reserve	969	986
	Effect of change in rate	878	-
	Expenses disallowed / (allowed)	(189)	(80)
(E)	Tax expense recognised in profit and loss	4,153	7,330
(F)	Tax expense recognised in other comprehensive income	(27)	(19)

Note : The recently promulgated Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act. 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Consequently, the opening deferred tax Liability (net) has been measured at the lower rate with a one-time corresponding credit of ₹ 878 lakh to the Statement of Profit and Loss for the year ended March 31, 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

31. Earnings per share

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after tax attributable to equity shareholders (₹ In Lakh)	18,938	16,237
Weighted average number of equity shares outstanding during the year (Nos)	3,23,39,767	2,51,48,472
Add: Effect of potential issue of shares / stock rights outstanding during the year *	1,53,197	1,78,724
Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos)	3,24,92,964	2,53,27,196
Face value per equity share (₹)	10	10
Basic earnings per equity share (₹)	58.56	64.56
Diluted earnings per equity share (₹)	58.28	64.11

** not considered when anti-dilutive*

32. Contingent liabilities

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax matters of earlier years	113	136

The aforementioned contingent liabilities towards income tax have been paid under protest.

33. Commitments

i. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2020 ₹ 1,063 Lakh (March 31, 2019: ₹ 114 Lakh)

ii. Undisbursed amount of loans sanctioned and partly disbursed as at March 31, 2020 ₹ 35,673 Lakh (March 31, 2019: ₹ 40,431 Lakh)

34. Operating lease

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

(₹ in Lakh)

Particulars	Building
Balance as of April 1, 2019	**1,913**
Addition during the year*	1,439
Deletion during the year	(229)
Depreciation charge for the year	(542)
Balance as of March 31, 2020	**2,581**

** Includes ₹ 420 Lakh of Right to use asset which are under development.*

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	₹ in Lakh
Balance as of April 1, 2019	**1,913**
Addition during the year	1,019
Finance cost accrued during the year	201
Deletion during the year	(243)
Payment made during the year	(598)
Balance as of March 31, 2020	**2,292**

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020 on an undiscounted basis:

Particulars	₹ in Lakh
Less than one year	703
One to five years	2,137
More than five year	401
Total	**3,241**

Rental expense recorded for short-term leases was ₹ 551 Lakh for the year ended March 31,2020.

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

35. Financial instruments

(i) Fair value hierarchy

The Group uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

The Group recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation process

The management of the Group performs the valuations of financial assets and liabilities required for financial reporting purposes.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Valuation processes and Technique

Type of Instrument	Reference Price
Investment in Mutual Funds	NAV as on the reporting date.
Investment in Equity Shares	Quoted price on exchange as on the reporting date.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

As at March 31, 2020

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	2	-	-	2	-	-
- Mutual funds	**Level 1**	5	-	-	5	-	-
- Government securities	**Level 2**	-	-	497	-	-	491
Financial liabilities							
Debt securities	**Level 1**	-	-	64,354	-	-	66,844
Debt securities	**Level 3**	-	-	1,04,958	-	-	1,03,970

As at March 31, 2019

(₹ in Lakh)

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	3	-	-	3	-	-
- Mutual funds	**Level 1**	12,567	-	-	12,567	-	-
- Government securities	**Level 2**	-	-	470	-	-	494
Financial liabilities							
Debt securities	**Level 1**	-	-	64,861	-	-	66,435
Debt securities	**Level 3**	-	-	93,709	-	-	92,175

The Group considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, borrowings (other than debt securities) , trade receivables, payables and other financial assets and liabilities whose fair value is not disclosed approximate their fair values.

36. Maturity Analysis of Assets and Liabilities

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

(₹ in Lakh)

Particulars	March 31, 2020			March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	1,36,488	-	1,36,488	94,335	-	94,335
Other bank balances	1,67,116	10,548	1,77,664	10,955	103	11,058
Receivables	408	-	408	386	-	386
Housing and other loans	65,067	8,25,836	8,90,903	1,33,098	6,69,461	8,02,559
Investments	5	2,391	2,396	12,570	2,396	14,966
Other financial assets	7,448	11,574	19,022	8,536	9,246	17,782

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

(₹ in Lakh)

Particulars	March 31, 2020			March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (Net)	2,787	-	2,787	1,361	-	1,361
Property, plant and equipment	-	1,751	1,751	-	2,362	2,362
Right to use assets	-	2,581	2,581	-	-	-
Other intangible assets	-	95	95	-	44	44
Deferred tax assets (Net)	-	17	17	-	9	9
Other non-financial assets	2,512	19	2,531	1,372	7	1,379
Total Assets	**3,81,831**	**8,54,812**	**12,36,643**	**2,62,613**	**6,83,628**	**9,46,241**
LIABILITIES						
Financial Liabilities						
Trade Payables	2,881	-	2,881	1,576	-	1,576
Debt Securities	27,434	1,43,380	1,70,814	26,144	1,42,080	1,68,224
Borrowings (Other than debt securities)	1,29,284	6,49,129	7,78,413	1,53,743	4,75,204	6,28,947
Deposits	2,579	4,224	6,803	6,972	7,020	13,992
Subordinated liabilities	(96)	8,400	8,304	(66)	8,400	8,334
Other financial liabilities	28,325	1,856	30,181	34,209	-	34,209
Non-Financial Liabilities						
Provisions	275	693	968	261	454	715
Deferred tax liabilities (Net)	-	1,865	1,865	-	3,138	3,138
Other non-financial liabilities	1,681	-	1,681	1,114	-	1,114
Total liabilities	**1,92,363**	**8,09,547**	**10,01,910**	**2,23,953**	**6,36,296**	**8,60,249**
Net	**1,89,468**	**45,265**	**2,34,733**	**38,660**	**47,332**	**85,992**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.

37. Financial risk management

a. Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Group maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Group formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Maturity Analysis of Financial assets and Financial Liabilities
As at March 31, 2020

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	1,36,488	1,36,488	-	-	-
Other bank balances	1,77,664	1,67,116	10,116	213	219
Housing and other loans	8,90,903	65,067	1,91,716	1,61,522	4,72,598
Investments	2,396	5	-	-	2,391
Receivables & Other financial assets	19,430	7,856	7,393	2,785	1,396
Total	**12,26,881**	**3,76,532**	**2,09,225**	**1,64,520**	**4,76,604**
Financial Liabilities					
Trade payables	2,881	2,881	-	-	-
Debt securities	1,70,814	27,434	81,020	45,377	16,983
Borrowings (other than debt securities)	7,78,413	1,29,284	2,93,011	1,70,274	1,85,844
Deposits	6,803	2,579	3,890	268	66
Subordinated liabilities	8,304	(96)	1,800	600	6,000
Other financial liabilities	30,181	28,325	771	727	358
Total	**9,97,396**	**1,90,407**	**3,80,492**	**2,17,246**	**2,09,251**
Net	**2,29,485**	**1,86,125**	**(1,71,267)**	**(52,726)**	**2,67,353**

As at March 31, 2019

(₹ in Lakh)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	94,335	94,335	-	-	-
Other bank balances	11,058	10,955	103	-	-
Housing and other loans	8,02,559	1,33,098	1,90,025	1,54,906	3,24,530
Investments	14,966	12,570	-	-	2,396
Receivables & Other financial assets	18,168	8,922	5,445	2,501	1,300
Total	**9,41,086**	**2,59,880**	**1,95,573**	**1,57,407**	**3,28,226**
Financial Liabilities					
Trade payables	1,576	1,576	-	-	-
Debt securities	1,68,224	26,144	98,719	23,877	19,484
Borrowings (other than debt securities)	6,28,947	1,53,743	1,86,178	1,37,361	1,51,665
Deposits	13,992	6,972	6,423	479	118
Subordinated liabilities	8,334	(66)	-	2,400	6,000
Other financial liabilities	34,209	34,209	-	-	-
Total	**8,55,282**	**2,22,578**	**2,91,320**	**1,64,117**	**1,77,267**
Net	**85,804**	**37,302**	**(95,747)**	**(6,710)**	**1,50,959**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.

b. **Interest Risk**

The core business of the Group is providing housing and other mortgage loans. The Group borrows through various financial instruments to finance its core lending activity. These activities expose the Group to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored through above measures on a quarterly basis.

Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Group's statement of profit and loss (before taxes)

(₹ in Lakh)

Particulars	Basis Points	For the year ended March 31, 2020	For the year ended March 31, 2019
Increase by basis points	50	791	735
Decrease by basis points	-50	(791)	(735)

c. **Credit risk**

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Group. In its lending operations, the Group is principally exposed to credit risk.

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Group measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and Other property loans. The Group has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

Credit Risk Assessment Methodology

Group's customers for retail loans are primarily Lower and middle income, salaried and self-employed individuals. The loans are secured by the mortgage of the borrowers' property.

The Group's credit officers evaluate credit proposals on the basis of operating policies approved by the Board of Directors. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

Group monitor borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Stage 1	High quality assets	12-month ECL
Stage 2	Assets for which there is no significant increase in credit risk	Lifetime ECL
Stage 3	Assets for which there is significant increase in credit risk	Lifetime ECL – credit-impaired

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

The key elements in calculation of ECL are as follows:

PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

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

Additional provision due to Covid-19 - For the computation of probability of default, the company has considered various factors like Loan to value ratio, Type of customer – Salaried/Government/Self Employed, Installment to Income ratio, Performance in last 12 months, Moratorium availed customers etc. These factors put together are assigned weights and mapped to the loan balances to arrive at the default probability of the portfolio.

For computation of Loss given default, the management has worked out revised rate of Collection considering the stress in property valuation.

Taking effect of the above, Overlay percentages has been applied to determine the additional provision amount of ₹ 4,951 lakh.

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

a) Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	8,57,981	4,100	8,53,881
Stage 2 – Assets for which there is no significant increase in credit risk	Loan	36,399	3,551	32,848
Stage 3 - Assets for which there is significant increase in credit risk	Loan	9,912	2,549	7,363

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 37 Lakh.

2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and moratorium amounting to ₹ 4,951 Lakh

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**7,62,243**	**36,346**	**6,301**	**8,04,890**	**6,95,597**	**23,046**	**5,105**	**7,23,748**
New assets added during the year	3,19,014	-	-	3,19,014	3,57,079	-	-	3,57,079
Assets derecognised under direct assignment	(95,467)	-	-	(95,467)	(1,48,305)	-	-	(1,48,305)
Repayment of Loans (excluding write offs)	(1,16,456)	(5,481)	(995)	(1,22,932)	(1,21,844)	(3,993)	(846)	(1,26,683)
Transfers to / from Stage 1	10,044	(9,843)	(225)	(24)	3,328	(5,853)	(218)	(2,743)
Transfers to / from Stage 2	(19,336)	19,461	(138)	(13)	(22,124)	25,172	(398)	2,650
Transfers to / from Stage 3	(1,892)	(3,603)	5,883	388	(1,360)	(1,818)	3,416	238
Amounts written off	(169)	(481)	(914)	(1,564)	(128)	(208)	(758)	(1,094)
Gross carrying amount closing balance	**8,57,981**	**36,399**	**9,912**	**9,04,292**	**7,62,243**	**36,346**	**6,301**	**8,04,890**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,322**	**1,916**	**1,280**	**4,518**	**986**	**1,349**	**952**	**3,287**
New assets added during the year	447	-	-	447	423	-	-	423
Assets derecognised under direct assignment	(134)	-	-	(134)	(176)	-	-	(176)
Repayment of Loans (excluding write offs)	(163)	(266)	(223)	(652)	(145)	(211)	(174)	(530)
Transfers to / from Stage 1	14	(477)	(50)	(513)	4	(309)	(45)	(350)
Transfers to / from Stage 2	(27)	944	(31)	886	(26)	1,327	(82)	1,219
Transfers to / from Stage 3	(3)	(175)	1,320	1,142	(2)	(96)	671	573
Impact on year end ECL of exposures transferred between stages during the year	(198)	36	314	152	258	(144)	557	671
Additional Provision (refer note 2 below)	2,842	1,784	325	4,951	-	-	-	-
Amounts written off	0	(211)	(386)	(597)	-	-	(599)	(599)
Gross carrying amount closing balance	**4,100**	**3,551**	**2,549**	**10,200**	**1,322**	**1,916**	**1,280**	**4,518**

1) Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 37 Lakh (As at March 31, 2019: ₹ 46 Lakh)

2) Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and moratorium amounting to ₹ 4,951 Lakh (As at March 31, 2019: Nil)

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

(₹ in Lakh)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	254	26	228
Stage 2 – Assets for which there is no significant increase in credit risk	Loan	1,000	318	682
Stage 3 - Assets for which there is significant increase in credit risk	Loan	3,219	2,165	1,054

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,675**	**2,422**	**4,997**	**10,094**	**7,102**	**2,243**	**4,369**	**13,714**
New assets added during the year	-	-	-	-	-	-	-	-
Repayment of Loans (excluding write offs)	(575)	(392)	(94)	(1,061)	(1,854)	(372)	(1,236)	(3,462)
Transfers to / from Stage 1	242	(254)	-	(12)	1,671	(1,143)	(528)	-
Transfers to / from Stage 2	(790)	1,000	(210)	-	(2,278)	2,278	-	-
Transfers to / from Stage 3	(283)	(491)	1,033	259	(1,966)	(584)	2,571	21
Amounts written off	(1,015)	(1,285)	(2,507)	(4,807)	-	-	(179)	(179)
Gross carrying amount closing balance	**254**	**1,000**	**3,219**	**4,473**	**2,675**	**2,422**	**4,997**	**10,094**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**180**	**689**	**2444**	**3313**	**355**	**590**	**1,942**	**2,887**
New assets added during the year	-	-	-	-	-	-	-	-
Repayment of Loans (excluding write offs)	(58)	(125)	(63)	(246)	(125)	(106)	(618)	(849)
Transfers to / from Stage 1	24	(81)	-	(57)	113	(325)	(264)	(476)
Transfers to / from Stage 2	(80)	318	(141)	97	(154)	648	-	494
Transfers to / from Stage 3	(28)	(156)	695	511	(133)	(166)	1,275	976
Impact on year end ECL of exposures transferred between stages during the year	1,001	957	1,737	3,695	124	48	288	460
Amounts written off	(1,013)	(1,284)	(2,507)	(4,804)	-	-	(179)	(179)
Gross carrying amount closing balance	**26**	**318**	**2,165**	**2,509**	**180**	**689**	**2,444**	**3,313**

Above includes Expected Credit Loss provision on Loan commitment amount to Nil Lakh (As at March 31, 2019: ₹ Nil).

Impairment allowance for loan against fixed deposit is Nil and therefore related disclosures are not given in the financial statement.

c) The Group monitor Gross NPA's on AUM and Own Book at retail and overall basis.

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
GNPA on AUM	12,364	10,217
GNPA on AUM (%)	1.08%	1.02%
GNPA on Retail AUM	9,367	5,727
GNPA on Retail AUM (%)	0.82%	0.58%
GNPA on Own Book	11,693	10,003
GNPA on Own Book (%)	1.29%	1.23%
GNPA on Retail Own Book	8,696	5,513
GNPA on Retail Own Book (%)	0.96%	0.69%

** GNPA excludes restructured loans*

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

38. Capital Management

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total 'equity' (as shown in the balance sheet) and Capital adequacy ratio.

Particulars	Amount
Total Net Borrowings (₹ in Lakh)	6,50,242
Total Equity (₹ in Lakh)	2,34,733
Debt Equity Ratio	2.77

**Total net borrowing = Total borrowings – Cash and Cash Equivalents – Investment in Liquid Mutual fund – Receivable from Mutual Fund*

The Parent Company is required to maintain the CAR of 13% as required by NHB. Further Parent Company is required to maintain borrowing not exceeding 14 time of Net Owned Fund.

39. Segment reporting

The Group operates only in one Operating Segment i.e Housing Finance business - Financial Services and all other activities are incidental to the main business activity, hence have only one reportable Segment as per Indian Accounting Standard 108 "Operating Segments". The reportable business segments are in line with the segment wise information which is being presented to the CODM. The Group has identified Managing Director and CEO as CODM.

The Group has its operations within India and all revenue is generated within India.

40. Employee benefits

40.1 Defined Contribution Plan

The Group 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:

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident fund	290	273
Contribution to pension fund	354	328
Contribution to new pension scheme	36	9
Contribution to ESIC	66	137

40.2 Defined Obligation Benefit

The Group provides gratuity 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, 2020

The gratuity plan typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Liability at the beginning of the year	611	415
Current service cost	211	157
Interest cost	45	31
Plan Amendment Cost	0	-
Actuarial (gain) /losses	118	52
Benefits paid	(72)	(44)
Liability at the end of the year	913	611

ii. Changes in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Plan Assets at the beginning of the year	509	407
Expected return on plan assets	41	34
Actuarial Gain/(Loss)	10	(2)
Employer Contribution	56	70
Plan Assets at the end of the year	616	509

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

Particulars	As at March 31, 2020	As at March 31, 2019
Fair value of Plan Assets	616	509
Present Value of Obligation	913	611
Amount Recognised in Balance Sheet	(297)	(102)

Significant accounting policies and notes to the accounts
for the year ended March 31, 2020

iv. Expenses recognized in Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service Cost	211	157
Net interest on net defined benefit liability / (asset)	3	(3)
Plan Amendment cost / Direct Payment	-	-
Expenses recognized in the statement of profit and loss under employee benefits expenses	214	154

v. Expenses recognized in Statement of Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain) / loss arising during year	108	53
Expenses recognized in the other comprehensive income	108	53

vi. Expected benefit payments

(₹ in Lakh)

Particulars	As at March 31, 2020
March 31, 2021	62
March 31, 2022	52
March 31, 2023	66
March 31, 2024	113
March 31, 2025	147
After March 31, 2026	1168

vii. Actuarial Assumptions

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	6.7%	7.6%
Expected rate of return on plan asset (per annum)	7%	7.5%
Salary Escalation Rate	9.5%	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 Group's policy for plan assets management.

Effect of change in assumptions

(₹ in Lakh)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(45)
Discount Rate (decrease by 0.5%)	49
Salary Escalation Rate (increase by 0.5%)	44
Salary Escalation Rate (decrease by 0.5%)	(42)

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

viii. Amount recognised in current year and previous year

Gratuity :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined benefit obligation	913	580	415	104	79
Fair value of plan asset	616	509	407	105	97
(Surplus)/ Deficit in the plan	297	71	8	(1)	(18)
Actuarial (gain)/loss on plan obligation	118	52	98	7	(4)
Actuarial gain/(loss) on plan asset	10	(2)	(10)	-	(1)

Plan Assets as at March 31, 2020

Plan asset composition	Percentage
Schemes of Insurance –conventional products	2.61%
Schemes of Insurance –ULIP Product	97.39%

41. Employee stock appreciation rights and Employees Stock Option

a) **Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018" / "Plan")**

ESAR 2018 was approved by the shareholders of the Parent company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on March 26, 2018.

Movement in ESARs

Particulars	For the year ended March 31, 2020 (Nos)	For the year ended March 31, 2019 (Nos)
Opening	**2,63,308.76**	-
Granted during the year	-	2,77,295.20
Lapsed during the year	49,935.75	13,986.44
Exercised by employee*	14,380.53	-
Closing	**1,98,992.48**	**2,63,308.76**
Vested as at year end	**1,19,395.49**	**78,992.63**
Unvested as at year end	**79,596.99**	**1,84,316.13**

** Exercised by employee pending for decision by Nomination and remuneration committee on allotment.*

ESAR were granted at the Price of ₹ 291.70 which was the fair value on the grant date.

The key assumptions used to estimate the fair value of ESARs are:

Particulars	ESAR 2018
Dividend yield	2.40%
Expected Life	3 Years
Risk free interest rate	7.45%
Volatility	0.01%
Model Used	Black & Scholes

The expense arises from equity settled ESARs amounting to ₹ 30 Lakh (March 31, 2019 : ₹ 83 Lakh) for the year ended 31 March 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

b) **Employee stock option plans (ESOPS)**

Employee Stock Option Plan 2020 ("ESOP Plan 2020")

ESOP Plan 2020 was approved by the shareholders of the Parent company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on May 05, 2020 with the grant date of March 31, 2020. Details of ESOP Plan 2020 granted during the year.

Particulars	ESOP Plan 2020
Scheme Name	Employee Stock Option Plan 2020
No. of options approved	12,00,000
Date of Grant	March 31, 2020
No of option granted	10,44,395
Exercise Price (₹)	908.05
Method of Settlement	Equity
Time Based Eligibility	20% each year in next Five year.
Vesting Schedule	Eligible options will vest in 60%, 20% and 20% in on Eligibility date, 1st year from eligibility date and 2nd year from eligibility date respectively
Condition	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.
Exercise period	2 Years from Vesting

Computation of fair value of options granted during year ended March 31, 2020

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020
Fair value of the option (₹)	₹ 96 to ₹ 333
Share price on the date of grant (₹)	908.05
Exercise Price(₹)	908.05
Expected Life	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%
Life of the Option (years)	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%
Expected dividend rate (%)	0.8%

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may actually occur. Further, the condition of specified sale of the shares held by the investor is estimated to be fulfilled on the relevant eligibility dates.

Movement in ESOPs

Particulars	For the year ended March 31, 2020 (Nos)
Opening	-
Granted during the year	10,44,395
Lapsed during the year	-
Closing	**10,44,395**
Vested as at year end	-
Unvested as at year end	**10,44,395**

The expense arises from equity settled ESOPs transaction amounting to ₹ 1 Lakh (March 31, 2019 : Nil) for the year ended 31 March 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

42. Foreign currency transactions

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Foreign business travel	2	0*
Total	**2**	**0**

** Amount less than ₹ 50,000.*

43. 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	BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)
		Wadhawan Global Capital Limited (Formerly Known as Wadhawan Global Capital Private Limited) (upto June 10, 2019)
2.	Associate Companies	Dewan Housing Finance Corporation Limited (upto June 10, 2019)
3.	Other Group Companies	DHFL Pramerica Life Insurance Company Limited (upto June 10, 2019)
		DHFL General Insurance Limited (upto June 10, 2019)
		DHFL Pramerica Asset Manager (upto June 10, 2019)
		Avanse Financial Services Limited (upto June 10, 2019)
4.	Key Management Personal	O P Bhatt - Chairman and Director (w.e.f. September 13, 2019)
		Deo Shankar Tripathi - Managing Director and CEO
		Kapil Wadhawan – Chairman and Director (upto June 10, 2019)
		Amit Dixit - Director (w.e.f.- August 2, 2019)
		Mukesh G Mehta - Director (w.e.f.- August 2, 2019)
		Neeraj Mohan - Director (w.e.f.- August 2, 2019)
		Shri. G P Kohli (upto June 10, 2019)
		Shri. Sridar Venkatesan (upto April 1, 2020)
		Dr. Nivedita Haran – Director (w.e.f. – September 15, 2018)
		Suresh Mahalingam (upto June 10, 2019)

Transactions with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income :			
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	71	645
DHFL General Insurance Limited	Intermediary Services	114	965
Dewan Housing Finance Corporation Limited	Other Income	0	1
Dewan Housing Finance Corporation Limited	Sale of Fixed Asset	-	8
Avanse Financial Services Limited	Other Income	6	-
Expenditure:			
Dewan Housing Finance Corporation Limited	IT support services	20	200
Dewan Housing Finance Corporation Limited	Rent	27	163
DHFL Pramerica Life Insurance Company Limited	Insurance Premium	-	48
Dewan Housing Finance Corporation Limited	Service fee on assignment	6	20
DHFL General Insurance Limited	Insurance Premium	15	335
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	271	430

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Name	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Dividend Payment :			
Wadhawan Global Capital Limited	Dividend Payment	-	1,232
Dewan Housing Finance Corporation Limited	Dividend Payment	-	161
Others :			
Dewan Housing Finance Corporation Limited	Purchase of Investment	-	39,527
Dewan Housing Finance Corporation Limited	Sale of Investment	-	16,740
Dewan Housing Finance Corporation Limited	Purchase of portfolio	-	37,894
BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)	Proceeds received on allotment of Equity Shares	1,30,000	-

Compensation of key management personnel of the Company

(₹ in Lakh)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short–term employee benefits	264	423
Post–employment pension (defined contribution)	7	7
Termination benefits	-	-
Sitting fee and commission	56	82
Total	**327**	**512**

Balances with Related Parties:

(₹ in Lakh)

Name	Particulars	As at March 31, 2020	As at March 31, 2019
Dewan Housing Finance Corporation Limited	Receivable	Not Applicable	926
Dewan Housing Finance Corporation Limited	Payable	Not Applicable	214
Dewan Housing Finance Corporation Limited	Security Deposit	Not Applicable	16
DHFL Pramerica Life Insurance Company Limited	Receivable	Not Applicable	113
DHFL Pramerica Life Insurance Company Limited	Advance	Not Applicable	22
DHFL General Insurance Limited	Receivable	Not Applicable	215
DHFL General Insurance Limited	Advance	Not Applicable	40
DHFL Pramerica Life Insurance Company Limited	Secured Non-convertible debentures (Liabilities) (Excluding Accrued Interest)	Not Applicable	2,000
Directors Commission	Payable	75	60

44. Exceptional item

During the year ended March 31, 2019, the Group has paid one-time retention bonus to its employees amounting to ₹ 1,386 lakh that is debited to the Statement of Profit & Loss. Considering the nature, frequency, and materiality of the item it is treated as an exceptional item in the Statement of Profit & Loss.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

45. A comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109

(₹ in Lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms (Including interest on Net NPA)	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	8,58,268	4,089	8,54,179	3,228	861
	Stage 2	37,399	3,869	33,530	2,231	1,638
Subtotal		**8,95,667**	**7,958**	**8,87,709**	**5,459**	**2,499**
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,851	1,626	5,225	1,857	(231)
Doubtful - up to 1 year	Stage 3	3,866	2,017	1,849	1,357	660
1 to 3 years	Stage 3	2,103	994	1,109	1,090	(96)
More than 3 years	Stage 3	279	77	202	279	(202)
Subtotal for doubtful		**6,248**	**3,088**	**3,160**	**2,726**	**362**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	35,673	37	35,636	-	37
Subtotal		**35,673**	**37**	**35,636**	**-**	**37**
	Stage 1	**8,93,941**	**4,126**	**8,89,815**	**3,228**	**898**
	Stage 2	**37,399**	**3,869**	**33,530**	**2,231**	**1,638**
Total	**Stage 3**	**13,099**	**4,714**	**8,385**	**4,583**	**131**
	Total	**9,44,439**	**12,709**	**9,31,730**	**10,042**	**2,667**

Notes :

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms hence the Company has not transferred any amount in Impairment Reserve during the current year.
2. Above includes ₹ 18,590 Lakh of Loans which were 61-90 Day past dues as at March 01, 2020 on which Moratorium was extended and asset classification has been extended.

46. 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 Group	Net assets i.e. Total Assets minus Total Liabilities			
	As % of consolidated net assets	Amount (₹ in Lakh) As at March 31, 2020	As % of consolidated net assets	Amount (₹ in Lakh) As at March 31, 2019
Parent				
Aadhar Housing Finance Limited	99.99%	2,34,718	99.99%	85,985
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.01%	19	0.01%	9

Significant accounting policies and notes to the accounts

for the year ended March 31, 2020

Name of the entity in the Group	Profit after tax			
	As % of consolidated net profit after tax	Amount (₹ in Lakh) As at March 31, 2020	As % of consolidated net profit after tax	Amount (₹ in Lakh) As at March 31, 2019
Parent				
Aadhar Housing Finance Limited	100.00%	18,939	99.92%	16,224
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0%	-	0.08%	14

Name of the entity in the Group	Other Comprehensive Income			
	As % of consolidated Other Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2020	As % of consolidated Other Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2019
Parent				
Aadhar Housing Finance Limited	111.11%	(90)	114.71%	(39)
Direct Subsidiary				
Aadhar Sales and Services Private Limited	(11.11%)	9	(14.71%)	5

Name of the entity in the Group	Total Comprehensive Income			
	As % of consolidated Total Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2020	As % of consolidated Total Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2019
Parent				
Aadhar Housing Finance Limited	99.95%	18,849	99.89%	16,185
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.05%	9	0.11%	19

47. Previous year 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.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Srikant Chaturvedi
Partner
ICAI MN: 070019

Place: Mumbai
Dated: May 29, 2020

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

G.K Subramaniam
Partner
ICAI MN: 109839

Place: Mumbai
Dated: May 29, 2020

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Amit Dixit
Director
DIN 01798942

Dr. Nivedita Haran
Director
DIN 06441500

Neeraj Mohan
Director
DIN 05117389

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Notes

Notes

Aadhar
Housing Finance Ltd

GHAR BANEGA, TOH DESH BANEGA.

www.aadharhousing.com

Registered Office

Aadhar Housing Finance Ltd.

CIN: 66010KA1990PLC011409

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S.R. Nagar, Bengaluru - 560 027, Karnataka

Toll Free: 1800 3004 2020

Corporate Office

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