Aadhar Housing Finance Ltd

GHAR BANEGA, TOH DESH BANEGA.

Delivering Dreams

With Care, Comfort and Competence

ANNUAL REPORT
2020-21

Delivering Dreams...

A home is still a dream for many.

Especially for those in the Lower Income Group (LIG) and Economically Weaker Sections (EWS) of our society.

Due to their lack of access to formal financial sector credit, getting funding becomes difficult, leaving this cherished dream unrealised.

At Aadhar Housing Finance Limited ("Aadhar Housing","the Company"), we are committed to serving home buyers from the low-income group. After all, everyone deserves the security and shelter of a home – shopkeepers, blue-collar workers, police and defence personnel, railway employees, and the self-employed. By empowering this segment with the security of a home, we endeavour to create a truly inclusive India.

With Care, Comfort and Competence...

At Aadhar Housing, our mission is to facilitate financial inclusion by enabling wider access to housing finance, ethically and responsibly. Our financing process is simple, transparent and speedy. Committed to the highest standards of ethical behaviour and professionalism, we are empowering India to gain enhanced financial capabilities.

We pride ourselves with empathy, trust and transparency-led customer service and see it as our key competitive advantage. Our customer-centric approach has helped us build an AUM of over ₹ 13,327 crore. Today, our branches across 20 states help us reach the majority of the country's population and provide credit solutions that make homeownership accessible to everyone.

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.

Contents

Aadhar
Housing Finance Ltd
GHAR BANEGA, TOH DESH BANEGA.
Visit: https://aadharhousing.com/investor-relations/aadhar-housing-annual-reports.php
to view our report online

Corporate Information

Board of Directors:

1. **Mr. Om Prakash Bhatt**
   Independent Director
   (Non-Executive Chairman of the Board)
   (DIN: 00548091)
2. **Dr. Nivedita Haran**
   Independent Director
   (DIN: 06441500)
3. **Mrs. Sharmila A Karve**
   Independent Director
   (DIN: 05018751)
4. **Mr. Amit Dixit**
   Non-Executive Director (Nominee)
   (DIN: 01798942)
5. **Mr. Mukesh Mehta**
   Non-Executive Director (Nominee)
   (DIN: 08319159)
6. **Mr. Neeraj Mohan**
   Non-Executive Director (Nominee)
   (DIN: 05117389)
7. **Mr. Deo Shankar Tripathi**
   Managing Director & CEO
   (DIN: 07153794)

Key Managerial Personnel

Mr. Deo Shankar Tripathi
Managing Director & CEO

Mr. Rajesh Viswanathan
Chief Financial Officer

Mr. Sreekanth V. N.
Company Secretary & Compliance Officer

Joint Statutory Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants

One International Center
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:

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

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

Ph. No.: +91 20 2528 0081
Email Id: dt@ctltrustee.com
Website: www.catalysttrustee.com

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

Ph. No.: +91 22 2655 8759
Email Id: customercare@beacontrustee.co.in
Website: www.beacontrustee.co.in

Holding Company

BCP Topco VII Pte. Ltd., Singapore

Subsidiary Company

Aadhar Sales and Services Pvt. Ltd

Company Secretary:

Mr. Sreekanth V. N.
Company Secretary & Compliance Officer

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

Ph. No.: +91 22 3950 9931
Email: complianceofficer@aadharhousing.com

Stock Exchange

BSE Ltd.
P.J. Towers, Dalal Street,
Mumbai - 400001, Maharashtra.

Ph. No.: +91 22 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 - 400013,
Maharashtra.

Ph. No.: +91 22 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 (East),
Mumbai - 400013, Maharashtra.
Ph. No.: +91 22 2305 8640
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, Telangana.

Ph. No.: +91 40 6716 1663
Email id: einward.ris@kfintech.com
Website: www.kfintech.com

3i Infotech Ltd.
Tower # 5, 3rd Floor, International Infotech Park
Vashi, Navi Mumbai - 400703
Ph. No.: +91 22 7123 8000
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,
Maharashtra.
Ph. No.: +91 22 3950 9900
Fax No.: +91 22 3950 9934
Email id: customercare@aadharhousing.com
Website: www.aadharhousing.com

Bankers

Axis Bank Limited
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
DBS Bank India Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
Indian Overseas Bank
Kotak Mahindra Bank Limited
National Housing Bank
Punjab National Bank
State Bank of India
The Federal Bank Limited
UCO Bank
Union Bank of India
Yes Bank Limited

A 'Foundation' of Care, Comfort and Competence

Aadhar Housing is one of the largest low-income housing finance (ticket size less than ₹ 15 lakhs) companies in India, in terms of AUM, servicing the home financing needs of the low-income sections of the society. Aadhar Housing to empower underserved millions to own their first homes.

The erstwhile Aadhar Housing Private Limited was incorporated in 2010 and later amalgamated with DHFL Vysya w.e.f. November 20, 2017 and subsequently, the name was changed to Aadhar Housing Finance Limited. Aadhar Housing is one of the few players with a pan-India presence.

Today, we provide home financing solutions to all segments of customers whose monthly income is less than ₹ 50,000. We offer a range of mortgage-related loan products, including loans for residential property purchase and construction; home improvement and extension loans; and loans for commercial property construction and acquisition.

BCP TOPCO VII PTE. LTD. (a Blackstone Group Company) is the holding company of Aadhar Housing.

Aadhar Housing has served more than 1,80,000 customers through 319 branches and offices across the nation.

OUR VISION

Aadhar Housing's Vision is to ensure a home for every Indian.
– Ghar Banega, Toh Desh Banega.

OUR MISSION

- To make Housing Finance easily accessible to the EWS (Economically Weaker Section) and LIG (Lower Income Group) of society. 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.

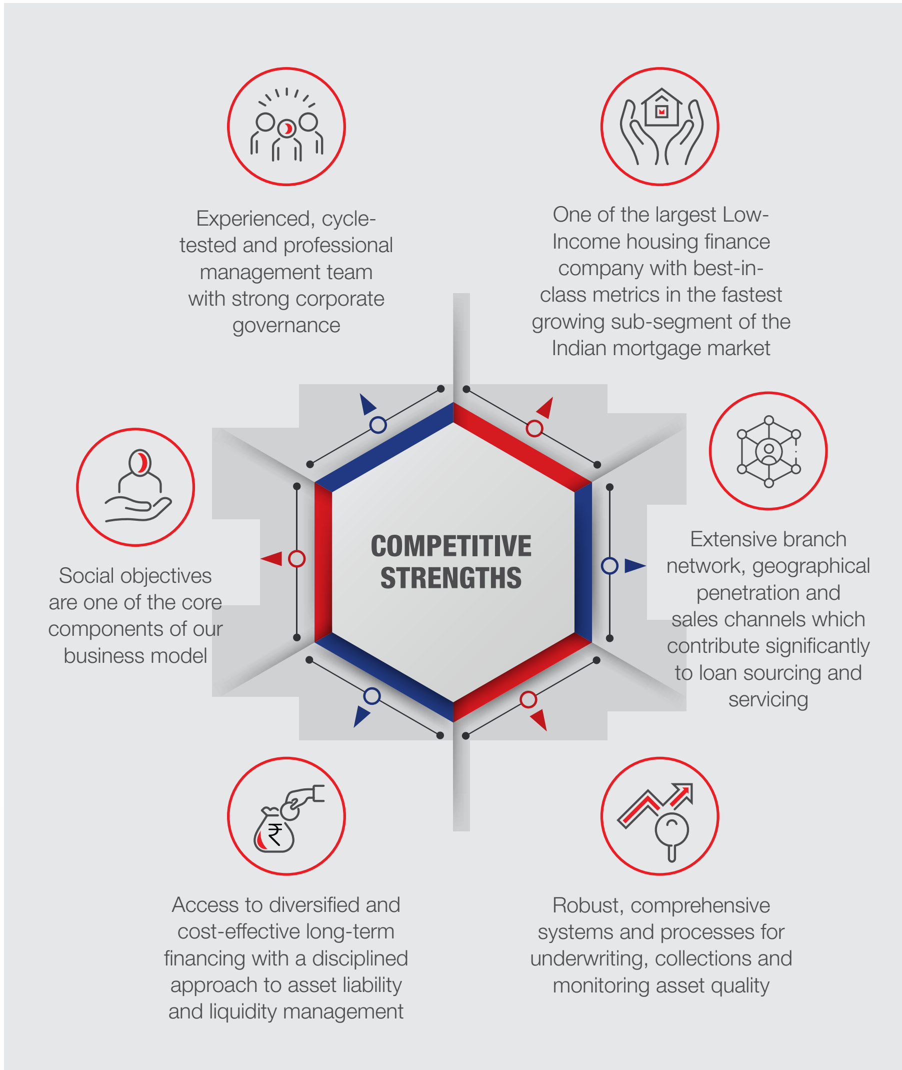
Integrity - To honour our commitment, act with responsibility, honesty and transparency across all our external and internal relationships.

A 'Foundation' of Care, Comfort and Competence

OUR CUSTOMER PROMISE

Our customer promise includes 7 commitments that define our obligations to our customers...

- Always treat our customers fairly and with respect & integrity when fulfilling our responsibilities
- Diligently work with customers to help achieve their home ownership goals and respond quickly with a solution
- Maintain transparency and keep customers well-informed at every step
- Listen to customers and incorporate their feedback
- Provide a trusted, supportive and confidential environment for our customers, so they are comfortable sharing with us their home ownership needs
- Provide great ongoing financial care and guidance
- Communicate clearly and honestly



Blueprints for the Future

Business Strategy

- Expand the Distribution Network to achieve Deeper Penetration in key states
- Continue to focus on our low-income housing segment targeting mainly EWS and LIG customers and grow our customer base
- Continue to invest in and roll out digital and technology enabled solutions across the business to improve customer experience and improve cost efficiency
- Optimise borrowing costs and operating expenses

Endorsement of Aadhar Value

Aadhar's implicit values and intrinsic strengths have been validated by a large and growing customer base. It also continues to earn and retain the trust and confidence of our other stakeholders, notwithstanding the unprecedented year gone by. CARE and Brickworks awarded a long-term AA rating to Aadhar, while ICRA and CRISIL gave short-term ratings of A1+ and A1, respectively.

Message from MD and CEO

Dear Stakeholder,

FY 2020-21 kicked off on an uncertain note, on account of the outbreak of COVID-19 pandemic and country-wide lockdowns to prevent its spread. However, as the year came to a close, the economy appeared to be coming back on track. However, as things stand, the second wave of the contagion has begun sweeping across the nation, indicating that the battle with the virus is far from over.

The economy demonstrated a steady recovery mode, as individuals and businesses adjusted to the new normal. Although expected, growth data from Q1 and Q2 FY 2020-21 was discouraging as the economy shrunk by 24.4% and 7.3%, respectively. The third quarter of FY 2020-21 marked a turnaround, with a growth of 0.4%, officially signalling that India was out of a recession after two consecutive quarters of degrowth. While uncertainties persist, some level of resilience has been built up and the long-term economic potential of the country is still visible. CRISIL Research expects GDP to grow at ~10% in fiscal 2022 and ~6.0% in fiscal 2023, on account of favourable demographics, urbanisation, increasing per capita GDP and financial penetration to rise with increase in awareness of financial products, amongst others. Further, the Union Budget 2021-22 projected that nominal GDP would grow of 14.5% in FY 2021-22 after contracting 8% in FY 2020-21 (CSO projection – April 2021).

It has been a very difficult year for the financial sector. Housing finance, which is usually the asset class with the lowest annual credit losses on account of the collateral and the secured nature of the funding, also felt the adverse impact. Collection Efficiencies in the housing finance segment slipped to ~70-75% in April/May because of the nationwide lockdown but rebounded to 85-90% in July and August after the Government relaxed restrictions gradually. In October and November 2020, collection efficiency rose further to 90-95%, as per CRISIL Research estimates. The Government and the RBI have been attentively monitoring the situation and have announced a series of stimulus packages to support financial institutions and the lower income groups in general.

We took a number of proactive steps to counter the impact of COVID-19 on our business. We swiftly enabled work-from-home for employees through secure VPN access, which has helped ensure continuity of business even during the COVID-19 related lockdown. We have also implemented digital human resources management solutions, with attendance, leave management, reimbursements and online learning management capabilities.

Where our customers were concerned, in response to RBI's directions, we granted moratorium on payment of instalments falling due between March 1, 2020 and August 31, 2020 to all eligible customers

> We took a number of proactive steps to counter the impact of COVID-19 on our business. We swiftly enabled work-from-home for employees through secure VPN access, which has helped ensure continuity of business even during the COVID-19 related lockdown

who requested for the moratorium. During the Moratorium Period, we focussed our operations on remaining in close contact with all our customers, improving collection efficiencies and restarting disbursements with appropriate diligence.

While our collection efficiencies dipped in the month of April/May 2020, we steadily recovered from June 2020 onwards, which improved to 98%-100% levels in Q4 FY 2020-21.

At the same time, we did not make any fresh disbursements in the month of April 2020 and cautiously recommenced disbursements only from May 2020 and gradually increased our disbursements in later months. We tightened and added on some additional credit measure and we were able to gradually increase our disbursements, and simultaneously improve our collection efficiencies.

On the liquidity front, we started the financial year with a strong liquidity position. We were also able to avail liquidity in the form of term loans from banks, NHB funding and LTRO and TLTRO schemes that were offered to extend liquidity to NBFCs and HFCs. As a result of our strong liquidity position, we did not avail the benefit of moratorium from any of our lenders. We also have in place effective asset liability management strategies and aim to ensure that we do not have any cumulative asset/ liability mismatches.

During the year, we have got fresh sanctions from NHB of ₹ 1,000 crore, of which we have drawn down ₹ 500 crore in February 2021. Overall, the share of NHB in the total borrowing mix at March 2021 is 16.37% as compared to 8.43% at March March 2020. We have also been able to successfully drop the overall cost of borrowing in FY 2020-21, with fresh borrowings being made at 6.76% as compared to 8.89% in FY 2019-20.

Overall, we continued to demonstrate growth, portfolio performance, asset quality and profitability on the strengths of our business and our management team.

Notwithstanding a series of crises in recent times, the most recent being the COVID pandemic, our business has grown significantly in the past four fiscal years, ended March 31, 2021.

Our Retail AUM grew from ₹ 7,835 crore as of March 31, 2018 to ₹ 13,325 crore as of March 31, 2021. Along with the growth in our AUM and revenues, we have been able to control our operating expenses and have taken steps to improve employee productivity. We continue to identify and implement measures that we believe will enable us to sustain and further decrease our operating expense ratio.

During FY 2020-21, we have delivered strong results with PAT at ₹ 340 crore as compared to ₹ 189 crore in FY 2019-20. The overall NPA on AUM is 1.07% as compared to 1.08% for FY 2019-20. We are carrying COVID and one-time restructuring provisions of ₹ 60.2 crore as at March 31, 2021.

In the times ahead, we look forward to retaining our status as one of the largest low income housing finance company in India, catering to the needs of LIG and EWS with loan ticket sizes of ₹ 15 lakhs and below. We aim to expand our distribution network to achieve deeper penetration in key states while we continue to focus on our target customers and grow our customer base. At the same time, we will focus on optimising borrowing costs and reducing operating expenses.

Most importantly, we will strategically invest in and roll out digital and technology-enabled solutions across the business to improve customer experience and improve cost efficiency.

As our operations expand, we expect to derive benefits from economies of scale, which will assist us in optimising our operating expenses. In addition, we will also continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies.

I would like to take this opportunity to thank all our stakeholders, especially our employees who have stayed strong through the disruptions and supported us during the year gone by, despite their personal difficulties. We also express our gratitude to our clients and partners, creditors and sponsors. It is with your trust and support that we have come this far. With your furtherance, we look forward to meeting our mission of delivering dreams with care, comfort and competence.

Thank you,

Deo Shankar Tripathi
MD and CEO

The Route from Dreams to Reality

As things stand, we are one of the largest Low Income HFC in India (ticket size of less than ₹ 15 lakhs), in terms of AUM, with one of the biggest customer base, the most geographically diversified AUM as well as the highest efficiency in terms of operating expenditure ratios.

It is our endevaour to remain the lender of choice in our segment, on the strength of our reach, local knowledge and distribution strength and digital technology which enables us to further our geographic reach into the hinterlands and expand our customer base while maintaining our financial strength.

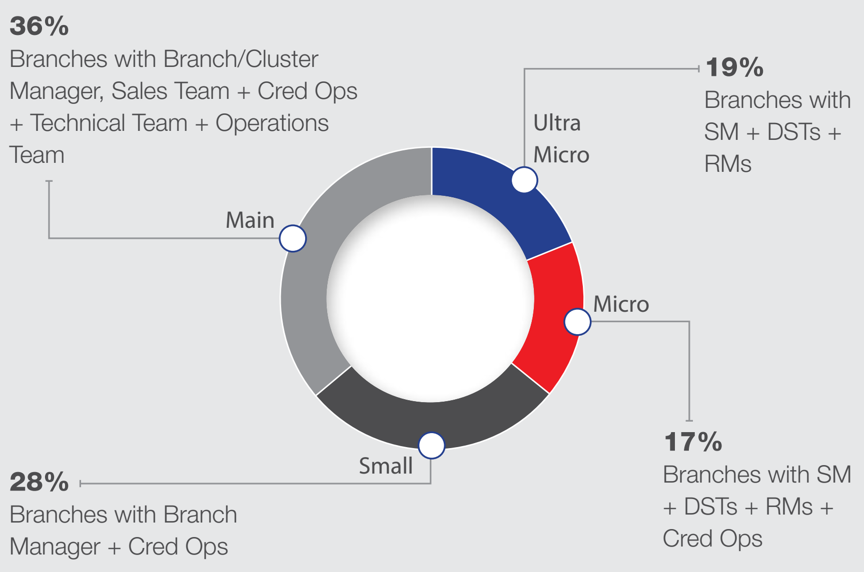
Expanding the Distribution Network to Achieve Deeper Penetration in key states

Typically, HFCs in the Low Income Housing Finance segment follow a hub and spoke model, spreading awareness about their products across Tier 1/2/3/4 location of the country through kiosks at 'gram sabhas' and 'loan melas'. Close to 70% of the overall business of Low-Income housing finance companies is sourced through in-house channels. And the balance 30% comes from the Direct Selling Agents (DSA's) The credit appraisal and legal and technical processes are agnostic of the channel through which the business is sourced.

At Aadhar Housing, we have a comprehensive pan-India presence covering our target customers. With increased urbanisation across India, we believe that continuously expanding our physical and digital presence across India will be a key enabler for our growth. Our current operating model is scalable and will assist us in expanding our operations with lower incremental costs to drive efficiency and profitability.

Our branch expansion is done in a calibrated and systematic manner. We review a number of factors including demographics and competitive landscape before establishing a branch. We have modelled our branches into categories to manage costs and risks while expanding our presence.

Branch Split



Source: Company Information, Note: Operations and technical are given if count exceeds 20 per month

At Aadhar Housing, we have a differentiated branch structure – at the bottom of the pyramid are the branches that are minimally staffed but have the ability to source customers in smaller locations. For larger cities and metro locations where we have to provide higher levels of disbursements and cater to a larger pool of customers, we have comparatively larger branches with more number of people from different areas of expertise. We also undertake test marketing before opening any brick-and-mortar presence by appointing a 'resident executive' in that location. A resident executive is a team member appointed from a pre-identified location who directly operates in the field. This allows us to gauge the potential of a particular location without incurring the cost on brick-and-mortar set-up are constantly evaluating locations using the above criteria and expect to continue to add branches to grow out network in the near term.

319
Total Branches & Offices

Presence across
20
States and Union Territories

The Route from Dreams to Reality

Continuing to focus on our target customers and grow our customer base

HFCs have a 40% market share in the low income housing finance segment in India, which is much higher than their 34% market share in the normal housing finance market. Low income housing is a key focus area for the Government and the Regulator due to a range of demand drivers and supply catalysts.

Demand Drivers

Favourable Demographies

34% - 37%
increase in city population by 2025

63% of Population
in age group 15-59 years (potential home buyers)

Interest Subsidy Scheme

PMAY
Interest subsidy for 1st time home buyers with income up to ₹ 1.8 million
Increase in government funding allocation to PMAY

GST Rate Reduction

1%
Reduced from 8% on low income housing projects[1]

5%
Reduced from 12% on other housing projects[2]

Others

Stamp Duty
Reduced from 5% to 3%[3] in Maharashtra

RERA
Improves transparency

Aadhar Housing Finance Ltd

GHAR BANEGA, TOH DESH BANEGA.

Supply Catalyst

Fund for Completing Stalled Projects

Last-mile funding for stalled projects

₹ 200 bn[4]
Corpus committed by Government of India[5] and private investors

"Infrastructure" Status to Affordable Housing

Ease of access to **Institutional Credit**

Low Risk Weight

35%[5]
on home loans with
<80%
LTV

Priority Sector Lending Norms

Increase in eligibility in
PSL definition
for low income housing segments

*Source: CRISIL Report | **1.** For under-construction low income housing projects (effective rate after deducting one-third for land cost) | **2.** For other under-construction housing projects (effective rate after deducting one-third for land cost) | **3.** 2% stamp duty applicable from September 1, 2020 till December 31, 2020. 3% from January 1, 2021 till March 31, 2021 | **4.** GoI will contribute ₹ 100bn and other investors will contribute roughly the same amount | **5.** Home loans amounting to ₹ 3mn which are classified as standard assets and have LTV ratios of 80% or lesser, attract a risk weight of 35%.*

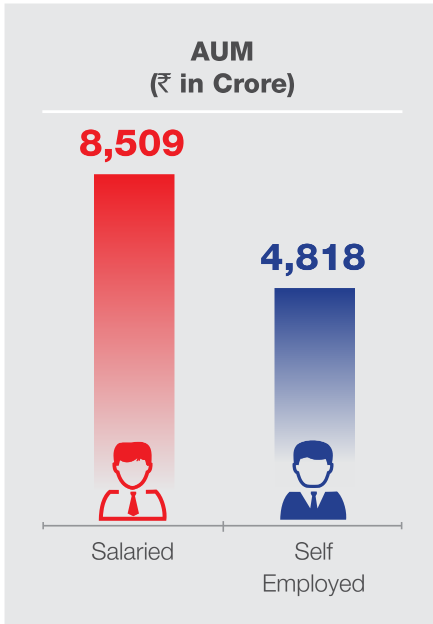
Amongst the Low Income HFCs (ticket size less than ₹ 15 lakhs), Aadhar Housing is one of the largest, accounting for approximately 22.4% as at FY 2019-20 (Source: CRISIL) of the aggregate retail home loan portfolio of these players. We have 1,80,000 plus live accounts as on March 31, 2021. A majority of our customers (89% of number of accounts and 81% of AUM) are from the economically weaker section (EWS) and low-income segments (LIG) of the Indian economy.

As of March 31, 2021, 64% of our customers are salaried individuals and 36% are self-employed individuals. According to CRISIL, the housing shortage in India is estimated to increase to 100 million units by 2022. 95% of household shortage is from lower income group and economic weaker section with the remaining 5% of the shortage coming from middle income group or above. Further, the Indian mortgage market is significantly underpenetrated and has historically being growing on a year-on-year basis. We intend to focus on growing our share of the low income housing mortgage market in India and continuing to focus on the salaried and self-employed categories from the economically weaker and low-to-middle income group segment of the Indian economy. In terms of products, our housing loan portfolio is 85% of our AUM as at March 31, 2021 and non-home loans (small ticket Loan against Property) comprises 15%.

We believe our objective of financial inclusion for these categories of customers coupled with our digitally-enabled customer-centric approach will allow us to continue to grow our customer base and grow our loan portfolio.

40,000+

new customers on-boarded in FY 2020-21



Continuing to invest in and roll out digital and technology-led solutions across the business to improve customer experience and improve cost efficiency

CRISIL expects delinquencies to inch up over the course of the current fiscal and next as a result of the slowdown in economic growth induced by COVID-19: subsequently, it expects to witness an improvement in the asset quality. Ability to manage credit costs by appropriately leveraging information availability as also technology and data analytics will be a key differentiator among players in the low income HFC segment.

At Aadhar Housing, we are currently implementing an enterprise-wide technology upgrade of our systems and processes. These investments are aimed at modernising our technology backbone and digitising operating processes We believe that these initiatives will assist in streamlining of existing processes and introduction of enhanced features.

Further, we continuously aim to make the process of buying a house for our customers seamless by building a digitally-driven and enabled low income housing finance company. The key components of this are the simplification of processes, growing our reach, efficient and comprehensive risk management combined with a superior customer experience.

Our credit underwriting, risk management and fraud detection teams utilise technology to centrally process loan applications, analyse credit risks, identify fraud and utilise an objective cognitive rule-based policy to make credit decisions. These technology-enabled initiatives allow us to increase our customer penetration by enabling third parties to source customers while keeping credit appraisals in-house.

Operationally, digitisation benefits us through improved underwriting processes, increased productivity, cost reduction and improved collections through data-driven early warning systems.

The Route from Dreams to Reality

These measures will improve our customers' experience while transacting with us. At the back-end, we are automating various processes and roll out of a lending management system with different technologies. We have engaged Tata Consultancy Services Limited for the roll out of this state-of-the-art system. These technologies will further enable our shift to an analytics-based approach across our business and help us to further improve our systems, processes and controls. Our technology initiatives coupled with our physical branch and location expansion will allow us to continue to expand and grow our business, while improving our cost efficiency.

Optimising borrowing costs and reduce operating expenses further

Over the long term, CRISIL expects the industry's profitability to gradually improve. Cost of funds, which has shot up since the second half of fiscal 2019, is expected to gradually normalise, once risk aversion wanes and capital availability for better performing HFCs improves. Additionally, for players in the low-income housing category, operating expenses, too, would moderate, as business volumes increase and the level of standardisation and digitalisation in credit assessment increases.

Our cost of borrowing has been steadily declining over the last 3 financial years due to our proactive and flexible fundraising strategy. We intend to continue to diversify our funding sources, identify new sources and pools of capital and implement robust asset-liability management policies with the aim of further optimising our borrowing costs and help expand/increase our NIM. Our incremental cost of borrowings has reduced from 8.89% during the year ended March 31, 2020 to 6.76% during the year ended March 31, 2021.

We intend to increase the share of NHB refinancing in our total borrowings and also accessing international sources of funding to reduce our overall cost of borrowings. For example, in December 2020, we received a sanction letter from NHB for ₹ 10 billion. The overall NHB share in the borrowing mix at FY 2020-21 end is 16.37% as compared to 8.43% as at FY 2019-20 end. This is important since NHB borrowing is the lowest borrowing cost in the overall borrowing mix.

Our fully built-out distribution and collections infrastructure is a key to ensure that we maintain our portfolio health and keep the credit costs to a minimum. Further, we expect that our strategic investments in analytics, technology and digitisation across our business will further reduce our operating expenses and credit costs over time. We will continue to review and identify means to improving our revenue to operating expenses ratio and improving our overall NIM from current levels. We believe that as a result of these various initiatives, we would be in a position to continue to maintain our low NPA levels and reduce it further, improve our credit ratings for new fund raising, reduce the cost of our borrowing and hence sustainably deliver superior return ratios.

16.37%

Overall NHB share in the borrowing mix

Chronicles of Comfort

Customer Name: **Gopesh Tripathi**

City: **Lucknow, UP**

"I am Gopesh Tripathi. I own a furniture business. We had always dreamt of owning a house in Lucknow. To fulfil this dream, we applied for a home loan at Aadhar Housing. The branch team not only helped us in getting a home loan, but also supported us like a family in the process of buying our home. The loan application process was very simple and our loan got approved in only three days without requiring much paperwork. I thank Aadhar Housing team for their help and professionalism."

Customer Name: **Avneesh Kumar Tripathi**

City: **Jaunpur, UP**

"My name is Avneesh Kumar. I am a teacher. We wanted to buy our own house in the district headquarters area of Jaunpur. I applied at many banks and NBFCs for a home loan, but didn't get any positive response from any of them. One fine day, somebody told me that I should apply at Aadhar Housing. I went to their Jaunpur branch office and met with the branch manager. He assured me that I have all the required documents and that my loan will surely be approved. And I am glad to share that my loan was sanctioned within a very short span of time. The extensive support lent by Team Aadhar Housing helped me fulfil my home ownership dream. I cannot thank them enough for it."

Customer Name: **Sanjeev Kumar**

City: **Bidar, Karnataka**

I am Sanjeev Kumar. I work as a Junior Engineer at Karnataka Electricity Board's Bidar office. I earn a salary of ₹ 35,000 a month. I wanted to purchase my own house in Bidar and applied to many banks and NBFCs, but no one was willing to offer me a loan. One day, a colleague of mine recommended me to apply for a loan at Aadhar Housing. I went to their branch office and met with the branch manager who assured me that my file will be processed within 4 days. I couldn't believe it. My home loan was indeed processed within a few days. No complicated paperwork and a very hassle-free sanction process. The staff is very courteous and respectful towards every customer. I am grateful to Aadhar Housing for their elaborate help on each stage of the home loan process.

Customer Name: **Arun R Vishwakarma**

City: **Virar, Maharashtra**

I am Arun R Vishwakarma. I work at a pharmaceutical company. Before approaching Aadhar Housing, I had tried to buy a house for many years but failed due to lack of sufficient funds. I had heard about Aadhar Housing from a friend of mine, so I decided to try my luck there for a home loan. I did not know that the process of home loan could be so simple and hassle-free. They assisted me at every step. Now, we live in our own house and our monthly EMI is also very low, something we can easily afford. I would like to thank the branch team and, specially, the branch manager from Aadhar Housing's Virar office.

Because We Care...

At Aadhar Housing, to engage in CSR means that, in the ordinary course of business, we operate in ways that enhances society and the environment, instead of contributing negatively to them.

Through our CSR programmes, philanthropy, and volunteer efforts, we want to benefit society while boosting our brand.

As important as CSR is for the community, it is equally valuable for our company. With our CSR initiatives, we aim to forge a strong bond between employees and Aadhar; boost morale; and help both Aadharites and Aadhar feel more connected with the world around them.

Our long-term goal is to be able to contribute to a fair society where everyone can prosper. In addition to the social objectives that are at the core of our business, we also undertake various additional CSR initiatives. Through our CSR initiatives, we have pledged to contribute to the socio-economic development of the society through our philanthropic approach.

The 3 solid principles which get woven into all our initiatives are – Empowering, Collaborative and Sustainable!

We believe that our CSR initiatives contribute to our overall strategy of engaging with communities and we have undertaken various activities towards promoting preventive healthcare and sanitation facilities, providing employment through enhancing vocational skills, and prevention of hunger by providing food and various such other activities that are focused primarily towards the improvement of health and education.

Aadhar Housing's CSR Journey in FY 2020-21 has led us to participate in and drive a number of initiatives:

Aayushmaan Aadhar - Through this initiative, we hold health camps across various cities. We also dontated 6 ambulances across 6 states. This emergency service provided urgent pre-hospital treatment and transport to definitive care.

Aadhar Kaushal - In the first phase, the project focussed on skill development of 1,500 youth from the underserved segment of the society. The second phase of the project will focus on digital skilling of 1,800 adults from the needy section of the society. Under this initiative, Aadhar also donated computers to the abandoned and parentless children at SOS Childrens' Villages of India. Additionally, we also provided them the necessary connectivity, computer hardware, software training and support for utilising the technology.

Aadhar Aangan - This is an ECCE (Early Child Care & Education) Initiative for ensuring nutrition, early childhood education and care through capacity building and system strengthening. In the 1st phase, the project was implemented across 306 Aanganwadi Centres in Damoh, Madhya Pradesh. In the 2nd phase, the project has been further extended to 112 Aanganwadi Centres of Tendukheda, Madhya Pradesh.

Because We Care...

Aadhar Kishori Kalyan - The focus of this project is menstrual hygiene management. It aims to create a friendly environment for adolescent girls & women, to help them manage menstrual hygiene.

Under this project, Aadhar Housing provided food and ration kits to marginalised poor who were struggling to meet their daily requirements and were at the risk of dying due to starvation. The initiative was undertaken as a response to contribute to the socio-economic development in COVID-19 times.

Aadhar Swavalamban - This project is focussed at enhancing livelihood through financial literacy in the LIG segment. Financial literacy workshops were conducted in 14 cities.

Aadhar Housing's response to COVID-19 - With outbreak of the pandemic COVID-19, we, at Aadhar Housing, undertook a lot of initiatives to reach out to those who were in actual need of the help or to those who were combating the fight to reach out to the needy. We completely realise the fact that we have a moral obligation towards society at large. We have pledged to contribute to the socio-economic development of the society in this difficult time through our philanthropic approach. All the activities were a combination of CSR and Employee Volunteering efforts. Our employees left no stone unturned to reach out to the needy in these trying times. We undertook donations to the PM CARES Fund and Bandra Holy Family Hospital, to strengthen their efforts in the time of this pandemic. We also donated essentials, such as masks, hand sanitisers, gloves etc.

Through our contribution, we wanted to convey a message to the society that we were grateful to all those who are committed to keep us safe, sufficient and healthy in these trying times.

Because We Care…

3 PLY MASKS:
28,810 units

HAND SANITISERS:
10,239 units

FOODGRAINS:
1,200 kgs of Rice

RATION KITS:
2,140 units

MEALS:
1.70 lakh meals

Donation of Masks

A total of 11,817 masks were donated by 405 Aadharites from 58 branches across India. The initiative which was a joint collaboration of Team CSR & Employee Engagement was termed as 'Be The Change'.

Commendation for Competence

‘Great Place To Work’ – March 2021

Great Place To Work®
Certified
MAR 2021–FEB 2022
INDIA

This is to certify that Aadhar Housing Finance Limited has successfully completed the assessment conducted by Great Place to Work® Institute, India, and is certified as a great workplace.

This certificate is valid from March 2021 to February 2022.

Prasenjit Bhattacharya
Chief Executive Officer
Great Place to Work® Institute, India

Note: The certificate is valid subject to the terms and conditions agreed to by the Organization.

For the second consecutive year, Aadhar Housing has been certified as a ‘Great Place To Work’ by Great Place To Work Institute, a global authority on recognising high-trust and performance-driven culture at workplaces.

This is a significant milestone for Team Aadhar as the ‘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.

Board of Directors

Om Prakash Bhatt is the Non-Executive Chairman and Independent Director of our Company. He holds a bachelor's degree in Science from Meerut University, and a master's degree in English Literature from the same university. He has previously served as the chairman of State Bank of India. He is also serving as a director on the boards of Hindustan Unilever Limited and Tata Group companies, including Tata Motors Limited, Tata Steel Limited, Tata Steel Europe Limited, Greenko Energy Holdings Mauritius and Tata Consultancy Services Limited. He was appointed as the Non-Executive Chairman and Independent Director on the Board of our Company with effect from September 13, 2019.

Nivedita Haran is an Independent Director of our Company. She has a Ph.D. in Humanities and Social Sciences from the Indian Institute of Technology, Delhi. She retired as the Additional Chief Secretary, Department of Home Affairs, Government of Kerala, India. She is also on the board of Guruchandrika Builders and Property Private Limited, NESL Asset Data Limited and National E-Governance Services Limited. She serves as the honorary chairperson on the board of directors of Centre for Migration and Inclusive Development. She was appointed as an Additional (Independent) Director on the Board of our Company with effect from September 15, 2018 and has been re-appointed by the Shareholders at the Annual General Meeting held on June 29, 2020.

Sharmila Karve is an Independent Director on the Board of our Company. She holds a bachelor's degree in Commerce from University of Bombay and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. Presently, she is a director on the boards of EPL Limited, Essel Packaging (Guangzhou) Limited, Lamitube Technology Limited (Mauritius), Essel Propack America LLC, Syngene International Limited, Vanaz Engineers Limited, CSB Bank Limited and School for Social Entrepreneurs India. She was appointed as an Independent Director on the Board of our Company with effect from December 15, 2020.

Amit Dixit is a Non-Executive (Nominee) Director on the Board of our Company. He is the senior managing director, cohead of Asia acquisitions, and head of India for Blackstone Private Equity. He holds a bachelor's degree in Civil Engineering from the Indian Institute of Technology, Bombay, and was awarded the director's silver medal for graduating at the top of his program. He has two master's degrees, one in Science (Civil Engineering) from Leland Stanford Junior University and the other in Business Administration from Harvard University. Previously, he has worked as an associate at Warburg Pincus. He is serving as a director on the board of several companies including Mphasis Limited, Aakash Educational Services Limited, Sona BLW Precision Forgings Limited, Comstar Automotive Technologies Private Limited, IBS Software Limited, Jagran Prakashan Limited, Mid-Day Infomedia Limited, EPL Limited, Blackstone Advisors India Private Limited, PGP Glass Private Limited, TU Topco Inc., TU Midco Inc. and TU Bidco Inc. He was appointed as a Non-Executive (Nominee) Director on the Board of our Company with effect from August 2, 2019.

Mukesh Mehta is a Non-Executive (Nominee) Director on the Board of our Company. He is the senior managing director within the private equity group of Blackstone Advisors India Private Limited. He has passed the examination for the bachelor's program in Commerce from the University of Mumbai, and has a master's degree in Commerce from the same university. He is a qualified Chartered Financial Analyst (USA) and also Chartered Accountant from the Institute of Chartered Accountants of India. He has 14.5 years of experience in Private Equity. Previously, he worked at Carlyle India Investment Advisors Private Limited and Citicorp Finance (India) Limited. He also worked in the Assurance and Business Advisory Group at Price Waterhouse & Co. He is also serving as a director on the board of PGP Glass Private Limited, TU Topco Inc., TU Midco Inc. and TU Bidco Inc. He was appointed as a Non-Executive (Nominee) Director on the Board of our Company with effect from August 2, 2019.

Neeraj Mohan is a Non-Executive (Nominee) Director on the Board of our Company. He holds a bachelor's degree in Commerce from the Guru Nanak Dev University and a post graduate diploma in Management from the Indian Institute of Management, Ahmedabad. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has also worked as the vice president of Alembic Limited, vice president of generic strategy and alliances, Clinton Foundation and as an associate of McKinsey & Company, Southeast Asia practice. Presently, he is the operating partner within the portfolio operation business group of Blackstone Advisors India Private Limited. He is also serving as a director on the boards of Sona BLW Precision Forgings Limited, Comstar Automotive Technologies Private Limited, Comstar Automotive Hong Kong Limited and William J. Clinton Foundation. He was appointed as a Non-Executive (Nominee) Director on the Board of our Company with effect from August 2, 2019.

Deo Shankar Tripathi is the Managing Director and Chief Executive Officer of our Company. He holds a bachelor's and master's degree in Science from Lucknow University and has cleared the examination for a diploma in Public Administration from Awadh University. He has also passed the associate examination of the Indian Institute of Bankers and has completed various certificate courses including International Study Tour on "Energy Efficiency in Residential Buildings" from KFW Entwicklungsbank, Germany, and Strategy and Management in Banking Programme from International Development Ireland Limited. He has worked as a general manager at Union Bank, and president and chief operating officer at DHFL. Prior to joining our Company, he was the chief executive officer of Erstwhile Aadhar. Presently, he is serving as a director on the boards of Aadhar Sales And Services Pvt. Ltd (ASSPL) and Fort Finance Limited. He was appointed as the Managing Director and Chief Executive Officer of our Company with effect from December 5, 2017.

Leadership Team

Rishi Anand is the Chief Business Officer of our Company. He holds a bachelor's degree in Entrepreneurship and Small Business from University of Delhi and has completed the Post Graduate Certificate Programme in Business Management from Indian Institute of Management, Kozikhode. He has over 26 years of experience multiple functions across the spectrum of personal finance. Prior to joining our Company, he has worked with various organisations such as Shelters, ICICI Bank Limited, GE Countrywide Consumer Financial Services Limited, BHW Birla Home Finance Limited, Reliance Capital & AIG Home Finance India Limited, Indo Pacific Housing Finance Limited and DHFL. He joined our Company on April 1, 2018.

Ravinder Singh Beniwal is the Chief Operating Officer of our Company. He holds a bachelor's degree in Science from Kurukshetra University and has cleared the examination for master's in Business Administration from Bundelkhand University. He has several years of experience in banking operations. Prior to joining our Company, he has worked as the president of Retail Banking, Aditya Birla Payments Bank. He has also worked in ICICI Bank Limited, Max New York Life Insurance Corporation Limited and Hinduja Finance Private Limited. He joined our Company on November 12, 2018.

Haryyaksha Ghosh is the Chief Data Officer of our Company, heading the data, digital and data science initiatives of our Company. He holds an integrated master's degree in Science (Physics) from the Indian Institute of Technology, Kharagpur and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He has around 17 years of experience in data science and information technology. He has previously worked with various organisations situated in India and South East Asia, including, Infosys Technologies Limited, M/s Ekcelon (Co-founder), Mindwave Solutions Pte. Ltd. (Singapore), Knowledge Management Solutions Pte. Ltd. (Singapore), Network 18 Media & Investments Limited and ECL Finance Limited. He is also a director on the board of Aashaa Global Solutions & Services Private Limited. He joined our Company on February 1, 2021.

Nirav Shah is Chief Risk Officer of our Company. He holds a bachelor's degree in Commerce from P. D. Lion's College of Commerce and Economics, University of Mumbai. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has also cleared the exam for Certified Information Systems Audit from Information System Audit and Control Association. He has several years of experience in implementing risk management systems across business units and maintaining a strong integrated risk management framework. He has worked with Deloitte Haskins & Sells, ICICI Prudential Life Insurance Company Limited and Tata Capital Housing Finance Limited. He joined our Company on July 5, 2018 and had been the Head Internal Audit of our Company from July 2018 till December 31, 2019.

Rajesh Viswanathan is the Chief Financial Officer of our Company. He holds a bachelor's degree in Commerce from University of Mumbai. He is a qualified Chartered Accountant from the Institute of Chartered Accountant of India and a qualified Cost and Works Accountant from the Institute of Cost and Works Accountants of India. He has several years of experience in accounting, finance, strategy, planning, taxation, treasury, audit, and managing investor relations. Prior to joining our Company, he has been associated with various organisations, starting with A F Ferguson & Co., Mahindra & Mahindra Limited, DSP Financial Consultants Limited, KPMG Bahrain, Bajaj Allianz Life Insurance Corporation Limited, Bajaj Finance Limited & Capital Float. He joined our Company on December 1, 2019.

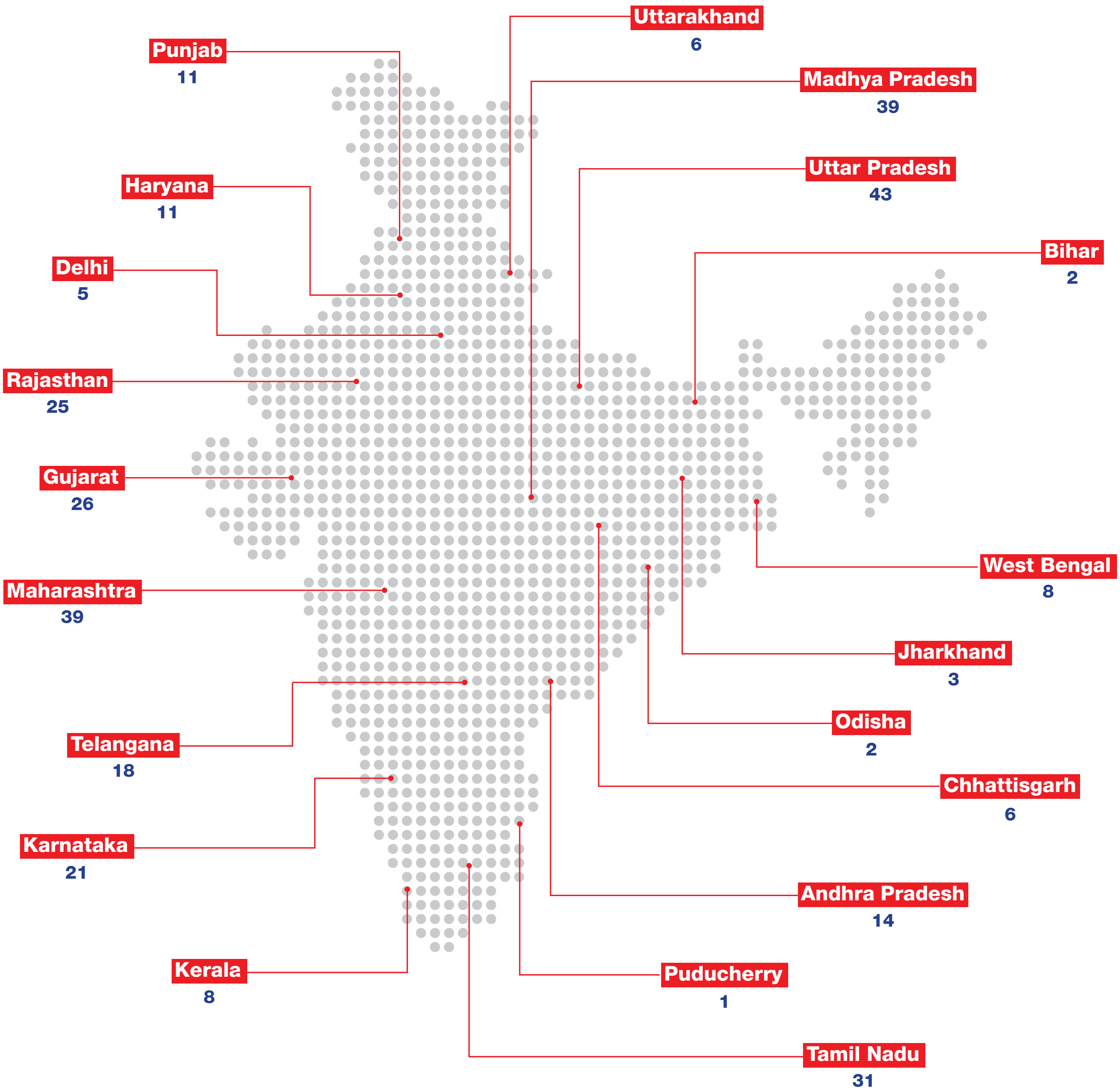
Anmol Gupta a Chartered Accountant of the 1996 batch, has an overall experience of over 20 years. He has worked with companies like Deutsche Postbank Home Finance and BHW Home Finance, where he was engaged in the key positions within the finance domain, accountable for strategy, planning, accounting, taxation and finance. He joined Aadhar in April 2017 and is currently designated as Chief Treasury Officer. He is responsible for Treasury and Investments of the company.

Hrishikesh Jha is the Chief Human Resource Officer of our Company. He has cleared the examination for bachelor's in Science (Honours) from Ranchi University. He has a post graduate diploma in Personnel Management and Industrial Relations from XLRI Jamshedpur. He has several years of experience in human resources. Prior to joining our Company, he has worked with ICICI Bank Limited, UTI Asset Management Private Limited, Barclays Bank PLC and Barclays Wealth. He has also worked as the Group Head of Corporate Human Resource at L&T Finance Holdings Limited. He joined our Company on March 9, 2018.

Sreekanth V.N. is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in Commerce and Law from Mahatma Gandhi University and has cleared the examination for master's in Business Administration (Finance) from OJPS University. He is also a qualified Company Secretary from the Institute of Company Secretaries of India. He has several years of experience in handling all secretarial functions of the Company including liaison with institutions like registrar of companies, financial institutions, and other bodies with whom the Company has administrative dealings. He has previously worked with the Bureau of Police Research & Development, Ministry of Home Affairs and Department of Supply, Ministry of Commerce. Prior to joining our Company, he has worked with organisations such as ICICI Bank Limited, Firestone International Private Limited, KM Trading Co LLC, Malabar Institute of Medical Science and Ocean Bounty Limited. He was also associated with Erstwhile Aadhar from April 11, 2011 and he joined our Company on November 21, 2017.

Reach & Network

We have an extensive network of 319 branches and offices across 20 states and union territories as of March 31, 2021. We believe that our diversified reach is well positioned to meet the specific needs of our target customers across geographies, in urban, semi-urban and rural areas.



Map not to scale. For illustrative purposes only.

Management Discussion and Analysis

Macroeconomic outlook

A brief summary of the financial year ended March 31, 2021 and the emerging trends in the economy including the impact of the COVID-19 pandemic, is described below:

FY 2020-21 began on a very cautious note for the economy with country being in lockdown since March 2020. The economic fallout of the lockdown and the challenges posed by the uncertain behaviour of the COVID-19 pandemic was the top problem to solve for Central and state governments. These had an impact on the overall GDP of the country which was facing challenges even before the COVID-19 pandemic.

The GDP growth for FY 2018-19 and FY 2019-20 was 6.15% and 4.2% respectively. As per National Statistical Office estimates released on February 26, 2021, the GDP for FY 2020-21 will see a degrowth of -8% due to the effect of the economic distress caused by the pandemic. A major point to note that from Q3 FY 2020-21 onwards, the economy had started to bounce back and showed a growth rate of 0.4% as compared to a sharp contraction of -24% and -7.5% for the first 2 quarters.

The Union Budget presented in January 2021 had estimated the Indian economy to grow by 10.5% in FY 2021-22. This, however, may be impacted due to the second wave of COVID-19 infections which has led to state-level shutdowns impacting the economic activities and market and consumer sentiments. We have seen rating agencies revising their GDP estimates downward, e.g.: Moody's in May 2021 has revised the GDP growth rate forecast to 9.3%.

Second wave of COVID-19 pandemic:

The second wave of the pandemic hit parts of India in March and by April 21 majority of the country had got covered under the same. This second wave has seen more positive cases across India and is expected to retreat only by June 2021.

States have taken a number of measures to contain the spread of the virus including state-specific lockdown, night curfews, micro containment strategy, etc.

The vaccination programme currently underway in the country provides some hope that going forward the country will be in a better position of fighting any new wave of the pandemic.

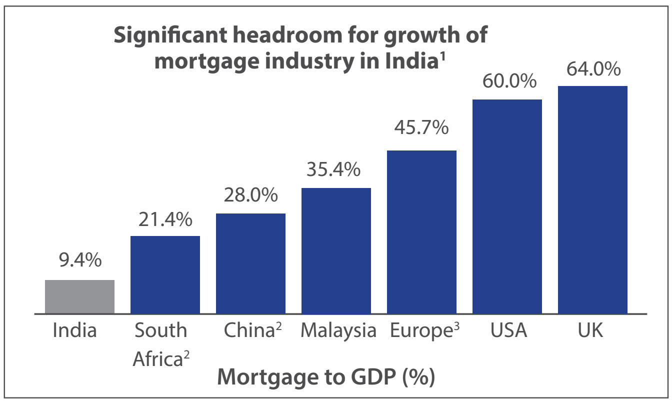
Steps initiated by the Government and RBI

The Government of India and RBI took several measures in FY 2020-21and in April-May 2021 to tide over the economic crisis and to ensure availability of sufficient liquidity in the system. These measures were also aimed to reduce the burden on borrower's reluctant of the COVID-19 pandemic. Some of the steps taken have been enumerated below:

- Granting of a 3-month moratorium on EMI payments to borrowers in March 2020 which was extended for 3 more months from June to August 2020
- Availability of credit to banks, Non Banking Finance Companies (NBFCs), Housing Finance Companies (HFCs) through measures like Targeted Long Term Repo Operation (TLTRO). This has been extended for a further period of 6 months till September 30, 2021
- Emergency Credit Line Guarantee Scheme (ECLGS) of up to ₹ 3 lakh crore on collateral-free fresh loans to MSMEs
- Special Refinance Facility of ₹ 75,000 crore was provided to NABARD, SIDBI, NHB, EXIM Bank during the period April-August 2020. In April 2021, a further liquidity support of ₹ 50,000 crore was provided to these institutions for fresh lending in FY 2021-22. Of these amounts, NHB was provided ₹ 15,000 crore in FY 2019-20 and ₹ 10,000 crore in FY 2021-22 for onward lending including special refinance facilities
- One-time restructuring to borrowers as per RBI guidelines. In May 21, Resolution Framework 2.0 was announced for COVID-related stressed assets of individuals, small businesses and MSME
- Refund of Interest on interest which was charged to customers irrespective of whether the moratorium had been fully or partially availed, or not

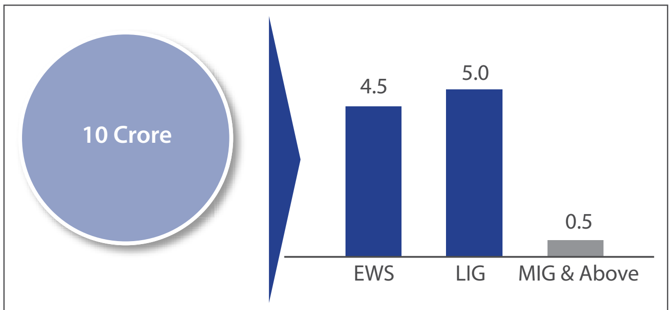
Industry Dynamics:

1. Under penetrated mortgage market in India: Mortgage to GDP in India is 9.4% as compared to 28% in China and 35% in Malaysia, Developed economies like US and UK have mortgage to GDP ratio of 60% and 64% respectively. This gives significant headroom for the growth of mortgage industry in India.



Source: CRISIL Report; Note: 1. As of CY18; 2. As of CY17; 3. Europe includes the 28 European Union Member states as on December 2018

2. Housing Shortage in units is expected to be driven mainly by EWS and LIG Housing segments as denoted below:

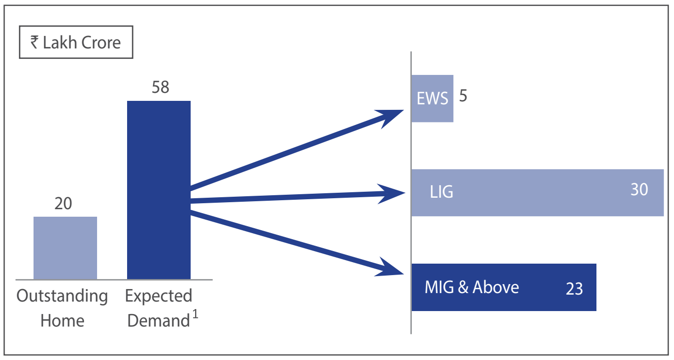


Source: CRISIL Report; Note: 1. Projected housing shortage by 2022

EWS = Economically Weaker Sections, with annual income up to ₹ 3 lakhs; LIG = Low Income Group, with annual income between ₹ 3 lakhs – 6 lakhs; MIG = Middle Income Group, with annual income between ₹6 lakhs – 12 lakhs

3. The above has resulted in substantial demand for low income housing loans with 60% of the incremental demand in value to come from EWS and LIG segments.

   Outstanding home loans is ₹ 20 lakh crore and expected demand is ₹ 58 lakh crore of which EWS – ₹ 5 lakh crore and LIG – ₹ 30 lakh crore.



Source: CRISIL Report; Note: 1. Projected demand for home loans by 2022

Housing Finance industry growth trends

As per ICRA report titled "Indian Mortgage Finance Market" published in March 2021, the overall NBFC and HFC on book portfolio is estimated at ₹ 11.3 lakh crore as at December 31, 2020. This is across various products like home loans, loan against property (LAP), construction finance and lease rental discounting.

The growth rate of the on book portfolio of HFC and affordable HFCs are provided as below:

	FY 17	FY 18	FY 19	FY 20	Dec 20
Overall Housing Credit Growth	16%	16%	15%	11%	4%
HFC's on book portfolio growth	20%	25%	14%	3%	2%
Affordable Housing HFC's	53%	48%	23%	18%	8%

Source: ICRA Report "Indian Mortgage Finance Market" published in March 2021

Given the COVID-19 induced disruptions, the portfolio growth of all HFCs slowed down in FY 2020-21 and cumulative growth for 9-month ended December 31, 2020 stood at 2%. ICRA expects the full year growth for FY 2020-21 to be in the range of 6%-8%.

As seen from the above table, the portfolio growth in the affordable segment for the last few years has been much higher than the overall HFC portfolio growth. The same also slowed down in FY 2020-21 but remained higher than HFC's (albeit on a lower base), supported by robust demand and liquidity support from NHB and banks. This has lead to a growth of 8% in (9 months FY 2020-21). With the demand in this segment remaining intact, ICRA estimates that this segment will continue to grow at a faster pace compared to whole housing finance industry.

The Housing Finance industry was also badly hit in the first 2 quarters of FY 2020-21 on account of the pandemic. However, the industry has bounced back strongly in the last 2 quarters of FY 2020-21. This was partially on the back of pent-up demand, drop in home prices, rebates given on property tax in some big states like Maharashtra, etc.

The liquidity provided by NHB and banks helped the industry get over the fears of a liquidity crunch. The moratorium provided to customers posed fresh challenges to the industry players of behaviour of the customer post the moratorium period was completed and the measure to bring back collection efficiencies to pre-COVID levels which existed in January and February 2020. These challenges were higher for companies operating in low income housing finance segment as the customers had suffered a major financial impact on their earnings triggered by the pandemic. Post moratorium, we have seen the industry collection efficiencies improve consistently and in Q4 FY 2020-21 the same was recorded at pre-COVID levels.

Company Overview

Aadhar Housing operates in the low income housing finance company in India catering to the home loan needs of the Economically Weaker Section (EWS) and Low Income Group (LIG) sections of the society, who requires small ticket mortgage loans. Within these categories, the Company aims to serve the salaried, self-employed, and informal business segments. Company offers a range of mortgage-related loan products, including loans for residential property purchase and construction; home improvement and extension loans; and loans for commercial property construction and acquisition.

Since June 2019, BCP Topco VII Pte. Ltd. (a Blackstone Company) is the Company's majority shareholder and their shareholding as at March 31, 2021 was 98.72%.

The Blackstone Group's unwavering commitment to the highest standards of professionalism and corporate governance has helped the Company in enjoying superior credibility with various financial institutions, rating agencies, and regulatory bodies, granting it a specific advantage in securing funds at competitive rates.

Company's Board of Directors comprises qualified and experienced personnel, who have extensive knowledge and understanding of the banking and finance industry. Post-acquisition by BCP Topco, Company has further strengthened its corporate governance framework, with the induction of three independent directors, one of whom serves as Chairman. The Board of Directors is chaired by Mr. O.P. Bhatt (ex-Chairman of the State Bank Group).

Company has made social objectives as one of the core objectives of their business model. By operating in financially inclusive customer-centric lending business and believe that business model contributes significantly to the economic upliftment of targeted customers by contributing to an improvement in their standard of living. In addition to customer-facing social objectives, Company has also implemented social objectives in other aspects of business. Company's presence in the outskirts of major urban centres and semi-urban locations across India provides a source of employment in these locations.

Our Business Operations

We are an HFC focused on the low income housing segment, targeting primarily first-time home buyers in economically weaker and low-to-middle income customers. We serve formal and informal customers in salaried and self-employed segments.

In spite of the challenges posed by the COVID-19 pandemic, the Company has a very good year with robust growth in AUM, disbursements and profit after tax while maintaining the quality of the portfolio at acceptable levels.

Financial Highlights

Profit and Loss Account (standalone) (₹ in Crore)

PROFIT AND LOSS	Mar-21	Mar-20	YoY Growth
Interest Revenue from Operations	1,303.36	1,136.59	14.67%
Treasury Income	132.36	101.52	30.38%
Upfront Profit on sale of portfolio through direct assignment	63.81	84.01	-24.04%
Fee and commission Income	50.19	49.51	1.37%
Other Income	0.09	0.73	-87.67%
Total Income	**1,549.81**	**1,372.36**	**12.93%**
Finance Cost	815.97	793.49	2.83%
Manpower Expenses	164.82	152.25	8.26%
Operating Expenses & Depreciation & Amortisation	81.80	86.10	-4.99%
Operating Profitt	**487.22**	**340.52**	**43.08%**
Operating Margin	31%	25%	
Credit Cost	54.94	109.65	-49.90%
Profit before tax	**432.28**	**230.87**	**87.24%**
Tax Expenses	92.31	41.48	122.54%
Profit after tax	**339.97**	**189.39**	**79.51%**

- Number of loan accounts at FY 2020-21 end stood at 1,82,022 as compared to 1,61,371 at FY 2019-20 end
- AUM grew by 17% to ₹ 13,327 crore
- As at FY 2020-21 end, the Company has assigned portfolio of ₹ 2,547 crore
- Disbursement growth of 11% to ₹ 3,545 crore. The second half of the year has shown strong disbursement growth with 44% growth
- Total income increased by 12.93% (standalone basis) with portfolio yields on AUM at 13.17% for the year ended March 31, 2021
- NIMs have improved due to sharp drop in cost of funds from 8.90% to 8.15%. This was mainly triggered by Incremental cost of funds dropping significantly
- Operating expenses are very stable and overall cost to income ratio improved to 33.61% from 41.18% (on standalone basis)
- GNPA at FY 2020-21 end was 1.07% on AUM as compared to 1.08% in FY 2019-20. The Company has worked throughout the year and ensured that portfolio health is maintained especially considering the economic challenges posed by COVID-19, moratorium to customers etc. The Company consistently

improved the collection efficiency through the year and by February 2021 achieved pre-COVID levels collection efficiencies

- Company has conservatively provided an amount of ₹ 60.22 crore towards COVID and one-time restructuring (OTR) (FY 2019-20: ₹ 49.51 crore)
- All the above resulted in the Company reporting Profit After Tax of ₹ 339.97 crore in FY 2020-21 compared to ₹ 189.39 crore in FY 2019-20. In FY 2019-20, there was a provision of ₹ 49.51 crore due to COVID-19 and provision/write off on the developer finance portfolio of ₹ 39.99 crore. FY 2020-21 PAT is after additional COVID and OTR provision of ₹ 10.71 crore and provision/write off on the developer finance portfolio of ₹ 5.03 crore
- In terms of liquidity, the unencumbered liquidity was ₹ 2,248 crore at FY 2020-21 end. Considering the macro economic uncertainties posed by COVID-19 pandemic, the Company maintained a higher liquidity through FY 2020-21
- Capital adequacy was a strong 44.08% which is well above the NHB norms and the gross debt to equity was 3.85
- The Company operates out of 319 branches and offices as at FY 2020-21 end
- The Company has delivered strong ROA of 2.62% and ROE of 13.49% in FY 2020-21 compared to 1.74% and 11.81% respectively in FY 2019-20

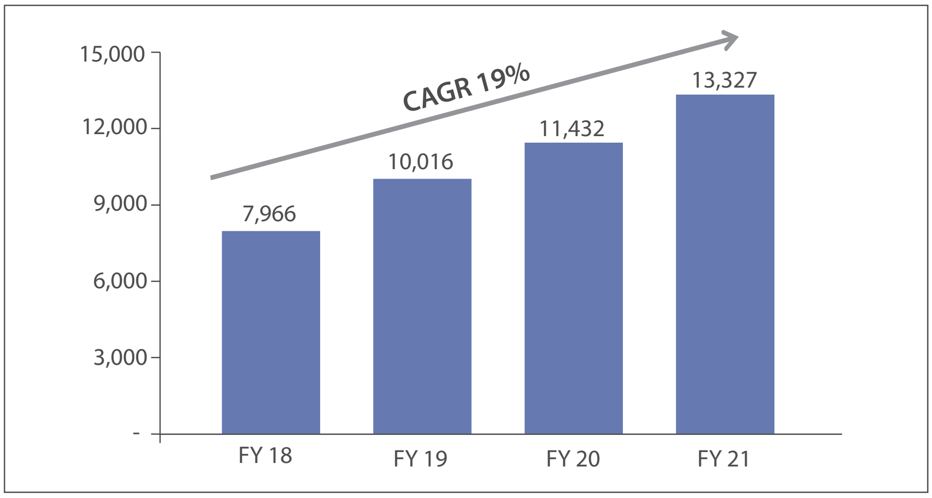
Assets under Management:

The below table depicts our AUM over the last 4 years. We have grown at a CAGR of 19%.

(₹ in Crore)

PROFIT AND LOSS	FY 21	FY 20	FY 19	FY 18
AUM				
- Salaried	8,509	7,486	6,561	5,249
- Self Employed	4,818	3,946	3,455	2,717
Total	**13,327**	**11,432**	**10,016**	**7,966**
AUM				
- Home Loans*	11,296	9,758	8,437	6,714
- Loan against Property	2,029	1,632	1,484	1,121
Project Finance	2	42	95	131
Total	**13,327**	**11,432**	**10,016**	**7,966**

* Includes the insurance portion of home loans



The average ticket size of our loans was ₹ 0.85 million, with an average loan-to-value of 56.28% (on loan disbursement), as of March 31, 2021.

We have been actively participating in various affordable housing initiatives of the Government of India. For example, we participate in the Pradhan Mantri Awas Yojana (PMAY) of the Government of India, pursuant to which eligible borrowers from the EWS, LIG segments receives a subsidy provided by the Government. As of March 31, 2021, we have assisted in providing a subsidy amounting to ₹ 661.8 crore to 32,934 customers.

Our loan products

We provide the following categories of loans to our customers:

Loan category	End-use/features
Loans for purchase and self-construction of residential properties	We provide loans for the purchase of ready residential property In addition, we also provide loans for: • purchase of residential plots, • combination of plot purchase and construction upon the plot; and • residential construction on self-owned plots
Loans for home improvement/ extension	Loans for home improvement can be obtained for various purposes, such as flooring or roofing, plumbing, plastering, painting and electrical work. Loans for extension can be obtained for purposes such as extension of floors.
	We provide loans against existing residential and commercial property of customers based on their requirement and the value of the property. The end-use of such loans can be investment in their business or personal expenses such as marriage, education and medical expenses.
	We provide loans for the purchase/construction of properties for commercial use.

Our Customer Base

Our target customer segment comprises individuals from the economically weaker and low-to-middle income segments in urban, semi-urban and in the outskirts of cities and towns who have limited access to formal banking credit. We offer loans to both salaried and self-employed individuals in the formal and informal segments. We cater to customers from informal employment sectors who do not have formal income proofs, payslips, or income tax returns, and hence may be excluded from being served by banks or large financial institutions. As a result of our expertise, experience and business model, we believe that we are able to effectively serve such customers and grow our business, while monitoring and mitigating risks. We have developed detailed customer interviews as part of our personal discussion process, which provide us deep insights into behavioural traits and other data points which substitute some of the traditional data.

The total number of loan accounts as at FY 2020-21 end was 1,82,022 as compared to 1,61,371 and 1,39,249 at end of FY 2019-20 and FY 2018-19 respectively.

Loan sourcing

We generate loans through both in-house and external sources. We use a combination of in-house sales team, resident executives, direct selling teams ("DSTs"), external direct sales agents ("DSAs") and Aadhar Mitras.

The leads generated or customers sourced by these external sourcing channels are subject to our internal credit approval and disbursement process in accordance with our internal policies.

In 2018, with a view to lowering our cost of acquisition for new loans and to widen our reach, we launched a unique referral programme known as 'Aadhar Mitra '. Aadhar Mitras are individuals engaged by us who may be in a non-allied industry (for example, hardware store owners, property brokers and building material suppliers) and act as lead providers to our DSTs. We incentivise Aadhar Mitras with a referral fee for every referral that results in a loan disbursal by us. Our onboarding process for Aadhar Mitra involves the verification of documents of a prospective Aadhar Mitra by our local branch, followed by training programmes for the Aadhar Mitra.

Further, we also generate business through corporate channel partners and digital platforms such as digital lead aggregators under the 'Digital Aadhar Mitra', program website and social media platforms.

We also run a Resident Executive (RE) programme wherein our RE's scout for business prospects in a potential geography. This RE works without the branch infrastructure initially. When the business potential of the geography gets ascertained, a branch is opened in that location.

As of March 31, 2021, our direct selling team comprised 1,306 members and 140 resident executives, 4,060 DSAs and 9,001 Aadhar Mitras.

In FY 2020-21, 71% of our disbursement was done through our in-house channels.

Our branch network

We currently operate out of 319 branches and offices in 20 states and union territories. This network of branches is widely dispersed across various states and geographies with 55% of branches spread across 5 states and the remaining 45% spread across 15 states. Gross AUM is spread across India with only 31% of Gross AUM being contributed by the top two states. Our spread across the country helps us reduce risk of geographic concentration. We have increased the scale and have strategically expanded to geographies where there is substantial demand for low income segment housing finance. In FY 2020-21, the Company added 18 branches to its overall network.

Our pan India branch network is divided into the following types of branches:

- Main Branch
- Small Branch
- Micro Branch
- Ultra Micro Branch

The type of branch that we open in geography depends on the location's business potential among other factors. We also continuously monitor individual branch performance based on vintage of a particular branch, its portfolio size, performance of portfolio, operating expenses of the branch etc. The purpose of all the above is to ensure that we have a very nimble, flexible and low cost operating model when it comes to geo expansion.

Credit Approval and Disbursement Processes

For credit underwriting and verification, we use both technology as well as manual verification methods through our well-trained credit officers. Through a mix of technology and manual verification, our credit team can underwrite customers belonging to both formal and informal employment segments. We process KYC documents and verify the income of customers from the formal employment segment using technology-led solutions (for example, the online verification of EPF, TDS, company/employer profile, income tax returns). In case of the informal customer segment, the credit manager visits the customer's residential / business premises and assesses the income of the customer according to pre-defined policies and processes.

We have centralised as well decentralised processing mechanisms:

- Centralised processing: We have two centralised credit processing hubs (Mumbai and Bengaluru) where all loan applications for formal salaried customers are processed. This ensures standardisation, cost optimisation and better turn-around time.

- Decentralised processing: For loan applications of customers from informal segments (self-employed customers or customers who receive their salary in cash), we utilise branch led processing through branch credit managers, as such cases require on-ground verification of the business and income assessment.

We have implemented a four-pronged system of credit assessment comprising:

- Underwriting: We have credit managers in branches and in our central underwriting hubs, who conduct an independent verification of customers, evaluate the customer's business and financing needs, and analyse their ability to repay loans. Our credit managers also conduct an analysis of the existing and expected cash flow of a customer's business.

- Legal assessments: We conduct legal assessments through our in-house team of lawyers and by engaging empanelled vendors (lawyers or law firms) who help us perform functions such as the verification of documents and title to properties. Legal reports prepared by empanelled lawyers are reviewed by our in-house legal team. The regional legal manager is responsible for clearing of collateral.

- Technical assessments: In relation to loans for construction, home improvement or home extension, we conduct technical assessments primarily through our in-house team of engineers and by engaging empanelled valuers who help us perform functions such as site visits, conducting technical evaluation of properties and the periodical review of construction projects. Further, for properties above a certain threshold, we also obtain additional valuation from independent third parties. Additionally, our branch managers or credit managers also visit properties valued above the threshold limits.

- Fraud Control Unit: Our fraud control unit conducts trigger based checks, scrutinises documents, field investigation, visits certain customers and seeks to identify fraud at early stages. They also conduct geography specific risk assessments, authentication of demand letters and employment certifications. We also engage third party vendors to assist in fraud control.

Loan Collection and Monitoring

We have well established processes and a strong four-tier collections infrastructure comprising tele-calling, field collection, legal recovery and settlement to help us with loan collections. At the outset of loan disbursement, we provide our customers with the option to make their payments using methods such as automated clearing house payment gateways, post-dated cheques and other digital modes of payment. We have also tied up with e-commerce payment systems to augment our digital payment gateways. However, given the limited digital access of our customers, we have also entered into an agreement with service providers to provide assisted digital payment services, to facilitate seamless cash payments through their network. We collect pre authorisations from customers for electronic auto debits from their bank accounts and also collect post-dated cheques in advance for use in case of delays in registration of the auto debit facility. For overdue cases, our field executives visit customers to collect instalments. We track loan repayment schedules on a monthly basis by monitoring instalments due and loan defaults. We ensure that all customer accounts are reviewed by our personnel at periodic intervals, particularly for customers who have larger exposures or have missed their payments.

Our field executives are responsible for collecting instalments, with each field executive typically having responsibility for specified number of borrowers, depending on the volume of loan disbursements in the area. We also use services of third party call centres. We believe that our loan recovery procedures are well-suited to the markets that we cater to.

We employ a structured collection process wherein we remind our customers of their payment schedules through text messages, pre-recorded voice calls and calls from our tele-callers. In certain cases, our in-house team also visits our customers. If the customer has not made payment by the due date and despite regular follow-ups for a certain period of time, a senior member of our collections team visits the customer and legal action is initiated if the customer's ability or intent to repay is suspect.

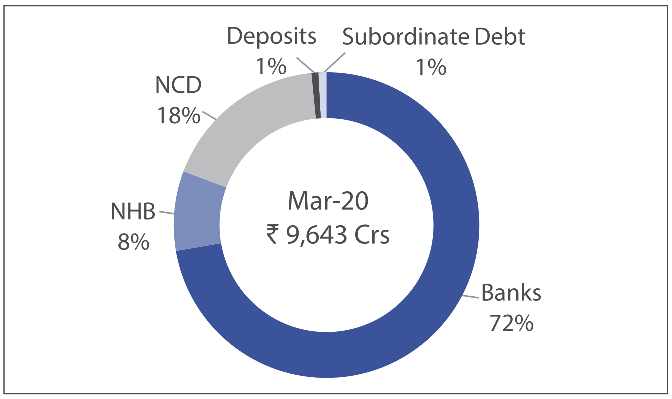
In the event of default under a loan agreement, we may initiate the process for re-possessing collateral. We work with local authorities to repossess such assets and take appropriate care in dealing with customers while enforcing on assets. Where appropriate, our collections department coordinates with our legal team and external lawyers to initiate and monitor legal proceedings.

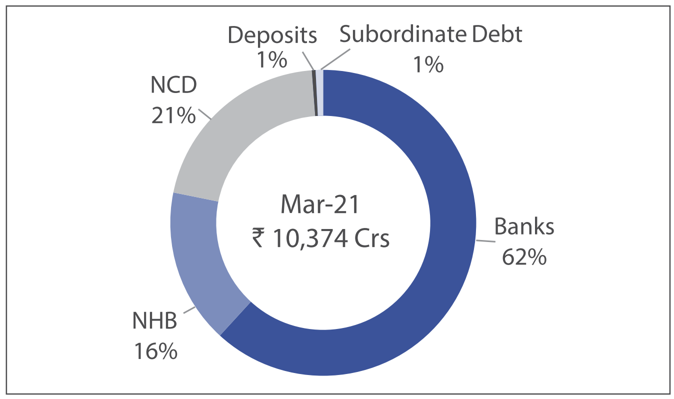
This year was a significant challenge for the Collection team considering various challenges posed by the pandemic including the moratorium extended to customers. Q1 of FY 2020-21 saw collection efficiency dip significantly but this started improving consistently in Q2 and Q3. In Feb 21, we returned back to pre-COVID collection efficiencies.

Treasury Functions

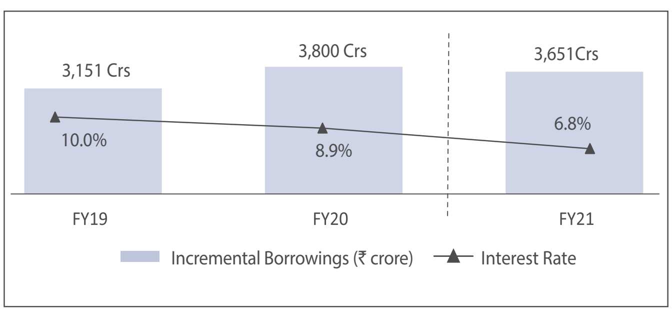
Our treasury department is responsible for our capital requirements and asset liability management, liquidity management and control, diversifying fund raising sources, managing interest rate risk and investing surplus funds in accordance with the criteria set forth in our investment policy. We have obtained financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds and insurance companies to meet our funding requirements. We assign loans through direct assignment to banks and financial institutions, which enables us to optimise our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our treasury and finance team periodically submit their reports to our asset liability management committee, which submits its findings to our Board.

Borrowing Mix:





As of March 31, 2021, total borrowings comprised 61.81% of loans from banks, 20.63% of Non-convertible debentures, 16.37% of loans from National Housing Bank, 0.80% of subordinate debt and 0.39% of public deposits. We have been steadily increasing the share of NHB borrowings in our overall borrowing mix. This is the lowest source of borrowing currently for the Company and we would aim to maximise the borrowings from NHB in future to the extent allowed as per NHB Regulations and limits sanctioned as per their credit appraisal method.



Our average cost of borrowings has reduced from 8.90% as of March 31, 2020 to 8.15% as of March 31, 2021. Our incremental cost of borrowings has reduced from 8.89% during year ended March 31, 2020 to 6.76% during year ended March 31, 2021. We believe that we have been able to access cost-effective diversified debt financing due to our stable credit history, good credit ratings and conservative risk management policies.

In addition, Company also have in place effective asset liability management strategies. It aims to ensure that they do not have any cumulative asset/liability mismatches. As of March 31, 2021, positive asset-liability mismatch is run across all the maturity buckets. This allows in meeting the growing loan demands of rapidly increasing customer base, even if external borrowings and funding sources face temporary realignment.

Considering the uncertainty prevailing due to the pandemic, the Company enhanced its liquidity holdings and held an average liquidity balance of approx. ₹ 2,500 crore in FY 2020-21 as compared to ₹ 1,700 crore in FY 2019-20. We also utilised a part of the excess liquidity to foreclose some of the high cost borrowings and also prepay some of the EMIs for the year.

The Company also runs a Direct Assignment programme whereby pools of Home Loans and Loan against Property are sold to PSU and private sector banks, with the Company retaining minimum portion of the portfolio and continuing to act as the servicing agent. Direct Assignment is an important part of the overall borrowing strategy of the Company and we intend to use the same to deepen our relationship with our banking partners. This also helps to capital optimisation and helps in transfer of the credit risk as risk sharing between the bank purchasing the pool and the Company is pari passu in ratio of the pool transferred to bank and held back by the Company. As at March 31, 2021, the total assets assigned was ₹ 2,547 crore.

Capital Adequacy Ratios

The Reserve Bank of India directions currently require HFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital. Under these requirements, HFC's Tier I and Tier II capital should not be less than 14% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. The CRAR shall be increased to 15% on or before March 31, 2022 and thereafter, with a minimum requirement of Tier I capital of 10.0% on risk weighted assets. Further, the Reserve Bank of India directions require that the Tier II capital shall not exceed 100% of the Tier I capital at any point of time.

The Company is well capitalised and had a capital adequacy of 44.08% as at March 31, 2021.

Credit Ratings

Our current credit ratings are set forth below:

Rating Agency	Instrument	Rating
CARE Ratings	Long-term	AA/Stable
	Subordinate Debt	AA-/ Stable
Brickworks Ratings	Long-term	AA/Stable
	Subordinate Debt	AA/ Stable
CRISIL Ratings	Fixed Deposits	FAA-/Stable
	Short-term	A1+
ICRA Ratings	Short-term	A1+
India Ratings	Short-term	A1+

Other Business Initiatives

Distribution of Insurance Products

The Company is a corporate agent registered with the IRDAI and enters into arrangements with insurers for the distribution of life, general and health insurance products.

We facilitate our customers with multiple insurance products linked to their life, health and property. Under life insurance, we provide mortgage reducing term insurance linked to the loan facility. Under general insurance, home, motor and health insurance products are available. These products are optional to the customer.

Information Technology

Our business is dependent on our information technology systems and we intend to continue making necessary investments to upgrade our systems, including our data storage and backup systems, to improve our operational efficiency, customer service and decision-making process while improving our business continuity and reducing the risk and negative impacts of system failures.

We are continuously upgrading our IT systems to achieve these objectives. We have implemented digital solutions across various aspects of our business with these objectives in mind. Our credit underwriting, risk management and fraud detection teams utilise technology to centrally process loan applications, analyse credit risks, identify fraud and utilise an objective cognitive rule-based policy to make credit decisions. These technology-led initiatives allow us to increase our customer penetration by allowing us to utilise third parties for sourcing customers (as is the case with our digital Aadhar Mitras) while keeping credit appraisals in-house. Further, these technology solutions ensure data integration across all platforms and reduce manual intervention. The digitisation of our work processes and functions improves the customer experience through more convenient accessibility, better customer service and engagement and faster turnaround time driven by faster decision-making. Operationally, automation / digitisation benefits us through improved underwriting processes, increased productivity, cost reduction and improved collections through data-driven early warning systems.

We currently utilise an enterprise-wide loan management system, Synergy, to provide an integrated platform for loan processing, credit processing, credit management, general ledger, debt management and reporting. The Synergy platform assists in loan processing and enables the automation of loan origination systems, credit underwriting processes, underwriting rules, disbursement processing branch accounting systems and maintaining customer history. We have implemented middleware and unified various internal systems and third-party service providers with Synergy. This integration has enhanced our ability to connect with online/ fintech aggregators for customer sourcing, payments, credit bureau and customer service. We have implemented web portals for field investigation and verification of customer documentations where third-party services are consolidated and automated processing takes place in Synergy. Further, we have implemented an enterprise document management system and all customer and loan documents are archived in robust and secure manner. In order to improve customer satisfaction, we have implemented CRM service modules which enable our employees to view, capture and respond to customer service-related requests through various channels such as branch walk-ins, call centres and emails.

We have developed a credit risk scoring engine to provide a credit risk score based upon customer demographics and income profile, which supplements our underwriting process.

We have implemented an online payment gateway on our website to enable our customers to make their payments via modes such as internet banking, UPI and debit cards. In addition to this, we are integrated with banks and online payment aggregators which enables customer to pay at the nearest collection point as well thereby improving collection efficiency.

Further, all our branches and corporate office are linked through the Synergy platform that enhances data management, strengthens service delivery and serves customers in an efficient manner. At our branches, we have installed a three-layered multiprotocol label switching security, which helps us prevent any unauthorised access to our network, manage network broadcasting and provides security from spoofing attacks. We have also enabled work-from-home for employees through secure VPN access, which has helped ensure continuity of business even during the COVID-19 related lockdown.

We have dedicated IT infrastructure with a data centre that is hosted at Mumbai and data recovery centre hosted in Hyderabad. Our overall infrastructure is designed and deployed with layered security architecture with 24x7 network and security monitoring that assures high up-time for better customer service and acquisition.

Digital Transformation Program

In FY 2019-20, we launched a Digital Transformation program and have appointed TCS to implement their Lending and Securitisation Platform across our systems. We are currently under the testing phase of the implementation of the TCS platform. Along with TCS, we are undertaking robust testing prior to the implementation of the system to minimise risk of potential interruptions and ensure the smooth implementation of this project. As part of the program, we are implementing technology lead initiatives across the following areas:

Digital Onboarding - Digitising the loan life cycle management with omni-channel inputs, capturing leads from multiple sources, rule-based auto-allocation of these leads, customer onboarding with cognitive document extraction and validation, and loan application processing;

Loan Origination - focusing on straight-through processing, enabling the credit team to underwrite applications through rule-based deviations and workflows based on customer profile;

Loan Servicing - Enabling disbursal, repayment schedule management, NPA tracking, interfacing with third-party applications and agencies such as CIBIL, CERSAI, PMAY etc.;

Finance & Accounting – Enabling an enterprise-wise integrated accounting solution;

GST Integration – Enabling capturing and generation of the GST data to be filed in various GST returns;

Collection Management – Enabling a real-time program with ability to allocate accounts to agents through a rule-based engine and handling the payments and collections from such agents; and

Analytics - Enabling monitoring of loan portfolios, as well as the servicing and performance management of pool investments on a continuous basis.

Analytics and Data Sciences

The Company appointed a Chief Data Officer in FY 2020-21 and is building out a team of data science professionals. This is to ensure a data-driven approach to business decision-making and also to take the help of analytics to further improving various business and operating parameters.

The Analytics and Data Science practice has identified the below activities as priority initiatives:

1. Setting up a solid data-driven foundation that will support all business functions (special emphasis on Credit Risk, Credit Underwriting, Collections and Sales) with readily available actionable insights to support decision-making.

2. Enhancing & enriching the content (digitised internal & external data), coverage (data from various business dimensions) and correctness (quality of data) of existing data repositories. This will be delivered through regularly scheduled data/digitisation audits, advanced data engineering, augmenting internal/external data pipelines and adopting best-in-class big data technologies.

3. Strengthening of the data governance & democratisation protocols, along with self-service capabilities to improve data security while ensuring seamless access of data & insights to all business functions with relevant privileges.

4. Developing smart insights & discovery suites oriented around credit risk, business / channel productivity & efficiency to aid collaborative root cause analysis, pattern / trend identification, performance benchmarking with KPIs and forecasting.

5. Establishing greater extent of automation in credit underwriting and collections processes by leveraging advanced machine learning algorithms to develop applications risk, applications fraud and collections risk scorecards. These will help to reduce human bias, manual interventions, application frauds, delinquencies, and credit loss while scaling up loan approval rates, loan disbursal volumes, and the levels of standardisation & centralisation.

6. Adopting state-of-the-art digital analytics methodologies and performing extensive market research to understand audience profiles and build look-a-like audience bases with pertinent Target Groups (TG) that will improve the effectiveness of marketing campaigns (both traditional and digital).

Risk Management

Risk management forms an integral part of our business. We continue to improve our internal policies and implement them rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to mitigate and address such risks. Our risk management framework is driven by our Board and its sub-committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee and is overseen by our full-time Chief Risk Officer. We accord the necessary importance to prudent lending practices and have implemented adequate measures for risk mitigation, which include verification of credit history from credit information bureaus, multiple verifications of a customer's business and residence, verification of income and KYC documents submitted by the customer, technical and legal verifications, conservative loan to value, and required term cover for insurance.

The major types of risk we face in our businesses are liquidity risk, credit risk, operational risk, interest rate risk, cash management risk, collateral risk.

Risk Management Architecture:

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee.

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.

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.

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.

- 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

Marketing

Given the demographics and spread of our target audience, we look to connect with prospective customers through our local outreach activities our social media efforts. We undertake activities such as DSA/Aadhar Mitra branding, local marketing activities, local branding and advertising through wall paintings, branding of our Aadhar Mitra boards; are undertaken to create visibility in our target markets. In addition, we also provide branded merchandise to our partners/sales force to create a stronger recall with the target audience.

We use our social media handles extensively to communicate and engage with our prospective/existing customers for promoting our services/updating customers of any new product or service offering. In addition to social media, our website and call centre is used extensively for leads/sourcing of new business at a lower cost.

We also extensively utilise public relations initiatives to create awareness amongst our target audience and stakeholders, which aids in creating a stronger goodwill and brand equity in the market.

Insurance of Company Assets

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include directors' and officers' liability insurance, and we also have a combined corporate policy which covers, among others, public liability insurance, fidelity insurance, burglary, fire and allied perils, breakdown of office equipment, and terrorism cover. In addition, we have a money insurance policy pertaining to cash in safes and in transit.

Human Resources

Our employees are our assets and we take a wide range of steps to ensure that we attract and retain the best talent and to create a work culture which helps the employees to deliver to their potential.

As of March 31, 2021, the Company had 2,310 employees on its rolls.

The Company undertakes a variety of technical and soft skills training programs for its employees. Considering the pandemic situation in FY 2020-21, all these trainings were conducted through video conferencing.

In response to the challenges posed by the pandemic, our top most priority was the safety of our employees. Since physical offices opening were hampered at various time in the year due to lockdown, we enabled "work from home" for our employees. We have observed that the safety and flexibility provided by the "work from home" was welcomed by the employees and this helped in improving their productivity levels.

When offices re opened we ensured all safety protocol were followed during office hours which included regular sanitisation, availability of hand sanitisers, masks etc. In offices, where staff numbers were high, we took temporary steps like alternate day working to ensure number of staff physically turning up to work is moderated.

We ensured that medical insurance coverage and assistance was provided under the Company employees medical insurance scheme for employee and family members suffering from COVID-19.

The Company was awarded a Great Place to Work for the second year in running. We also conducted an Employee Engagement Survey through an independent consultant to help in assessing the satisfaction of our employees and identify any areas which the Company can work on to enhance employee satisfaction.

Corporate Social Responsibility (CSR)

At Aadhar, to engage in CSR means that, in the ordinary course of business, the Company operates in ways that enhances society and the environment. As important as CSR is for the community, it is equally valuable and integral part of our organisation. With the Company's CSR initiatives, philanthropy & volunteer efforts, the organisation aims to forge a strong bond between employees and Aadhar; boost morale and help both Aadharites and Aadhar feel more connected with the society they aim to serve.

A total of ₹ 477 lakhs were spent in FY 2020-21 on various CSR initiatives that focused on areas of Health, Preventive Health Care, Education and Skilling.

CSR AWARD

Going for beyond the call of duty; doing more than others expect. This is what excellence is all about. It comes from striving, maintaining the highest standards, looking after the smallest detail, and going the extra mile.

Aadhar has been awarded the CSR Times Award 2020 for its CSR Project – AADHAR AANGAN PHASE 1 under the category 'Healthcare'.

The CSR Times Award 2020 is a great recognition for the Company as a whole. As an organisation, Aadhar takes pride in the fact that it is well positioned to continue to build on the success to date, while ensuring to set new higher benchmarks in the industry.

Board's Report for the Financial Year 2020-21

Dear Members,

Your Company, Aadhar Housing Finance Limited is a Housing Finance Company registered with National Housing Bank (**"NHB"**) and regulated & controlled by Reserve Bank of India (RBI) and supervised by NHB. Aadhar Housing is engaged in providing housing finance to lower income segment of the society. Aadhar Housing is currently operating out of twenty states and union territories of India with a branch network of over 319 offices covering 12,000 locations.

1. Financial Performance of Aadhar Housing:

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2020	March 31, 2021
AUM	10,016	11,432	13,327
Income	1239.59	1372.36	1549.81
PAT	162.24	189.39	339.97
Net Worth	859.85	2347.18	2692.54
CRAR	18.28%	51.42%	44.08%
CRAR – Tier I Capital	15.57%	49.07%	42.63%
CRAR – Tier II Capital	2.71%	2.35%	1.45%
Retail NPA (on retail AUM)	0.58%	0.82%	1.07%
ROE %	20.53%	11.81%	13.49%

About Aadhar Housing:

- Largest independent housing finance Company focused on low income segment with an AUM of ₹ 13,327 Crore.
- Strong growth tailwinds in affordable housing due to low 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 and union territories with diversified exposure across locations no single state contributes to more than 16 % of Aadhar Housing's AUM.
- 100% secured retail advances with average ticket size of ₹ 8.54 Lakhs, high share of low risk salaried customers 63.8 % of loan book and moderate LTV ratios of 56.28 % and majority of the mortgage portfolios are satisfying the Priority Sector Lending criteria prescribed by RBI/NHB.
- One of the largest origination franchise with strong brand: 319 branches which cover 12,000 locations. Low concentration risk due to wide geographical presence.
- 8000+ Aadhar Mitra's and 140 Resident Executives helps in building out a low cost and wide distribution network.
- High asset quality: The Gross NPA on AUM stood at 1.07 % for the year ended March 31, 2021. Provision Coverage Ratio on NPA Assets (Stage 3 carrying value) at 32.12%.
- Strong liquidity: High liquid assets/cash & bank balances of ₹ 2,248 Crore as at March 31, 2021 in addition to unutilized Banks' sanction lines.

2. Impact of COVID -19

FY 21 was a tumultuous year for the entire world with COVID 19 pandemic raging throughout the world. India, in particular, was also affected badly with the pandemic claiming a lot of lives, putting significant pressure on Centre and state healthcare and financial resources, affecting livelihood and business and resulting in a one of the worst degrowth in GDP. India went into a nationwide 3 weeks lockdown in the last week of March 2020 and this lockdown continued for a longer time in some of the worst affected states and cities. As a result of this, economic activity and businesses were severely affected in Q1 of FY 2021.

Your Company was also impacted due to the above and took various important steps to tide over the crisis which is described below:

- Ensuring wellbeing of all employees and their immediate family members by keeping a tracker of those affected because of COVID 19 and tracking their recovery and providing all necessary assistance, including coverage under employee Medical insurance
- Ensuring availability of liquidity: Your Company ensured that higher than normal liquidity was maintained through the first 6 months of the financial year to take care of any liquidity crisis emerging in the economy which might have affected the Company's business prospects. We also did not avail of moratorium from banks. On the contrary when we saw that the liquidity situation had improved on the ground, we used the excess liquidity to foreclose some of our high cost borrowing and pay

off future EMI's in advance. Total amount used for this purposes was ₹ 1,898 Crore in FY 21.

- Moratorium policy as mandated by RBI and as approved by the board of directors was made available to the customers. This helped the customers tide over their temporary financial issues resultant of the lockdown and the pandemic impact on businesses.
- Through the call centre and on ground branches effort, all customers of the Company were contacted and explained the impact of the moratorium and educated that if they had the necessary means then they could service the loans by paying the EMIs.
- Credit policy was tightened with a view of ensuring that business for the first 6 months focused on less riskier class of customers.
- Our focus on collections held us to improve the collection efficiency from 59% in Apr 20 to 93% in Sep 20, 97% in Dec 20 and 100% in March 21.
- On the disbursement side, in spite of Q1 disbursements being severely impacted due to the pandemic, the Company ended the year with a growth in disbursement of around 11%. Second half of year FY 21 growth in disbursements was 44% as compared to the previous year.
- Your Company adequately provided for any credit losses arising on account of COVID 19. As at 31st March 21, the total additional provision of ₹ 60 Crore was made towards Covid 19 and for assets restructured under one time restructuring.
- Your Company has been able to deliver robust profit numbers for FY 21 with a PAT of ₹ 340 Crore – growth of 80% over last financial year. Adjusting for the one time provision for Covid and accelerated provision for Project Finance made in FY 21, the growth in profit was a healthy 35% over last year.

The "Second Wave":

Since March 21, we have seen the emergence of the "second wave" of the COVID 19 pandemic which has resulted in sharp rise in positive cases across the country. Few of the states have announced various containment measures including lockdowns, night curfews, weekend lockdowns etc. We will keep a close track on the "second wave" and its impact on the economy and the Company's business. Currently, we are quite confident that the Company will be able to come out of this also in a strong manner, similar to what was demonstrated during the initial wave in the first half of FY 21.

3. Major Developments during the year

With the object of enhancing of our Company's brand name and creation of a public market for Equity Shares of the Company, on December 22, 2020, the Board of Directors of the Company has approved public issue and listing of equity shares of the Company through initial public offer (IPO) in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI ICDR). The proposed public issue will also be accompanied by an Offer for Sale by the Promoter Selling Shareholder in accordance with SEBI ICDR. The shareholders at their Extra Ordinary General Meeting held on January 16, 2021 have approved the fresh issue and initial listing of the equity shares of the Company by special resolution. The Company has filed a Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") on January 24, 2021 for the proposed Initial Public Offering of ₹ 7300 Crore consisting of a primary issue of ₹ 1500 Crore and an Offer for Sale of ₹ 5,800 Crore by promoter Company, BCP Topco VII Pte. Ltd. The approval from SEBI is still awaited.

Consequent changes in the authorized and paid up share capital of the Company has been detailed in point 6 of the Board's Report pertaining to capital structure of the Company.

4. Management Discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India for Housing Finance Companies, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

5. Changes in the Directors and Key Management Personnel

Mr. V Sridar, Independent Director of the Company has resigned from the Board of Directors w.e.f. 1st April, 2020. The Board places on record deep gratitude & appreciation for his valuable contributions & guidance given to the Board/ Management during his tenure as a Director of the Company.

With a view of further strengthening the Corporate Governance, Ms. Sharmila Karve was appointed as an Independent Director of the Company w.e.f. 15th December 2020. Ms. Karve was earlier the Head of Assurance at the Price Waterhouse India network of firms and brings along a wealth of experience. Ms. Karve has been appointed as Chairperson of the Audit Committee and Nomination & Remuneration Committee of the Board of Directors and is also a member of the Asset Liability Management Committee and Risk Management Committee of the Board of Directors.

The Company has received a proposal from a member for considering extension of term of office of Dr. Nivedita Haran(DIN : 06441500) as an Independent Director, before the expiry of term for a further period of One year from the date of 31st Annual General Meeting in 2021, till the date of 32nd Annual General Meeting (AGM) of the Company to be held in the calendar year 2022. Further, the Company has received the consent to act as Independent Director of the Company from Dr. Nivedita for the proposed extension of term and declaration to the effect that she is not disqualified in terms of Section 164(2) of the Companies

Act, 2013. The Nomination & Remuneration Committee & the Board of Directors recommend the extension of the term for one year for approval of shareholders at the Extra-ordinary General Meeting to be held before the expiry of her term. Mr. Mukesh Mehta(DIN : 08319159) retires by rotation and being eligible, offers himself for re-appointment at the 31st Annual General Meeting of the Company.

6. Share Capital Structure:

Your Company's capital structure as at March 31, 2021 is given in the below table;

Share Capital	Amount in ₹ Crore
Authorized Share Capital (50,00,00,000 Equity Shares of ₹ 10 each)	500.00
Issued, Subscribed and Paid-up Share Capital (39,47,54,970 Equity Shares of ₹ 10 each)	394.76

Changes in Capital Structure and shareholding position:

During the year under review, the Authorised share capital of the Company was increased from ₹ 220 Crore to ₹ 500 Crore, to facilitate the increase in the issued and paid-up capital by way of Bonus Issue of shares and the proposed IPO.

During the financial year 2020-21, the issued and paid-up share capital of the Company was increased from ₹ 39.46 Crore consisting of 3,94,64,898 shares of ₹ 10 each as on March 31, 2020, to ₹ 394.76 Crore consisting of 39,47,54,970 shares of ₹ 10 each as on March 31, 2021, due to the allotment of 10,599 shares to the eligible employees under ESAR Plan, 2018 on 18th August, 2020 and issue of 35,52,79,473 shares under Bonus Issuance in the ratio of 9:1 on 16th January, 2021, pursuant to the applicable provisions of Companies Act, 2013. Further, 26,100 Bonus shares were issued, which are kept in abeyance pertaining to those shareholders, who have neither dematerialized their existing shares, nor provided their Demat Account details to the Company, despite various reminders and intimation letters sent by the Company, pursuant to provisions of rule 9A of Companies (Prospectus and Allotment of Securities) Rules, 2014.

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

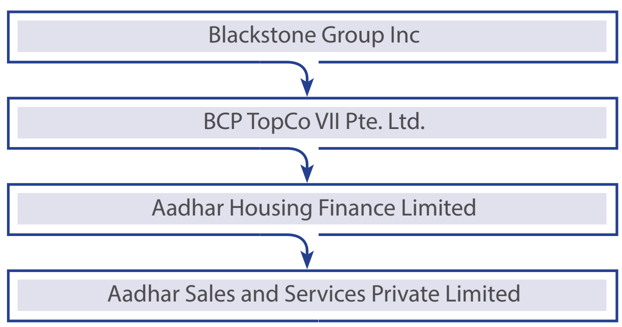
The Company enjoys a strong parentage of our promoting Company, a leading global investment business and the world's largest asset manager with ~US$ 649 billion worth of assets currently under management. Blackstone's asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different businesses, Blackstone had total assets under management of over $649 billion as of March 31, 2021. Currently, the Board of Directors of the Company has 3 nominee directors from Promoter group.

The present shareholding pattern of the Company is as mentioned below:-

List of Shareholders & percentage of holding as on 31st March, 2021

Sr. No.	Name of Shareholders	No. of Equity Shares held	Percentage of shareholding
1	BCP Topco VII Pte. Ltd.	38,96,83,420	98.72%
2	ICICI Bank Ltd.	46,50,000	1.18%
3	IEPF Authority	1,13,150	0.03%
4	Other Resident Shareholders	3,08,400	0.07%
Total		**39,47,54,970**	**100.00%**

Diagrammatic representation of group structure



7. Financial Performance

7.1. Financial summary and highlights of the Company:

Your Company takes pleasure in presenting the standalone and consolidated reports on the operational and business performance, along with the audited financial statements for the financial year ended March 31, 2021.

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

(₹ in Crore)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Total Income from Operations	1549.81	1372.36	1575.55	1388.46
Less:				
Total Expenditures	1117.53	1141.49	1143.04	1157.55
Profit before Taxes	432.28	230.87	432.51	230.91
Provision for Taxes	92.31	41.48	92.38	41.53

(₹ in Crore)

Particulars	Standalone		Consolidated	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Profit after Taxes	339.97	189.39	340.13	189.38
Other comprehensive income	0.36	(0.90)	0.33	(0.81)
Total comprehensive income	340.33	188.49	340.46	188.57
Appropriations:				
Transfer to Special Reserve under NHB Act	68.27	38.51	68.27	38.51
Transfer to General Reserve	20.00	20.00	20.00	20.00
Transfer to Debenture redemption reserve	0.00	112.73	0.00	112.73
Proposed equity dividend	0.00	0.00	0.00	0.00
Dividend distribution tax	0.00	0.00	0.00	0.00
Retained Profits	252.06	17.25	252.19	17.33
Balance at the beginning of the year	178.76	161.51	178.91	161.58
Balance at the end of the year	430.82	178.76	431.10	178.91
Earnings per share- Basic	8.61	5.86	8.62	5.86
Earnings per share- Diluted	8.36	5.83	8.37	5.83

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

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

a) GNPA :

Particulars	As at March 31, 2021	As at March 31, 2020
GNPA on AUM (%)	1.07%	1.08%
GNPA on Retail AUM (%)	1.07%	0.82%
GNPA on Own Book (%)	1.21%	1.29%
GNPA on Retail Own Book (%)	1.21%	0.96%

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 are ₹ 10,761.10 Crore as at March 31, 2021 (₹ 9,036.12 Crore as at March 31, 2020). Your Company is carrying an impairment allowance of ₹ 147.84 Crore as at March 31, 2021 (₹ 127.09 Crore as March 31, 2020). ECL provision coverage ratio on Stage 3 (NPA Assets) is 32% as at March 31, 2021 (36% as at March 31, 2020).

d) 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. As at 31st March 2021, your Company is carrying an additional provision of ₹ 60 Crore to take care of any credit cost impact due to Covid 19 and one-time restructuring carried out as per RBI guidelines.

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 including the 'second wave', 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 ₹ 60.80 Crore.

7.3. Financial Ratios:

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

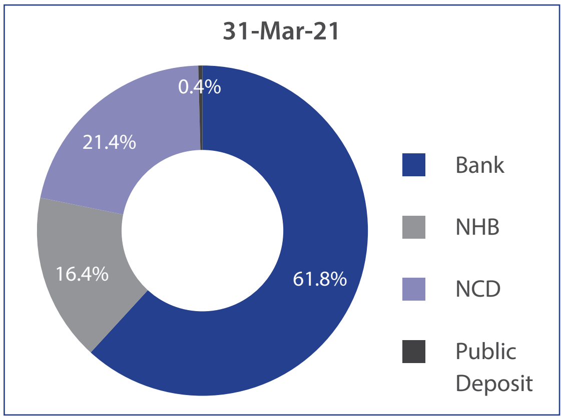
	FY 2020-21	FY 2019-20
Earning per share (EPS)	8.61	5.86
Capital to Risk Asset Ratio (CRAR)	44.08%	51.42%
Net Debt Equity Ratio (DE Ratio)	2.87	2.77
Net Owned Fund (NOF)	₹ 2662.18 Crore	₹ 2342.66 Crore

8. 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 June 29, 2020, under Sections 42, 71, 180(1)(c) read with 180(1)(a) of the Companies Act, 2013 or other applicable provisions and has 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 various borrowing sources up to an amount of ₹ 20,000 Crore (Rupees twenty thousand Crore) or up to 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 Direction(s)/Circulars & Notification/ Guidelines.)

Your Company uses a 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, 2021 was ₹ 10,374 Crore, as compared to ₹ 9,643 Crore as at March 31, 2020.

(a) Borrowing Composition:



The Borrowings comprised of 61.8% from banks, 16.4% from National Housing Bank, 21.4% from Non-Convertible Debentures and 0.4% from Public deposits as at March 31, 2021. There has been no deviation in the utilisation of issue proceeds of secured redeemable NCD from the Objects as stated in the Shelf prospectus document.

Your Company endeavours to gradually reduce its reliance on the borrowings from banks and focus on capital market instruments with lower funding costs depending upon opportunities available in the market.

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.

(b) Loans from Banks:

As at March 31, 2021, your Company had relationships with 18 banks. Your Company continued to leverage on its long term relationships with these banks and raised additional term loans from banks to the extent of ₹ 1,695 Crore during the year at competitive rates. Total outstanding borrowing from banks as at 31st March, 2021 aggregated to ₹ 6,412 Crore.

(c) Refinance from National Housing Bank:

The NHB Refinance department has sanctioned Refinance facility to the Company under various schemes for a term ranging from 1 year to 15 years repayment tenure.

During the year, your Company has been sanctioned with Refinance facility of ₹ 1,191 Crore from NHB including ₹ 191 Crore under the Special Refinance Facility (SRF) and Additional Special Refinance Facility (ASRF) Schemes. As on 31st March, 2021 the outstanding balance on NHB Refinance amounts to ₹ 1,698 Crore.

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

(i) Secured Redeemable Non-Convertible Debentures (NCDs)

As at March 31, 2021, your Company's outstanding Secured NCDs issued under Initial Public Offer stood at 67,64,011 NCDs aggregating to ₹ 676.40 Crore, held by 8,306 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 2020- 21. Your Company has duly paid the Principal/interest amounts on due dates for the NCDs public issue and has duly intimated BSE Ltd./ Beacon Trusteeship Ltd.

During the year under review your Company raised ₹ 815 Crore by way of issue of 8150 Senior, Secured, Listed, Rated, Redeemable, Non-Convertible Debenture (NCDs) of face value of ₹ 10 Lakhs each, by way of Electronic Bidding Mechanism through BSE Bond Platform, as per the applicable provisions of relevant circulars issued by Securities and Exchange Board of India. The Company has listed the new NCDs and completed the allotment process within prescribed time-limit.

As at March 31, 2021, your Company's outstanding secured NCDs under private placement were ₹ 1,472.40 Crore 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 excess liquidity available with the Company and unavailability of long term NCDs for expected tenure at competitive rates 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.

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.

(ii) Unsecured Subordinated Non-Convertible Debentures

As at March 31, 2021, your Company's outstanding unsecured subordinated debts were ₹ 84 Crore 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.

(iii) Commercial Paper:

During the year, the Company has raised ₹ 48.74 Crore by issuance of Commercial Papers (CP), with a maturity price of ₹ 50 Crore for 180 days and which were redeemed on February 17, 2021.There were no outstanding commercial papers as on March 31, 2021. There has been no delay/default in the interest & principal amount due on the Commercial papers.

(iv) Direct Assignment of Mortgage Pool Receivables:

Majority of the Company's loan book portfolio qualifies 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 ₹ 578 Crore, being investors' share. Total assigned pool outstanding as at March 31, 2021 was ₹ 2,547 Crore.

(v) Security Coverage for the Borrowings:

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No.14 and 15 in the Notes to accounts forming part of the Audited Financial statements for the year ended March 31, 2021.

The Company is not providing any Gold Loans or do not provide loans against the security of Gold or other precious metals or ornaments during the financial year 2020-21 under this Report.

(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, 2020	Rating as on 31st March, 2021
CARE	Long Term Bank Facilities	CARE AA (stable)	CARE AA (stable)
CARE	Non-Convertible Debentures	CARE AA (stable)	CARE AA (stable)
CARE	Subordinated Debt	CARE AA – (stable)	CARE AA- (stable)
BRICKWORKS	Non-Convertible Debentures	BWR AA (stable)	BWR AA (stable)
BRICKWORKS	Subordinated Debt	BWR AA (stable)	BWR AA (stable)
CRISIL	Commercial Paper	CRISIL A1	CRISIL A1+
CRISIL	Fixed Deposits	FA+	FAA- (stable)
ICRA	Short Term Borrowings	ICRA A1+	ICRA A1+
INDIA RATINGS	Short Term Issuer Rating	IND A1+	IND A1+

10. 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, 2021, your Company had unencumbered liquidity buffers of ₹ 2,248 Crore 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 2020-21, your Company earned ₹ 8.78 Crore by way of income from mutual funds & other operations and ₹ 123.58 Crore by way of interest on deposits placed with banks and from bonds.

11. 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, 2021, your Company had a strong asset-liability position with positive gaps across all the buckets.

12. 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. The Risk Management Committee meets regularly through the year and the following matters are discussed in these meetings:

- Overall Risk appetite of the Company
- Tracking actual performance over major risk metrics set by the Committee that includes:
  - o Breakdown of fresh disbursements and AUM into Housing and Non Housing Loans
  - o Bounce and collection behaviour across product and customer profiles
  - o NPA across product and customer profiles and across various regional offices
- Tracking branches with highest NPA and any corrective action to be taken

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.

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 verifies & investigates the suspected Fraud cases & reporting of frauds to the Risk Committee and to the Regulators (NHB) on periodical basis as per the regulations applicable.

13. Internal Audit Control & Reporting:

The Company's Internal Audit Department, is led by the Head - Internal Audit and supported by team of qualified Chartered Accountants, experienced internal auditors and functional experts. The 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.

In Feb 2021, Reserve Bank of India has issued a guideline for Risk Based Internal Audit for Non-Banking Finance Companies (NBFCs) which is applicable to the Company. Risk Based Internal Audit Policy duly approved by the Board as required by regulation has been put in place.

14. 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.

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.

15. Fixed Deposits program:

Pursuant to the instructions issued by NHB as a condition for approval of the change in control & management of the Company, the Company has stopped accepting any fresh or renewal of deposits from public from May2019. Your Company's FD programme has a rating from CRISIL and is rated, CRISIL FAA-. As on March 31, 2021, your Company's outstanding Fixed Deposits including accrued interest (excluding unclaimed matured deposit) was amount to ₹ 42.13 Crore. 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 44 of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI Regulations, 2021) read with 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 due for repayment and the total amount dues under such unclaimed/ unpaid accounts as on 31st March, 2021 are mentioned below :

During the Financial year 2020-21, matured Fixed Deposits (FDs), amounting to ₹ 1,37,135, pertaining to two FDs, remained unclaimed for last 7 years from the date of its maturity, was transferred to the Investor Education and Protection Fund along with the interest thereon.

Further details of unclaimed Fixed Deposits matured, but not claimed by the Deposit Holders as on the financial year ended 31st March, 2021, other than aforesaid FDs, are given hereunder :

a. Total 590 number of accounts of fixed deposits of the Company which have not been claimed by the depositors after the date on which the deposit became due for repayment.

b. Total amount of ₹ 26,785,520 is due, under such accounts remaining unclaimed or unpaid beyond the date referred to in clause (a) as aforesaid.

For the unclaimed deposits as mentioned above, the Company has taken the following actions:-

i) Registered Post letter dispatched to FD holders, to intimate that, deposits are matured and asking them to submit the FD certificate for repayment of the same through NEFT/RTGS mode.

ii) We also contact the depositors or nominee or sourcing agent through our local branches, requesting them to submit FD certificates, duly discharged and get the maturity payment.

The Company also sends the SMS communications to depositors, prior to 30 days of maturity and post maturity till the deposits are claimed for payment by the FD holder.

Also pursuant to para- 17 of Housing Finance Companies (NHB) Directions, 2010 (NHB Directions), during the FY 2020-21, the Company had duly submitted with NHB the Statement in Lieu of Advertisement (SILA) on 3rd June, 2020, 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.

16. Unclaimed/ Unpaid Dividend:

During the financial year under review, your Company has transferred unclaimed final dividend of ₹ 58,575 for the Financial Year 2012-13, and unclaimed Interim Dividend of ₹ 33,289 for the Financial Year 2013-14, 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 and the Company has also transferred 15 shares to IEPF, pertaining to one of the shareholder, who did not claim any dividend for last 7 years , after complying with applicable provisions of Companies Act, 2013 and issued the individual notice and newspaper publication before transfer to IEPF Authority and updated the same on the website of the Company.

17. 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.

Further, the requirements pursuant to the latest amendments circulated by Reserve Bank of India vide Circular No. RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, dated February 17, 2021- Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, are also being complied with by the Company.

There have been no delays in filing the necessary disclosures, returns and necessary forms with respect to Foreign Direct Investment for the year under review. No Fines/Penalties has been levied by the RBI during the year 2020-21.

18. National Housing Bank Regulations:

Your Company is having a valid NHB License for carrying on business of Housing Finance Company, bearing revised registration certificate No. 04.0168.18, dated 5th April, 2018 (being 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) of branches within prescribed time-limit during the FY 2020-21.

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.

19. Capital Adequacy and Transfer to Special Reserve

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, 2021, 2020 and 2019:

Particulars	As on March 31		
	2021	2020	2019
Capital Adequacy Ratio	44.08%	51.42 %	18.28%

The Capital Adequacy Ratio (CAR) of your Company was at 44.08% as on March 31, 2021, as compared to the regulatory requirement of 14%. 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.

20. 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 Crore dwelling units to EWS, LIG & MIG beneficiaries. The scheme was to be implemented in 22,115 statutory towns/centres as on March, 2021. Under this scheme, Credit Linked Subsidy of ₹ 2.67 Lakhs is to be given to 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 Crore houses in rural areas. These schemes have created huge opportunities for the Company to provide housing loans to these beneficiaries as per the above schemes.

PMAY CLSS Subsidy claim and Disbursement Status as on 31st March, 2021

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 2020-21, the Company has submitted from time to time the claim for subsidy to NHB under the PMAY scheme.

(i) The total PMAY Claim Received in FY 2020-21 was ₹ 175.05 Crore for 10,175 loans. Total PMAY Claim Received till 31st March, 2021was ₹ 661.82 Crore on 32,934 loans

(ii) The subsidies received during the year 2020-21 were credited to customer accounts and the EMI was accordingly modified to that extent. In certain other cases, the subsidy was refunded. Subsidy amount refunded was ₹ 10.65 Crore on 601 accounts in FY 21. Since inception till 31st March 21, the subsidy amount refunded was ₹ 36.85 Crore on 1951 accounts.

(iii) As at 31st March 2021, the total number of 9,284 claims was submitted and subsidy amount to be received is ₹ 245.97 Crore.

Insurance Regulatory and Development Authority of India (IRDAI):

The Company is registered with IRDAI as Corporate Agent – Composite bearing registration number CA0012 with renewed validity period - 01.04.2019 to 31.03.2022. The Company has Corporate Agency Agreement executed with the insurer 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.

During the FY 2020-21, the Company has complied with Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 and has duly filed/ submitted various returns, reports and intimations within the prescribed time-limit. No Penalties/Fine was levied by the regulator during the year 2020-21.

Trade Marks Registration for the Company:-

Aadhar Housing owns a combination of trademarks to establish and protect our brands, logos, and marketing designs. We have 12 trademarks, registered with the Registrar of Trademarks under the Trademarks Act.

21. 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 18th August, 2020. 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. The Company has set up a POSH Committee with a majority Women Employees for looking into any such complaints or reports. This Committee will conduct the inquiry and determine the sanctions, if any, and report to the Board. One complaint was received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 in FY 2020-21 which was duly addressed as per Policy.

22. 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.

23. 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, pursuant to section 204(1) of Companies Act, 2013. The Secretarial audit report for FY 2020-21 is annexed to this report.

There are no qualifications or adverse remarks in the Secretarial Audit Report for the F.Y. 2020-21.

24. 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 2020-21, Annual General Meeting (AGM) for the financial year 2019-20 was duly held on 29th June, 2020, and Annual Return filing was done within prescribed time limit.

As provided under section 92(3) and 134(3)(a) of the Companies Act, 2013, Annual Returns of the Company are placed on the website of the Company at https://aadharhousing.com/investor-relations/annual-returns-of-Company.php

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, 2021, 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, 2021 and of the profit of the Company for that period;

c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors had prepared the Annual Financial Statements on a going concern basis;

e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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 amounting to ₹ 1 crore or above, detected and required to be reported during the FY 2020-21, as per the provisions of section 134 (3) (ca), read with section 143 (12) of the Companies Act, 2013 to the regulatory authorities.

b) Frauds of value involved for ₹ 1 Lakh & above and frauds committed by unscrupulous borrowers, detected, during the FY 2020-21- the Company has duly reported 5 fraud cases as per Circular(s)/ Guidelines, issued by National Housing Bank/ Reserve Bank of India.

v) 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.

vi) 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 pursuant to provisions of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016, the Company has obtained Fit & Proper declarations and Deed of Covenants and various other Declarations duly signed by all the Directors of the Company.

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

vii) 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 2019-20, 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.

viii) In terms of section **134(3)(g)** of the Companies Act, 2013, Company has not made any Investment through two or more layers of Investment Companies, pursuant to provisions of section 186(1) of the Companies Act, 2013. Further, The Company being Housing Finance Company, all loans & guarantees are in the ordinary course of business and details of the same along with the Investment made by the Company are disclosed in Financial Statements and Notes of Accounts, thereto, which is forming part of Annual Report.

ix) 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.

Apart from payment of sitting fees and commission to Independent Directors, there is no pecuniary relationship or transactions of the Independent/ Non-Executive Directors. 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, 2021.

There are no related party transactions to be reported 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 and hence the disclosure of material related party transactions as required in the prescribed Form AOC – 2 is not applicable.

Pursuant to provisions of Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 read with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, a copy of Related Party Transaction Policy of the Company, duly approved by the Board, is enclosed as Annexure to this report. It is also available on the website of the Company (www.aadharhousing.com) at link provided below: -

https://aadharhousing.com/investor-relations/SEBI-Regulations.php

x) **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 fulfill 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.

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

xi) **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 2020-21, there were some changes occurred in the Board and the Board of Directors met 13 **(Thirteen) 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 and attended													No. of Meetings Attended
	05-05-2020	29-05-2020	18-08-2020	14-09-2020	26-10-2020	10-11-2020	02-12-2020	22-12-2020	13-01-2021	16-01-2021	21-01-2021	18-02-2021	09-03-2021	
Mr. O P Bhatt, Chairman	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13
Dr. Nivedita Haran, Independent Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13
Mrs. Sharmila A Karve, Independent Director *	-	-	-	-	-	-	-	-	Yes	Yes	Yes	Yes	Yes	5
Mr. Amit Dixit, Non-Executive Director (Nominee)	Yes	Yes	-	Yes	Yes	Yes	-	-	Yes	-	Yes	-	Yes	8
Mr. Mukesh Mehta, Non-Executive Director (Nominee)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13
Mr. Neeraj Mohan, Non-Executive Director (Nominee)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes	12
Mr. Deo Shankar Tripathi Managing Director & CEO	Yes	Yes	Yes	-	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12

Note:-

1. ** Mrs. Sharmila A. Karve, was appointed as an Independent Director (Additional Category) vide circular Board resolution dated 15th December, 2020 and further she was appointed as the Independent Director by the Shareholders at their meeting held on 16th January, 2021.*

xii) **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. O. P Bhatt, Independent Director, and was elected as Chairman of the Committee at respective meetings, Dr. Nivedita Haran and Mr. Mukesh Mehta as members. Further during the FY 2020-21- the Audit Committee was re-constituted by the Board and Mrs. Sharmila A Karve, Independent Director was appointed as the Chairperson of the Audit Committee, Mr. O P Bhatt, Dr. Nivedita Haran and Mr. Mukesh Mehta as members of the Committee as on 31st March, 2021. Further the Audit Committee met **5 (Five) times** and 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 2020-21 are given hereunder;

Name of the Members	Date of Audit Committee Meetings held and attended					No. of Meetings Attended
	29-05 -2020	18-08-2020	10-11-2020	16-01-2021	09-03-2021	
Mrs. Sharmila A Karve Chairperson*	-	-	-	Yes	Yes	2
Mr. Om Prakash Bhatt, Member**	Yes	Yes	Yes	Yes	Yes	5
Dr. Nivedita Haran, Member	Yes	Yes	Yes	-	Yes	4
Mr. Mukesh Mehta, Member	Yes	Yes	Yes	Yes	Yes	5

1. ** Mrs. Sharmila A Karve, was selected as the Chairperson of the Audit Committee at the Board meeting held on 22nd December, 2020.*
2. *** Mr. Om Prakash Bhatt, was appointed as member of the Audit Committee at the Board meeting held on 5th May, 2020 and at respective Audit Committee meetings Mr. O P Bhatt being the senior most Director was selected as the Chairman of the Committee with majority decision.*

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

The Company has reconstituted the Asset Liability Management Committee (ALCO) which consists of Mr. Om Prakash Bhatt, Independent Director, as Chairman of the Committee, Mr. Mukesh Mehta, Non-Executive Director (Nominee), Mr. Neeraj Mohan, Non-Executive Director (Nominee) and Mrs. Sharmila A. Karve, Independent Director are Members of Committee, as on 31st March, 2021 and the Chief Financial Officer, Chief Treasury Officer & IT Head are special invitees for these meetings. During the year, total **4 (four) ALCO** meetings were held, which were attended by following members:

Name of the Members	Date of ALCO Meetings held & attended				No. of Meetings Attended
	29-05-2020	18-08-2020	10-11-2020	09-03-2021	
Mr. Om Prakash Bhatt, Chairman	Yes	Yes	Yes	Yes	4
Mrs. Sharmila A Karve, Member*	-	-	-	Yes	1
Mr. Mukesh Mehta, Member	Yes	Yes	Yes	Yes	4
Mr. Neeraj Mohan, Member	Yes	Yes	Yes	Yes	4

*Note:- * The ALCO Committee was reconstituted by the Board at the meeting held on 22nd December, 2020 and Mrs. Sharmila A Karve, became the member of the Committee.*

xiv) 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 & Mr. Deo Shankar Tripathi, Managing Director & CEO are the Members of the Committee as on 31st March, 2021. During the financial year 2020-21, various 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.

xv) Composition of Nomination & Remuneration Committee (NRC):

The reconstitution of Nomination and Remuneration Committee was done in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013 which consists of Mrs. Sharmila A. Karve, Independent Director as Chairperson, Mr. Amit Dixit, Non-Executive Director (Nominee), Mr. O. P. Bhatt, Independent Director, Dr. Nivedita Haran, Independent Director and Mr. Mukesh Mehta, Non-Executive Director (Nominee), are Members of the NRC Committee as on 31st March, 2021. During the financial year 2020-21, various resolutions were passed by NRC Committee duly approved by the majority of Directors, being Members/Chairperson of the Committee and reported in the Board meetings held on quarterly basis.

During the year under report, total **5 (times) NRC committee** meetings were held as under:-

Name of the Members	Date of NRC Meetings held & attended					No. of Meetings Attended
	05-05-2020	29-05-2020	13-01-2021	18-01-2021	18-02-2021	
Mr. Amit Dixit, Chairman & Member *	Yes	Yes	Yes	-	-	3
Mr. Om Prakash Bhatt, Member **	Yes (Special Invitee)	Yes	Yes	Yes	Yes	5
Dr. Nivedita Haran, Member	Yes	Yes	Yes	Yes	Yes	5
Mrs. Sharmila A Karve, Chairperson ***	-	-	Yes	Yes	Yes	3
Mr. Mukesh Mehta, Member	Yes	Yes	Yes	Yes	Yes	5

Note:-

1. ** The Committee was reconstituted by the Board at the meeting held on 16th January, 2021, and Mr. Amit Dixit, became the member of the Committee.*
2. *** Mr. Om Prakash Bhatt, became the member of the Committee as decided by the Board at the meeting held on 5th May, 2020.*
2. **** Mrs. Sharmila A Karve, was selected as the Chairperson of the Committee, as decided by the Board at the meeting held on 16th January, 2021.*

xvi) 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, 2 (Two) Meetings of CSR Committee were held on 29th May, 2020 & 18th August, 2020. The Meetings were attended by Dr. Nivedita Haran, Independent Director as Chairperson, Mr. Neeraj Mohan, Non- Executive Director (Nominee) and Mr. Deo Shankar Tripathi - Managing Director & CEO, the Members of the Committee.

xvii) Composition of Risk Management Committee :

The Company has duly reconstituted Risk Management Committee, which consists of Mr. Mukesh Mehta, Non-Executive Director (Nominee), as Chairman, Mr. Om Prakash Bhatt, Independent Director and Non-Executive Chairman of the Board, Mr. Neeraj Mohan, Non-Executive Director (Nominee) and Mrs. Sharmila A Karve, Independent Director are the Members of the Committee, as on 31st March, 2021. 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
	29-05-2020	18-08-2020	10-11-2020	09-03-2021	
Mr. Mukesh Mehta, Chairman	Yes	Yes	Yes	Yes	4
Mr. Om Prakash Bhatt, Member	Yes	Yes	Yes	Yes	4
Mr. Neeraj Mohan, Member	Yes	Yes	Yes	Yes	4
Mrs. Sharmila A Karve, Member *	-	-	-	Yes	1

Note:-

1. ** The Committee was reconstituted and Mrs. Sharmila A Karve, became the member of the Committee, as decided by the Board at the meeting held on 22nd December, 2020.*

xviii) Composition of Investment Committee:

The Company has Investment Committee, which consists of Mr. Neeraj Mohan, Non-Executive Director (Nominee), as Chairman, Mr. Mukesh Mehta, Non-Executive Director (Nominee) and Mr. Deo Shankar Tripathi, Managing Director & CEO are Members of the Committee as on 31st March, 2021. 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
	29-05-2020	18-08-2020	10-11-2020	09-03-2021	
Mr. Neeraj Mohan, Chairman	Yes	Yes	Yes	Yes	4
Mr. Mukesh Mehta, Member	Yes	Yes	Yes	Yes	4
Mr. Deo Shankar Tripathi, Member	Yes	Yes	Yes	Yes	4

xix) Composition of Stakeholders' Relationship Committee:-

The Company has Stakeholders' Relationship Committee, as per the provisions of section 178(5) of the Companies Act, 2013, which consists of Dr. Nivedita Haran- Independent Director, as Chairperson. Mr. Neeraj Mohan- Non Executive Director and Mr. Deo Shankar Tripathi- Managing Director and CEO are the Members of Committee as on 31st March, 2021.

xx) Composition of Share Allotment & Transfer Committee :

The Company has earlier formed the Share Allotment and Transfer Committee. This Committee was reconstituted and consists of Dr. Nivedita Haran, Independent Director and Mr. Deo Shankar Tripathi, Managing Director & CEO, as the Members of the Committee, as on 31st March, 2021. During the financial year 2020-21, Circular resolutions were passed by the Committee on 18th August, 2020 and 15th February, 2021, which were duly approved by the Majority and reported in the Board meetings held on quarterly basis.

xxi) IPO Committee:

The Company has duly constituted IPO Committee, for the purpose of initial public offer of the equity shares, which consists of Mr. Mukesh Mehta Non-executive Director, Mr. Neeraj Mohan, Non-executive Director and Mr. Deo Shankar Tripathi, Managing Director and CEO as the members of the Committee. During the period under review, one meeting of IPO Committee was held on 24th January, 2021 which was attended by Mr. Neeraj Mohan, and Mr. Deo Shankar Tripathi.

xxii) Transfer of profits to Reserves:-

In terms of section 134(3)(j) of the Companies Act, 2013, Company has transferred ₹ 20 Crore to General Reserve and a sum of ₹ 68.27 Crore to the Special Reserves under Section 29C of National Housing Bank Act, 1987 and Section 36(1)(viii) of the Income Tax Act, 1961, in addition to other provisions created during the year under report as per the audited financials submitted to the Board.

xxiii) In order to conserve the resources for better growth opportunity, there was no dividend recommended or declared during the year under review, which is in line with the Dividend Distribution Policy of the Company.

xxiv) Material changes and commitments, if any, affecting the financial position of the Company which has 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) : -

There are no material changes and commitments 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.

xxv) 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, 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 advance stage 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 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, 2021	As at 31st March, 2020
Foreign business travel	0	2
Total	**0**	**2**

xxvi) 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.

xxvii) 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.

xxviii) 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 Section, forming part of this Annual Report. Also the Nomination and Remuneration Committee has evaluated the Directors/ KMPs at the time of their appointment.

xxix) 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) Rules, 2014 as amended:-

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 read with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 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 Organizations/Corporates. 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.

xxx) 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 policy, by directly sending mail to the Chairperson 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 RBI/NHB Directions.

During the year under review Whistle Blower Policy has been amended/modified by the Board of Directors, at their meeting held in November, 2020.

xxxi) 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 2020-21.

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

xxxiii) 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: NIL

xxxiv) 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.

xxxv) Training & Development :

At Aadhar Housing, the employees are its greatest asset who give the Company a competitive advantage in the market in which it operates. Through various initiatives and programs, the focus has always been to provide the employees – encouragement, motivation, stimulus and make them feel as an integral part of the Company's vision and mission statement. In addition to maintaining cordial relationship with the employees, continuous efforts are being made to impart in them - the relevant knowledge, quality skills and most importantly an attitude to grow and maintain sustainable business. Such initiative and trainings are expected to act as a catalyst in enhancing the overall competitiveness of the Company while contributing to the personal development of the employees.

During the FY 2020-21, the Company has conducted trainings on Functional, Behavioral and Compliance related aspects. Total training Man-days is 5115 and 94 % of total employees were trained in various programs which includes Induction, Functional, Compliance and Health & Well-being related trainings. Employees were also trained on Covid-19 related appropriate behavior and operating guidelines during lockdown.

Orientations and Webinars were conducted for the employees on new TCS platform and new processes. Further, a comprehensive suite of e-learning programs and online assessments were conducted across the spectrum of employees to keep them updated about the changes in policies/processes and to enhance their skill sets.

xxxvi) Human Resources:

Human Resources are cornerstone of Company's growth and progress. The Team of Aadhar remained stable from 2097 on roll employees last year to 2310 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 displayed by employees at all levels in this unprecedented COVID times who caused achievement of several milestones in the success of the Company during the year under report.

With the outbreak of COVID 19, the Company recognizes that these are unsettling times and the safety and well-being of its employees is its priority. While stringent protocols were put in place to ensure that the health of the employees was not compromised, the internal policies were adjusted to respond to the rapidly evolving situation.

Additionally, Team Aadhar also undertook a lot of initiatives to reach out to the needy segment. Your Board would like to bring to your notice that the Company has pledged to contribute to the socio-economic development of the society through its philanthropic approach. All the initiatives that were steered were a combination of Corporate Social Responsibility and Employee Volunteering.

xxxvii) 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 amounting to 2,77,295.2 number of ESARs.

On 16th January, 2021, the shareholders have approved the issue of bonus shares in the ratio of 9:1 equity shares, effect of same has been given to outstanding ESAR's as on 16th January, 2021.

This ESAR scheme has been withdrawn with the approval of the Board effective from March, 2020 and it has been replaced with the new ESOPs Plan, 2020. Accordingly pending Grants of ESAR's have been cancelled.

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. On 16th January, 2021 the shareholders have approved the issue of bonus equity shares in the ratio of 9:1 equity shares, effect of same has been given to outstanding ESOP's as on 16th January, 2021.

On 16th January, 2021, an additional 6,15,460 number of ESOP's were granted to the identified 49 number of employees who are scheduled to join before 31st March, 2021 including existing employees from the date of joining the Company and who have been promoted into role/grade which qualifies them for ESOPs.

The shareholders of the Company approved the Aadhar Housing -Employees Stock Option 2020 Revised Plan to create, offer and grant such number of options not exceeding 24,000,000 (Twenty four million) number of ESOPs or such amendment from time to time.

Details required as per Rule 12(9) of Companies (Share capital and debentures) rules, 2014

Details of ESOP's & ESAR's		FY20-21	
		ESOP	ESAR
(a)	options granted;	615460#	0.00
(b)	options vested;	0	59697.74
(c)	options exercised;	0	15618.84
(d)	the total number of shares arising as a result of exercise of options;	0	10599
(e)	options lapsed;	356560#	825.54
(f)	the exercise price;	-	908.05
(g)	variation in terms of options;	-	-
(h)	money realised by exercise of options;	-	105990.00
(i)	total number of options in force;	10702850#	1969286.3#
(j)	employee wise details of options granted to:	-	-
(i)	Key Managerial Personnel;		
	1) Deo Shankar Tripathi	0	0.00
	2) Rajesh Viswanathan	0	0.00
	3) Sreekanth V N	0	0.00

Details of ESOP's & ESAR's	FY20-21	
	ESOP	ESAR
(ii) any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year;	-	-
(iii) identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the Company at the time of grant.	-	-

 # Adjustment made for bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each.

xxxviii) 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.

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

Details of Directors appointed or resigned during the year:

Name	Date of Change	Reason
Mr. V. Sridar	April 1, 2020	Cessation as Independent Director
Mrs. Sharmila A. Karve	December 15, 2020	Appointment as Independent Director

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

xl) 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, and shall be made available to any shareholder on a specific request made by him in writing, pursuant to the aforesaid provisions of Companies Act, 2013 and the rules made thereunder. None of the Directors receive any commission or remuneration from holding or subsidiary of the Company.

25. 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 Limited

Mr. O.P. Bhatt
DIN:- 00548091
Independent Director &
Non-Executive Chairman

Mr. Deo Shankar Tripathi
DIN:- 07153794
Managing Director & CEO

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

Date : 28th May, 2021

Annexure to the Board's report

THE ANNUAL REPORT ON CSR ACTIVITIES (FY 2020-21)

1. Brief outline on CSR Policy of the Company:

The Company believes in engaging and giving back to the community in a good way and in line with the Company's 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.

Vision and Mission

To create responsive and empowered communities and to contribute to the socio-economic development of the communities through initiatives designed with people, planet and ethical practices.

CSR Initiatives

The Company has undertaken various CSR initiatives such as pre-education & health of children of below 6 years, community preventive health care, vocational skills & livelihood etc. Community participation and sustainability of the projects are the key elements of the CSR initiatives.

A monitoring & evaluation system has been developed to monitor progress of all ongoing projects. Reports of implementing partners are reviewed by CSR team and a consolidated report is submitted to CSR committee for their review and inputs.

Our CSR policy is available on our website -https://aadharhousing.com/pdf/CSRPolicy.pdf

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Nivedita Haran	Independent Director and Chairperson of CSR Committee	2	2
2	Mr. Neeraj Mohan	Non-Executive Director (Nominee) and Member of CSR Committee	2	2
3	Mr. Deo Shankar Tripathi	Managing Director and CEO & Member of CSR Committee	2	2

3. Web-link where Composition of the CSR committee, CSR Policy and CSR projects approved by the board are available on the website of the company:

Web- link for CSR Policy: https://aadharhousing.com/pdf/CSRPolicy.pdf

Web- link for Composition of CSR Committee: https://aadharhousing.com/AHFL_Composition-of-Board-Committees.pdf

Web- link for CSR Projects: https://aadharhousing.com/AHFL_CSR-Plan.pdf

4. Details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): N.A.

5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : NIL

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
		NIL	NIL
	Total		

6. Average net profit of the company as per section 135(5) : ₹ 20844 Lakhs

7 (a). Two percent of average net profit of the company as per section 135(5) ₹ **416.88 Lakhs**

(b). Surplus arising out of the CSR projects or programs or activities of the previous financial years **N.A.**

(c). Amount required to be set off for the financial year, if any: **NIL**

(d). Total CSR obligation for the financial year (7a+7b- 7c): ₹ **416.88 Lakhs**

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ Lakhs)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount (in ₹ Lakhs)	Date of transfer	Name of the Fund	Amount	Date of transfer
129.07	287.81	April 30, 2021	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementa tion - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR registration number
1	AADHAR AANGAN	Clause (i) – eradicating malnutrition Clause (ii) promoting education	Yes	MP	Damoh	2 Years	70 Lakhs	-	70 Lakhs	No	Jan Sahas Social Development Society	Applied
2	AAYUSHMAAN AADHAR	Clause (i) Health Care including preventive Health care	Yes	Maharashtra Gujarat AP Telangana Tamilnadu Karnataka Kerala Bihar Chhatisgarh Delhi MP Rajasthan UP		3 years	226.81 Lakhs	58.7 Lakhs	168.21 Lakhs	No	Y4D Foundation Jan Sahas Social Development Society	Applied
3	AADHAR KAUSHAL	Clause (ii) livelihood enhancement projects	Yes	Maharashtra W.B Telangana Tamilnadu	Pune, Hyderabad, Chennai, Kolkatta Latur & Alibag	2 Years	49.60 Lakhs	-	49.60 Lakhs	No	SOS Childrens Villages of India Magic Bus	Applied
4	AADHAR ANNAPURNA	Clause (i) – Eradicating hunger	Yes	Maharashtra Rajasthan Telangana M.P. Delhi U.P West Bengal Karnataka	Mumbai, Lucknow, Siliguri, Delhi, Jabalpur, Asansol, Hyderabad, Bangalore, Rajkot, Jaipur	-	32.25 Lakhs	32.25 Lakhs	00	No	Kaushalya Foundation The Akshaya Patra Foundation	Applied
	Total						**378.76 Lakhs**	**90.95 Lakhs**	**287.81 Lakhs**			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project**	**Item from the list of activities in Schedule VII to the Act**	**Local area (Yes/No)**	**Location of the project**		**Project duration**	**Amount allocated for the project (in ₹)**	**Mode of implementation - Through implementing Agency**	
				State	District			Name	CSR registration number
1	Support to transform district	Clause (iii) Reducing inequalities faced by socially & economically backward groups	Yes	UP Maharashtra	Fatehpur Nandurbar	1 Year	10 Lakhs	India Housing Federation	Applied
2	Support equipment for Water Ambulance	Clause (i) Health care & Preventive Health Care	Yes	Dal Lake	Jammu & Kashmir	1 Year	10 Lakhs	Y4D Foundation	Applied
3	Support to COVID Prevention	COVID -19 Prevention	Yes	Maharashtra Rajasthan Telangana M.P. Delhi U.P West Bengal Karnataka	Mumbai, Lucknow, Siliguri, Delhi, Jabalpur, Asansol, Hyderabad, Bangalore, Rajkot, Jaipur	1 year	33.12 Lakhs	Direct	-
4	Aadhar Kishori Kalyan	Adolescents health and hygiene	Yes	Amreli Bhawnagar	Gujrat	1 year	(15) Lakhs	Costal Salinity Prevention Cell	Applied
	Total						**38.12 Lakhs**		

(d) Amount spent in Administrative Overheads: **N.A.**

(e) Amount spent on Impact Assessment, if applicable: **N.A.**

(f) Total amount spent for the Financial Year: ₹ 129.07 Lakhs (excluding ₹ 348.31 Lakhs spent from Previous Year Carry Forward) (8b+8c+8d+8e)

(g) Excess amount for set off, if any :

Sl. No.	**Particular**	**Amount (in ₹ In Lakhs)**
(i)	Two percent of average net profit of the company as per section 135(5)	416.88
(ii)	Total amount spent for the Financial Year	129.07*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.00

** (excluding ₹ 348.31 Lakhs spent from Previous Year Carry Forward)*

9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹ In Lakh).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer	
1	FY 2019-20*	-	348.31	-	-	-	-
	Total	-	**348.31**	-	-	-	-

** Cumulative unspent amount disclosed as at March 31, 2020.*

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sl. No.	**Project ID.**	**Name of the Project.**	**Financial Year in which the project was commenced.**	**Project duration.**	**Total amount allocated for the project (in ₹).**	**Amount spent on the project in the Reporting Financial Year (in ₹).**	**Cumulative amount spent at the end of reporting Financial Year. (in ₹)**	**Status of the project - Completed /Ongoing.**
1		Aadhar Aangan- (Facilitating quality early child care & education through a capacity building approach)	2019	2 Years	70 Lakh	70 Lakh	166 Lakh	Ongoing
2		Aayushmaan Aadhar	2020	2 Years	141.30 Lakhs	141.30 Lakhs	200 Lakhs	Ongoing
3		Aadhar Kaushal	2019	2 years	137.01 Lakhs	137.01 Lakhs	251.43 Lakhs	Ongoing
	Total				348.31 Lakhs	348.31 Lakhs	617.43 Lakhs	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: (asset-wise details) N.A.

(a) Date of creation or acquisition of the capital asset(s) : **N.A.**

(b) Amount of CSR spent for creation or acquisition of capital asset: **N.A.**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc : **N.A.**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : **N.A.**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Due to widespread pandemic of COVID19, the Company's major CSR activities focused on health, education & response to pandemic crisis. Hence the Company was unable to utilize the complete amount of CSR budget allocated. The Company has transferred an amount of ₹ 287.81 Lakhs to Unspent CSR Account which will be utilized for the identified projects in FY 2021-22.

Managing Director & CEO

(Chairperson CSR Committee).

Annexure to the Board's report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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, 2021 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, 2021 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.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 only to the extent of filing of draft red herring prospectus :

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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ SEBI (Share Based Employee Benefits) Regulations, 2014:

(d) 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.

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009:

(f) 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.

iii) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

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

i) Para 15 A, 15 B, 22, 27, 39, 105, 106 and 120 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

ii) Insurance Act, 1938 - IRDAI (Registration Corporate Agents) Regulations, 2015and

iii) Notification & Circulars issued by Regulatory Authorities from time to time.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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/ Goods and 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, Service Tax/ Goods and Service 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 and Matured Deposits transferred to IEPF Account, as per the applicable provisions of Companies Act, 2013.

I further report that the Company has filed a Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI") on January 24, 2021, for a proposed Initial Public Offering and the approval is awaited as on closure of the financial year.

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 lockdown and travel restrictions 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.

For Roy Jacob & Co.
Company Secretaries

Roy Jacob
Proprietor
(C.P. No.8220), (FCS No.9017)
UDIN: F009017C000230084
P.R No.686/2020

Date: 03/05/2021
Place: Mumbai

RELATED PARTY TRANSACTION POLICY

A. PREAMBLE

Aadhar Housing Finance Limited ("**Company**") is dedicated to the highest standard of ethics and integrity and has successfully applied these standards to the business.

Accordingly, the Company is committed to upholding the highest ethical and legal conduct in fulfilling its responsibilities and recognizes that related party transactions can present a risk of actual or apparent conflicts of interest of the Directors, Senior Management, other related parties etc. with the interest of the Company.

The Board of Directors ("**Board**") of the Company, adopts the following policy and procedures with regard to Related Party Transactions ("**RPT**") as defined below, in compliance with the requirements of Section 188 of the Companies Act, 2013 and rules made there under and any subsequent amendments thereto ("**Companies Act**"), read along with Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) as may be applicable in order to ensure the transparency and procedural fairness of such transactions.

B. OBJECTIVE

Section 188 of the Companies Act read along with the Companies (Meetings of Board and its Powers) Rules, 2014 provides the detailed mechanism for dealing with the RPTs of a company by the Audit Committee of the Board (**"Audit Committee"**) including all the approvals required to be passed by the Board and the Shareholders in different circumstances. The objective of this Policy is to ensure proper approvals and reporting of transactions between the Company and its related parties in compliance of provisions of the Companies Act, the Listing Regulations and all other applicable statutory provisions for the time being in force, in this regard.

This policy is designed to govern the transparency of the approval process and disclosure requirements to ensure fairness in the conduct of related party transactions. The Board may amend this policy from time to time as may be required.

Any exceptions to the policy on RPTs must be consistent with the Companies Act, including the rules there under and must be approved in the manner as may be decided by the Board.

C. TRANSACTIONS COVERED UNDER THIS POLICY

Transactions covered under this policy include any contract or arrangement with a related party.

D. DEFINITIONS

1. **"Arm's Length transaction"** means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest, as defined in explanation (b) to Section 188 (1) of the Companies Act.

2. **"Associate Company"**, in relation to another company, means any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

3. **"Audit Committee"** means Audit Committee constituted by the Board of Directors of the Company under the provisions of Listing Regulations and Companies Act, from time to time.

4. **"Board"** means the Board of Directors of the Company.

5. **"Control"** includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

   Provided that a director or officer of the company shall not be considered to be in control over such company, merely by virtue of holding such position.

6. **"Key Managerial Personnel" or "KMP"** includes:

   i. the Chief Executive Officer or the Managing Director or the Manager;

   ii. the Company Secretary;

   iii. the Whole time Director;

   iv. the Chief Financial Officer;

   v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

   vi. such other officer as may be prescribed.

7. **"Material related party transactions"** means those transactions entered into with the Company by a related party, which when individually or together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

   Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements.

8. **"Ordinary course of business"** in order to determine whether a transaction is within the ordinary course of business or not, some of the principles that may be adopted to assess are as follows:

   i. whether the transaction is in line with the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities;

   ii. whether it is permitted by the Memorandum and Articles of Association of the Company; and

   iii. whether the transaction is such that it is required to be undertaken in order to conduct the routine or usual transactions of a company.

9. **"Related Party"** means a person or an entity shall be considered as related to the Company if:

   i. such person or entity is a related party as defined under Section 2(76) of the Companies Act;

   ii. such person or entity is a related party under the applicable accounting standard(s); or

   iii. belonging to the promoter or promoter group of the Company and holding 20% or more of the shareholding in the Company.

   Related Parties under Section 2(76) of the Companies Act:

   (i) A director or his relative;

   (ii) A key managerial personnel or his relative;

   (iii) A firm, in which a director, manager or his relative is a partner;

   (iv) A private Company in which a director or manager or his relative is a member or director;

   (v) A public Company in which a director or manager is a director and holds along with his relatives, more than two per cent of its paid up share capital;

   (vi) Any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

   (vii) Any person on whose advice, directions or instructions a director or manager is accustomed to act; Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

   (viii) Any body corporate which is:

   a. a holding, subsidiary or an associate company of the Company;

   b. a subsidiary of a holding Company to which it is also a subsidiary; or

   c. an investing company or the venturer of the Company.

   Explanation – For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

   (ix) A director other than an independent director or key managerial personnel of the holding company or his relative.

   The Accounting Standard 18 defines related party as "parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and / or operating decisions.

10. **"Related Party Transactions"** means transactions/ contracts/ arrangement between the Company and its related parties which fall under one or more of the following headings:

    Related Party Transaction under Section 188 of the Companies Act:

    a) Sale, purchase or supply of any goods or materials;

    b) Selling or otherwise disposing of, or buying, property of any kind;

    c) Leasing of property of any kind;

    d) Availing or rendering of any services;

    e) Appointment of any agent for purchase or sale of goods, materials, services or property;

    f) Such related party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and

    g) Underwriting the subscription of any securities or derivatives thereof, of the Company.

    Further, as per Listing Regulations, "Related Party Transaction" means a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. Further, a "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

11. **"Relatives"**, as stated in Section 2(77) of the Companies Act, with reference to any person, means anyone who is related to another, if –

i. They are members of a Hindu Undivided Family;

ii. They are husband and wife; or

iii. One person is related to the other in the following manner, namely:

a) Father including step father;

b) Mother including step mother;

c) Son including step son;

d) Son's Wife;

e) Daughter;

f) Daughter's Husband;

g) Brother including step brother; and

h) Sister including step sister

12. **"Office or place of profit"** means any office or place:

where such office or place is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise; and where such office or place is held by an individual other than a director or by any firm, private Company or other body corporate, if the individual, firm, private Company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent free accommodation, or otherwise.

13. **"Total Share Capital"** means the aggregate of the paid-up equity share capital and convertible preference share capital of the Company.

E. DETAILS REQUIRED FOR ASCERTAINING RELATED PARTY

The following details shall be required:

1. Declaration/ Disclosure of interest by all the Directors and KMPs in Form MBP 1;

2. Declaration of relatives by all Directors and KMPs;

3. Declaration about a firm in which a Director/ Manager or his relative is a partner;

4. Declaration about a private Company in which a Director or Manager is a member or director;

5. Declaration regarding a public company in which a Director or manager is a Director and holds along with the relatives more than 2% of the paid up share capital;

6. Notices from Directors of any change in particulars of Directorship or in other positions during the year;

7. Details of any body corporate, whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager of the Company;

8. Details of any person on whose advice, directions or instructions a director or manager is accustomed to act; apart from advice given in professional capacity; and

9. Details of any company which is:

i. a holding, subsidiary or an associate company of the Company; or

ii. a subsidiary of a holding company to which the Company is also a subsidiary.

F. PROCEDURE

The Company shall enter into any contract(s) or arrangement(s) or transaction(s) with a Related Party only after seeking prior approvals from the following :

1. Audit Committee:

All Related Party Transactions, whether entered on arm's length basis or not, shall require prior approval of the Audit committee either by circulation or at a meeting. The Audit Committee may also grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

(i) The Audit Committee shall, after obtaining approval of the Board of Directors, lay down the criteria while granting omnibus approval and such approval shall be applicable in respect of transactions which are repetitive in nature.

(ii) The Audit Committee shall satisfy itself the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company;

(iii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, viz.:-

(a) Repetitiveness of the transactions (in past or in future)

(b) Justification for the need of omnibus approval.

Such omnibus approval shall specify:-

(a) the name(s) of the Related Parties, nature of transaction, period of transaction, maximum amount of transactions that can be entered into in a year and maximum value per transaction which is allowed;

(b) the indicative base price/current contracted price and the formula for variation in the price if any; and

(c) such other conditions as the Audit Committee may deem fit.

However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.

Audit Committee shall review, at least on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company

2. **Board of Directors:**

All Related Party Transactions, which are proposed to be entered by the Company-

(a) other than in Ordinary Course of Business; and/or

(b) other than transactions on Arm's Length Basis, shall require prior approval of the Board of Directors of the Company, by means of passing of resolution at a meeting of the Board; and

(c) Where any Director is interested in any Related Party Transaction, such Director will abstain from discussion and voting on the resolution relating to such transaction.

Details to be provided to the Audit Committee –

With respect to Related Party Transactions requiring approval of the Audit Committee, the following information, to the extent relevant, shall be presented to the Audit Committee:

a) A general description of the transaction(s), including the material terms and conditions, nature, duration and particulars of the contract.

b) The name of the Related Party and the basis on which such person or entity is a Related Party.

c) Name of director or KMP who is related.

d) Any advance paid or received for the contract or arrangements.

e) Maximum amount of transaction that can be entered into and the manner of determining the pricing and other commercial terms.

f) The Related Party's interest in the transaction(s), including the Related Party's position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).

g) The indicative base price / current contracted price and the formula for variation in the price, if any.

h) Any other material information regarding the transaction(s) or the Related Party's interest in the transaction(s).

Arm's Length transactions - Each Director/KMP who is a Related Party with respect to a particular Related Party Transaction shall disclose all material information to the Audit Committee/Board of Directors concerning such Related Party Transaction and his or her interest in such transaction.

The Audit Committee shall also review and approve any modification, renewal, or extension of any Related Party Transaction.

The Audit Committee shall periodically review this Policy and may recommend amendments to this Policy to the Board from time to time as it deems appropriate.

This Policy is intended to augment and work in conjunction with other Company policies having any code of conduct, code of ethics and/or conflict of interest provisions.

G. IDENTIFICATION OF POTENTIAL RELATED PARTY TRANSACTION

The Company Secretary shall at all times maintain a database of Company's Related Parties containing the names of individuals and companies, identified on the basis of the definition set forth above, along with their personal/ company details including any revisions therein.

The Finance & Accounts Team shall be provided with a complete list of related parties in respect of the Company and its subsidiaries. Any proposed transaction with Related Party shall be communicated to the Company Secretary for consideration and approval by the Audit Committee and/or the Board of the Company. If the transactions are regular in nature, the Finance & Accounts Team shall seek an enabling approval from the Board with financial limit for such transaction each year.

The Related Party list shall be updated whenever necessary, by the Company Secretary and shall be reviewed on a quarterly basis.

In determining whether to approve or not a Related Party Transaction, the Board will take into account, among other factors, recommendations of the Audit Committee, whether the said Related Party Transaction is in the interest of the Company and its stakeholders and whether there is any actual or potential conflict of interest between the related parties or between the related parties and the Company.

H. APPROVAL OF RELATED PARTY TRANSACTIONS

In accordance with Section 188 of the Companies Act and the Listing Regulations, the Board of Directors and Shareholders of the Company shall accord prior approval for Related Party Transactions, subject to the following:

Board of Directors and Shareholders' approval in terms of Companies Act:

All Related Party Transactions which are either not on Arm's Length Basis or not in the Ordinary Course of Business shall be recommended by the Audit Committee for the approval of the Board of Directors. The Board of Directors shall further recommend the same for the approval of the Shareholders by way of resolution of the Company, in case the said transactions exceed the value of transactions as provided under Section 188 of the Companies Act, 2013 read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and any amendment thereof.

Board of Directors and Shareholders' approval in terms of Listing Regulations:

In terms of Regulation 23 of the Listing Regulations, all material Related Party Transaction shall be recommended by the Board of Directors to the Shareholders for their approval by way of a resolution.

All entities falling under the definition of Related Parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

After the shares of the Company are listed in any stock exchange, the Company would also follow the guidelines under the listing agreement in so far as the process for approval of Related Party Transactions by the Board and the shareholders.

Where an omnibus approval is obtained, the Company Secretary shall obtain details of the Related Party Transactions undertaken by the Company on a quarterly basis, review the value of such transactions and present the same before the Audit Committee for any additional approvals, where the limits laid down under the omnibus approval are likely to be breached.

Individual transactions with Related Parties, which are not in Ordinary Course of Business and not on an Arm's Length Basis, shall be accompanied with management's justification for the same. Before approving such transactions, the Audit Committee will look into the interest of the Company and its Shareholders in carrying out the Related Party Transactions and alternative options, if any, available. The Audit Committee may accordingly approve or modify such transactions, in accordance with this policy and/ or recommend the same to the Board for approval.

The Chairperson of the Audit Committee/Board shall pay sufficient attention and ensure that adequate deliberations are held before approving Related Party Transactions which are not in Ordinary Course of Business and not on Arm's Length Basis and assure themselves that the same are in the interest of the Company and its Shareholders.

Related Party Transactions that require prior approval of Shareholders:

1. Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover of the Company;
2. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the Company;
3. Leasing of property any kind amounting to 10% or more of the turnover of Company;
4. Availing or rendering of any services, directly or through appointment of agent, amounting 10% or more of the turnover of the Company;

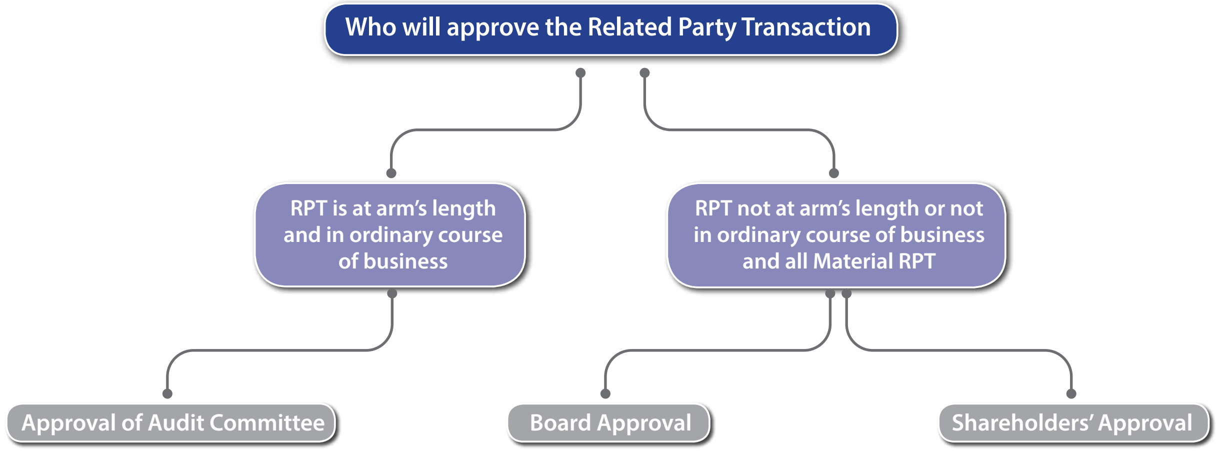
   Explanation: It is hereby clarified that the limits specified in points 1 to 4 above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.
5. Transaction is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding ₹2,50,000 (Rupees Two Lakh Fifty Thousand) and
6. Remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth.

   Explanation: The turnover or net worth referred in the above points shall be computed on the basis of the audited financial statement of the preceding financial year.

OTHER KEY ASPECTS

1. All existing material Related Party contracts or arrangements of which are likely to continue post listing shall be placed for approval of the Shareholders in the first general meeting subsequent to the listing.
2. In accordance with Section 188 of the Companies Act read with related rules issued thereon, in case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

AUDIT COMMITTEE/BOARD/SHAREHOLDER APPROVAL MECHANISM FOR ENTERING INTO RELATED PARTY TRANSACTIONS



RATIFICATION OF THE RELATED PARTY TRANSACTIONS:

Where any contract or arrangement, which is considered as a Related Party Transaction exclusively as per Companies Act, is entered into by a director or any other employee, without obtaining the consent of Audit Committee or the Board or the Shareholders of the Company, such transaction shall be ratified by the Board or, as the case may be, by the Shareholders at a meeting within three months from the date on which such contract or arrangement was entered into.

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

Where any contract or arrangement is entered into by a Director or any other employee of the Company with a Related Party, without obtaining the consent of the Board or approval by a resolution in the general meeting, where required and if it is not ratified by the Board or, as the case may be, by the Shareholders, at a meeting within three months from the date on which such contract or arrangement was entered into, the matter shall be reviewed by the Audit Committee, which may consider all of the relevant facts and circumstances regarding the Related Party Transactions and evaluate all the options available with the Company. Such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to any Director, or is authorized by any other Director, the Directors concerned shall indemnify the company against any loss incurred by it.

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

Audit Committee may also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Audit Committee under this Policy and take any such action it deems appropriate.

I. RECORDS

The Company shall maintain adequate records, either physically or electronically, as required under applicable laws, giving separately the particulars of all contracts or arrangements to which this policy applies.

J. DISCLOSURES

Every Contract or arrangement entered with Related Parties to which sub section (1) of Section 188 of the Companies Act is applicable shall be referred to in the Board's Report to the Shareholders along with the justification for entering into such contract or arrangements. The disclosures should also be made in Form AOC-2 as prescribed under the Companies Act.

Details of all material transactions with Related Parties are to be disclosed quarterly along with the compliance report on corporate governance.

The Company shall disclose the contract or arrangements entered into with the Related Party in the Board's Report to the Shareholders along with the justification for entering into such contract or arrangement.

The Company shall disclose this policy relating to Related Party Transactions on its website and a weblink thereto shall be provided in the Annual Report in terms of the listing agreement with stock exchanges after the shares are listed.

The Company shall disclose such details of Related Party Transaction as may be prescribed by the stock exchanges.

Post listing, the Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of Related Party Transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

K. EXEMPTION FROM APPLICABILITY OF THE POLICY

Notwithstanding the foregoing, but subject to the provisions of the applicable laws from time to time, this policy shall not apply to the following Related Party Transactions, which shall not require approval of Audit Committee or Shareholders:

i. Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval.

ii. Any transaction that involves the providing of compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, other than transactions which are not on an Arm's Length basis.

iii. Any transaction in which the Related Party's interest arises solely from the ownership of securities issued by the Company and the Related Party receives the same benefits pro rata as all other holders of the same class of securities, other than transactions which are not on an Arm's Length basis.

L. POLICY REVIEW

The Board of Directors of the Company, subject to applicable laws is entitled to amend, suspend, or rescind this Policy at any time. However, the Board of Directors shall review the policy mandatorily every three years and update accordingly. Any difficulties or ambiguities in the Policy will be resolved by the Board of Directors in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this policy and of the provisions of the Companies Act and/or the Listing Regulations and any other applicable law dealing with related party transactions, such applicable law in force from time to time shall prevail over this policy.

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.	Particular	(₹ 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	31
6	Total assets	304
7	Total Liabilities	272
8	Investments	-
9	Turnover	3,063
10	Profit before taxation	22
11	Provision for taxation	6
12	Profit after taxation	16
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.

In terms of our report of even date attached.

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth V N
Company Secretary

DELOITTE HASKINS & SELLS LLP
Chartered Accountants
One International Center, 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, 2021, 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, 2021, 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 (viii) to the Standalone financial statements which the Company describes the continuing uncertainties arising from 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.

Key audit matter	How the key audit matter was addressed in our Audit
At March 31, 2021, the Company reported total gross loans of ₹ 10,76,110 lakh and ₹14,784 lakh of expected credit loss provisions.	
Refer to the accounting policies in the standalone financial statements: 'Financial Instruments' and Note 6 in the standalone financial statements.	
The estimation of Expected Credit Loss (ECL) on financial instruments involves significant judgements and estimates in classifying these loan assets and applying appropriate measurement principles, including additional considerations on account of the Reserve Bank of India guidelines in relation to resolution framework for COVID 19 regulatory package and restructuring. As part of our risk assessment, we determined that the allowance for ECL has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.	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, and completeness of the underlying data used in the models, credit monitoring, 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, 2021 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. 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 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.

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 skepticism 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, 2021 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 has disclosed the impact of pending ligations on its financial position in its standalone financial statements.

   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)

Neville M. Daruwalla
Partner
(Membership No. 118784)
UDIN: 21118784AAAACR3354

Mumbai, May 6, 2021

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

Abhinav Chaturvedi
Partner
(Membership No. 143376)
UDIN:21143376AAAABH1189

Mumbai, May 6, 2021

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, 2021 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, 2021, 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)

Neville M. Daruwalla
Partner
(Membership No. 118784)
UDIN: 21118784AAAACR3354

Mumbai, May 6, 2021

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

Abhinav Chaturvedi
Partner
(Membership No. 143376)
UDIN:21143376AAAABH1189

Mumbai, May 6, 2021

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 programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, 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, 2021	Net block as at March 31, 2021	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	₹ 13.00 Lakh	₹ 10 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 March 31, 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, Cess and other material statutory dues where applicable to it with the appropriate authorities.

We were informed that the provisions of Customs Duty and Value Added Tax are not applicable to the Company.

b) There were no undisputed payable in respect of the above said statutory dues as at March 31, 2021 for a period of more than six months from the date they became payable.

c) There are no dues of Income Tax and Goods and Service Tax as on March 31, 2021 on account of disputes.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, 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 material 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 Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into non-cash transactions with its directors or directors of its subsidiary company 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)

Neville M. Daruwalla
Partner
(Membership No. 118784)
UDIN: 21118784AAAACR3354

Mumbai, May 6, 2021

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

Abhinav Chaturvedi
Partner
(Membership No. 143376)
UDIN:21143376AAAABH1189

Mumbai, May 6, 2021

Standalone Balance Sheet

as at March 31, 2021

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Assets			
1. Financial assets			
a) Cash and cash equivalents	4	38,199	1,36,434
b) Other bank balances	4	1,78,778	1,77,664
c) Receivables	5	272	408
d) Housing and other loans	6	10,61,326	8,90,903
e) Investments	7	49,710	2,392
f) Other financial assets	8	21,572	19,212
		13,49,857	**12,27,013**
2. Non-financial assets			
a) Current tax assets (Net)	9	3,303	2,546
b) Property, plant and equipment	10	1,639	1,751
c) Right to use assets	34	3,547	2,581
d) Other intangible asset	11	127	95
e) Other non-financial assets	12	4,297	2,531
		12,913	**9,504**
Total assets		**13,62,770**	**12,36,517**
Liabilities and equity			
Liabilities			
1. Financial liabilities			
a) Trade payables	13		
i) Total outstanding dues to micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,863	2,877
b) Debt securities	14	2,14,031	1,70,814
c) Borrowings (other than debt securities)	15	8,11,041	7,78,413
d) Deposits	16	4,056	6,803
e) Subordinated liabilities	17	8,319	8,304
f) Other financial liabilities	18	47,748	30,181
		10,89,058	**9,97,392**
2. Non-financial liabilities			
a) Provisions	19	1,140	903
b) Deferred tax liabilities (Net)	20	1,781	1,865
c) Other non-financial liabilities	21	1,537	1,639
		4,458	**4,407**
3. Equity			
a) Equity share capital	22	39,476	3,946
b) Other equity	23	2,29,778	2,30,772
		2,69,254	**2,34,718**
Total liabilities and equity		**13,62,770**	**12,36,517**

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1 Income			
Revenue from operations			
a) Interest income	24	1,42,694	1,21,452
b) Net gain on fair value changes	24	878	2,359
c) Net gain on derecognition of financial instruments under amortised cost category	24	6,381	8,401
d) Fees and commission income	24	5,019	4,951
Total revenue from operations		**1,54,972**	**1,37,163**
Other income	25	9	73
Total income		**1,54,981**	**1,37,236**
2 Expenses			
Finance costs	26	81,597	79,349
Impairment on financial instruments	27	5,494	10,965
Employees benefits expense	28	16,482	15,225
Depreciation and amortisation expense	10, 11 & 34	1,119	1,158
Other expenses	29	7,061	7,452
Total expenses		**1,11,753**	**1,14,149**
3 Profit before tax (1-2)		**43,228**	**23,087**
4 Tax expense			
Current tax	30	9,329	5,391
Deferred tax	30	(98)	(1,243)
		9,231	**4,148**
5 Profit for the year (3-4)		**33,997**	**18,939**
6 Other comprehensive income			
Items that will not be reclassified to profit or loss			
i Remeasurements of the defined employee benefit plans		49	(120)
ii Income tax relating to items that will not be reclassified to profit or loss		(13)	30
Total other comprehensive income for the year (i + ii)		**36**	**(90)**
7 Total comprehensive income (5+6)		**34,033**	**18,849**
8 Earnings per equity share			
Basic earnings per share (₹)	31	8.61	5.86
Diluted earnings per share (₹)	31	8.36	5.83

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

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, 2021

a) Equity Share Capital

(₹ in Lakh)

Particulars	Total
Balance as at April 01, 2019	**2,515**
Changes in equity share capital during the year	
Share issued on Preferential Allotment	881
Share issued on Right Issue Allotment	550
Balance as at March 31, 2020	**3,946**
Changes in equity share capital during the year	
Share issued on ESOP / ESARs Allotment	2
Bonus Share issued	35,528
Balance as at March 31, 2021	**39,476**

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, 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	-	1,28,568	-	-	-	-	-	1,28,568
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**	**1,69,335**	**19,264**	**16,910**	**7,267**	**17,876**	**114**	**2,30,772**
Profit for the year	-	-	-	-	-	33,997	-	33,997
Other comprehensive income	-	-	-	-	-	36	-	36
Transfer of Securities premium on exercise of ESOPs / ESARs	-	4	-	-	-	-	(4)	-
Utilization of Securities premium on Allotment of Bonus Shares	-	(35,528)	-	-	-	-	-	(35,528)
Expenses on Allotment of Bonus Shares	-	(111)	-	-	-	-	-	(111)
Transferred to general reserve	-	-	-	-	2,002	(2,000)	(2)	-
Transferred to statutory reserve	-	-	6,827	-	-	(6,827)	-	-
Employee Stock Option Outstanding	-	-	-	-	-	-	612	612
Balance as at March 31, 2021	**6**	**1,33,700**	**26,091**	**16,910**	**9,269**	**43,082**	**720**	**2,29,778**

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Cash flow statement

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	43,228	23,087
Adjustments for:		
Depreciation and amortisation expense	1,119	1,158
Loss on sale of fixed assets (Net)	26	272
Interest on lease liabilities	211	201
Gain on modification in lease	(2)	(14)
Impairment on financial instruments and Loss on sale of asset held for sale	5,506	10,991
Profit on sale of investment in mutual fund and other investments	(878)	(2,359)
Provision for Employee share based payments	612	31
Operating profit before working capital changes	**49,822**	**33,367**
Adjustments for:		
Increase / (decrease) in other financial and non-financial liabilities and provisions	18,263	(5,312)
(Increase) / decrease in trade receivables	136	(22)
Increase in other financial and non-financial assets	(3,037)	(4,292)
Cash generated from operations during the year	**65,184**	**23,741**
Tax paid	(10,085)	(6,830)
Net cash flow generated from operations before movement in housing and other loans	**55,099**	**16,911**
Housing and other property loans disbursed	(3,54,471)	(3,19,014)
Housing and other property loans repayments	121,264	123,682
Net cash used in operating activities [A]	**(1,78,108)**	**(1,78,421)**
B. Cash flow from investing activities		
Proceeds received on sale / redemption of investments	2,05,369	12,91,879
Payment towards purchase of investments	(2,51,800)	(12,74,497)
Investment in fixed deposits (net of maturities)	(1,114)	(1,66,606)
Payment towards purchase of fixed assets	(512)	(342)
Proceeds received on sale of fixed assets	4	2
Net cash used in investing activities [B]	**(48,053)**	**(1,49,564)**

Cash flow statement

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C. Cash flow from financing activities		
Proceeds on Issue of Equity Shares	2	1,30,000
Share issue expenses / Expenses towards offer for sale of shares	(1,705)	(146)
Proceeds from loans from banks/institutions	2,78,597	3,50,004
Proceeds from NCDs	81,500	30,000
Repayment of loans to banks/institutions	(2,46,211)	(1,99,764)
Repayment of NCDs	(38,583)	(18,200)
Net repayment of short term Loan	-	(9,614)
Proceeds from deposits	-	933
Repayment of deposits	(2,809)	(7,937)
Proceeds from assignment of portfolio	57,787	95,467
Payment of lease liabilities	(652)	(598)
Net cash generated from financing activities [C]	**1,27,926**	**3,70,145**
Net increase / (decrease) in cash and cash equivalents [A+B+C]	**(98,235)**	**42,160**
Cash and cash equivalents at the beginning of the year	**1,36,434**	**94,274**
Cash and cash equivalents at the end of the year (refer note 4)	**38,199**	**1,36,434**

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 Limited which was established in 2010 and commenced operation in February, 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 previous 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 Standalone Financial Statements have been prepared in accordance with the recognition and measurement principle of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, the circulars and guidelines issued by the Reserve Bank of India (the "RBI") and National Housing Bank (the "NHB") from time to time to the extent applicable.

2.2 Going Concern

These financial statements have been prepared on a going concern basis.

2.3 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.

2.4 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 Lakh. Per share data is presented in Indian Rupee.

3.1 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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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.

3.2 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 & Computers	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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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.

3.3 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 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 period 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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(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 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 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.

3.4 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.

3.5 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 deposits, borrowings (other than debt securities), debt securities, subordinate liabilities 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:

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

- 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

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

3.6 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.

3.7 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.

3.8 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 operates 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 period-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.

3.9 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.

3.10 Investments in Subsidiary

Investments in Subsidiary is measured at cost as per Ind AS 27 – Separate Financial Statements.

3.11 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.

3.12 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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

3.13 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.

3.14 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".

3.15 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.

3.16 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.

3.17 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.18 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.

3.19 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.

3.20 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.

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

4. Cash and bank balance

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
a) Cash on hand	1,097	95
b) Balances with banks in current accounts	9,892	39,501
c) Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	27,210	96,838
	38,199	**1,36,434**
Other bank balances		
a) In other deposit accounts		
- Original maturity of more than three months (refer note (ii) & (iii) below)	1,78,774	1,77,658
b) Earmarked balances with banks		
- Unclaimed dividend account	4	6
	1,78,778	**1,77,664**
Total	**2,16,977**	**3,14,098**

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 deposits of ₹ 39,450 Lakh for March 31, 2021 which are under lien including lien towards unutilized bank overdraft. (March 31, 2020: ₹ 16,950 Lakh).

5. Receivables

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured, considered good	272	408
Total	**272**	**408**

i) Trade receivables includes amounts due from the related parties amounting to Nil (March 31, 2020 : Nil) [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, 2021	As at March 31, 2020
At amortised cost		
i) Housing and other property loan	10,73,462	8,96,670
ii) Loans to developers	188	4,205
iii) Loan against fixed deposits	10	21
iv) Interest accrued on above loans	2,450	2,716
Total gross	**10,76,110**	**9,03,612**
Less: Impairment loss allowance	14,784	12,709
Total net	**10,61,326**	**8,90,903**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 ₹ 2,54,687 Lakh (March 31, 2020: ₹ 2,37,116 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) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (March 31, 2020 : Nil).

vi) Housing loan and other property loan includes ₹ 8,288 Lakh (March 31, 2020: ₹ 4,981 Lakh) given to employees of the Company under the staff loan.

vii) Housing loan and other property loan includes ₹ 2,775 Lakh (March 31, 2020: ₹ 3,486 Lakh) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

viii) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package and in accordance therewith, the Company had provided moratorium on the payment of all principal amounts and/or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers classified as standard. For all such accounts, where the moratorium was granted, the asset classification remained at a standstill during the moratorium period.

The extent to which the COVID-19 pandemic including the current widespread second wave, will ultimately impact the Company's results and carrying value of assets will depend on future developments, which are highly uncertain. The Company's impairment loss allowance estimates are subject to a number of management judgments and estimates, which could undergo changes over the entire duration of the pandemic. Given the uncertainty over the potential macro-economic condition including the current widespread second wave, the impact of the COVID pandemic on the financial performance may be different from that estimated as at the date of approval of these financial statements. Such changes will be prospectively recognized. The Company continues to closely monitor any anticipated material changes to future economic conditions. The Company have created an impairment provision of ₹ 6,022 Lakh as at March 31, 2021 (March 31, 2020 : ₹ 4,951 Lakh) on account of Covid 19 and loans on which One Time Restructuring was implemented.

7. Investments

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	No's of Units / Shares		(₹ in Lakh)	
At cost				
Investments in equity instruments (Subsidiary)				
Investment in Aadhar Sales and Services Private Limited (Face Value of ₹ 10/- each)	10,000	10,000	1	1
			1	**1**
At amortised cost				
Investments in bonds				
6.57% GOI Bonds 2033 (Face Value of ₹ 100/- each)	5,00,000	5,00,000	494	491
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd (Face Value of ₹ 1,00,000/- each) (refer note iii below)	2,000	2,000	1,904	1,898
			2,398	**2,389**
At fair value through profit and loss				
Investments in mutual funds				
SBI Liquid Fund Direct Growth	2,20,963	-	7,118	-
HDFC Liquid Fund Direct Growth	1,47,714	-	5,976	-
Axis Liquid Fund - Direct Growth	3,10,554	-	7,096	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	No's of Units / Shares		(₹ in Lakh)	
Mirae Assets Cash Management Liquid Fund Direct Growth	1,12,791	-	2,449	-
Nippon India Liquid Fund Direct Growth	98,084	-	4,936	-
Invesco India Liquid Fund Direct Growth	1,40,507	-	3,971	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	23,36,690	-	7,121	-
BNP Paribas Liquid Fund Direct Growth	35,019	-	1,109	-
Tata Liquid Fund Direct Growth	2,31,943	-	7,533	-
			47,309	-
Investments in quoted equity instruments (others than subsidiary)				
Reliance Power Limited Equity Shares (Face value of ₹ 10 each)	222	222	0	0
IDFC First Bank Limited Equity Shares (Face value of ₹ 10 each)	2,390	2,390	1	1
Mangalore Refinery and Petrochemical Limited Equity Shares (Face value of ₹ 10 each)	3,000	3,000	1	1
			2	**2**
Total			**49,710**	**2,392**

Notes :

i) Amount "0" represent value less than ₹ 50,000/-.

ii) All investments are made within India.

iii) Investment in bonds aggregating to ₹ 1,904 Lakh (March 31, 2020: ₹ 1,898 Lakh) carry a floating charge in favour of fixed deposits holder read with note no 16.

8. Other financial assets

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Receivable from related parties		
Security deposits	40	190
Others		
Receivable from assigned portfolio	20,864	18,567
Receivable on Assigned Loans (net of servicing fee)	12	4
Security deposits	656	443
Advances to employees	-	8
Total	**21,572**	**19,212**

9. Current tax assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax paid in advance (net of provisions)	3,303	2,546
Total	**3,303**	**2,546**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

10. Property, plant and equipment

(₹ in Lakh)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipments	Vehicles	Computer	Total
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**
Balance as at April 1, 2020	**27**	**13**	**1,159**	**755**	**28**	**1,073**	**3,055**
Additions during the year	-	-	202	34	-	157	393
Deduction / adjustments	-	-	(61)	(43)	-	(19)	(123)
Balance as at March 31, 2021	**27**	**13**	**1,300**	**746**	**28**	**1,211**	**3,325**
Accumulated depreciation							
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**
Balance as at April 1, 2020	**-**	**2**	**359**	**259**	**4**	**680**	**1,304**
Depreciation for the year	-	1	147	110	4	213	475
Deduction / adjustments	-	-	(45)	(31)	-	(17)	(93)
Balance as at March 31, 2021	**-**	**3**	**461**	**338**	**8**	**876**	**1,686**
Net book value							
As at March 31, 2021	**27**	**10**	**839**	**408**	**20**	**335**	**1,639**
As at March 31, 2020	**27**	**11**	**800**	**496**	**24**	**393**	**1,751**

11. Other intangible asset

(₹ in Lakh)

Particulars	Software
Balance as at April 1, 2019	**108**
Additions during the year	101
Deduction / adjustments	(1)
Balance as at March 31, 2020	**208**
Balance as at April 1, 2020	**208**
Additions during the year	106
Deduction / adjustments	-
Balance as at March 31, 2021	**314**
Accumulated depreciation	
Balance as at April 1, 2019	**64**
Depreciation for the year	50
Deduction / adjustments	(1)
Balance as at March 31, 2020	**113**
Balance as at April 1, 2020	**113**
Depreciation for the year	74
Deduction / adjustments	-
Balance as at March 31, 2021	**187**
Net book value	
As at March 31, 2021	**127**
As at March 31, 2020	**95**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

12. Other non-financial assets

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Asset held for sale	396	628
Less : Provision for diminution in the value of asset held for sale	(185)	(213)
	211	**415**
Prepaid expenses	387	237
Capital advance	32	19
Advance for expenses and other advances [Refer Note i below]	1,531	1,638
Unamortised share issue expenses [Refer Note ii below]	1,594	-
Receivable from Government (Ex-gratia) [Refer Note 44]	538	-
Balance with government authorities	4	222
Total	**4,297**	**2,531**

Notes :

i). Advance for expenses includes Nil (March 31, 2020: ₹ Nil Lakh) due to related parties [Refer Note 43].

ii). The Company has incurred certain expenses towards proposed Initial public offering of equity shares. The company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon share being issued.

13. Trade payables

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues to micro enterprises and small enterprises (Refer Note a below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note b below)	3,863	2,877
Total	**3,863**	**2,877**

a) Based on and to the extent of information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.

There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2021 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables includes ₹ 96 Lakh (March 31, 2020: ₹ 75 Lakh) due to related parties [Refer Note 43].

14. Debt securities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Secured		
Redeemable non convertible debentures	2,14,031	1,70,814
Total	**2,14,031**	**1,70,814**

i) All debt securities are issued in India

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

ii) Terms of repayment and rate of interest in case of Debt Securities:

As at March 31, 2021

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	7.35% to 9.80%	1,90,397	19,220	5,264	2,14,881

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%	1,09,720	45,377	16,983	1,72,080

Maturity profile disclosed above excludes discount and EIR adjustments amounting to ₹ 850 Lakh (March 31, 2020: ₹ 1,266 Lakh).

List of Redeemable debentures

Sr No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2021	As at March 31, 2020
1	INE538L07403	8.88%	12-Jun-2020	-	2,000
2	INE538L07445	8.83%	23-Jun-2020	-	15,000
3	INE538L07411	9.05%	3-Jul-2020	-	5,000
4	INE538L07130	9.70%	9-Nov-2020	-	1,000
5	INE538L07148	9.65%	11-Dec-2020	-	1,000
6	INE538L07239	9.55%	3-Mar-2021	-	1,000
7	INE538L07247	9.40%	21-Mar-2021	-	700
8	INE538L07247	9.40%	21-Mar-2021	-	500
9	INE538L07460	8.90%	26-Mar-2021	-	1,000
10	INE538L07460	8.90%	26-Mar-2021	-	500
11	INE538L07262	9.50%	29-Mar-2021	-	1,000
12	INE538L07338	9.40%	27-May-2021	450	450
13	INE883F07033	9.60%	5-Jul-2021	200	200
14	INE883F07082	9.35%	17-Aug-2021	200	200
15	INE883F07090	9.35%	25-Aug-2021	100	100
16	INE538L07486	9.60%	29-Sep-2021	2,943	2,943
17	INE538L07494	9.60%	29-Sep-2021	57,627	57,627
18	INE538L07353	9.20%	18-Oct-2021	5,000	5,000
19	INE883F07108	9.37%	20-Oct-2021	200	200
20	INE883F07116	9.36%	25-Oct-2021	100	100
21	INE883F07132	9.36%	27-Oct-2021	200	200
22	INE538L07361	9.00%	11-Nov-2021	1,000	1,000
23	INE538L07064	9.80%	27-Mar-2022	2,000	2,000
24	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
25	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
26	INE538L07080	9.80%	7-Aug-2022	800	800
27	INE538L07080	9.80%	7-Aug-2022	100	100
28	INE538L07080	9.80%	7-Aug-2022	100	100
29	INE538L07098	9.80%	3-Sep-2022	1,000	1,000
30	INE538L07106	9.80%	10-Sep-2022	1,000	1,000
31	INE538L07122	9.70%	4-Nov-2022	2,000	2,000

Significant accounting policies and notes to the accounts
for the year ended March 31, 2021

Sr No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2021	As at March 31, 2020
32	INE538L07155	9.60%	28-Dec-2022	2,000	2,000
33	INE538L07171	9.60%	7-Jan-2023	2,000	2,000
34	INE538L07296	9.30%	28-Apr-2023	1,000	1,000
35	INE538L07296	9.30%	28-Apr-2023	130	130
36	INE883F07017	9.40%	5-May-2023	3,000	3,000
37	INE538L07304	9.50%	13-May-2023	500	500
38	INE883F07165	9.15%	20-Jun-2023	20,000	30,000
39	INE538L07502	9.25%	29-Sep-2023	3,051	3,051
40	INE538L07510	9.65%	29-Sep-2023	1,896	1,896
41	INE883F07124	9.36%	27-Oct-2023	400	400
42	INE883F07140	9.40%	21-Nov-2023	1,800	1,800
43	INE883F07140	9.40%	21-Nov-2023	200	200
44	INE883F07157	9.40%	22-Nov-2023	900	900
45	INE538L07056	9.80%	23-Mar-2025	2,500	2,500
46	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
47	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
48	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
49	INE538L07189	9.60%	19-Jan-2026	1,000	1,000
50	INE538L07197	9.60%	19-Jan-2026	100	100
51	INE538L07197	9.60%	19-Jan-2026	170	170
52	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
53	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
54	INE538L07213	9.55%	29-Jan-2026	500	500
55	INE538L07213	9.55%	29-Jan-2026	100	100
56	INE538L07213	9.55%	29-Jan-2026	500	500
57	INE538L07213	9.55%	29-Jan-2026	100	100
58	INE538L07221	9.55%	1-Mar-2026	1,000	1,000
59	INE538L07254	9.55%	22-Mar-2026	2,000	2,000
60	INE538L07270	9.55%	31-Mar-2026	1,000	1,000
61	INE538L07270	9.55%	31-Mar-2026	250	250
62	INE883F07025	9.40%	5-May-2026	2,000	2,000
63	INE883F07041	9.35%	8-Jul-2026	200	200
64	INE883F07058	9.40%	13-Jul-2026	120	120
65	INE883F07066	9.28%	18-Jul-2026	200	200
66	INE883F07074	9.15%	5-Aug-2026	120	120
67	INE538L07379	9.00%	16-Nov-2026	500	500
68	INE538L07528	9.35%	29-Sep-2028	955	955
69	INE538L07536	9.75%	29-Sep-2028	1,168	1,168
70	INE883F07173	8.00%	5-May-2023	20,000	-
71	INE883F07181	8.20%	17-Aug-2023	30,000	-
72	INE883F07199	8.20%	1-Sep-2023	16,500	-
73	INE883F07207	7.35%	28-Feb-2022	10,000	
74	INE883F07215	8.10%	20-Oct-2025	5,000	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

iii) The Company has raised ₹ 81,500 Lakh (March 31, 2020 : ₹ 30,000 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year ended March 31, 2021. NCDs are long term and are secured by way of pari passu first charge by way of (present & future obligations) hypothecation on standard book debts / receivables/ outstanding moneys, current assets, Cash & Bank balances & Investments as per contracted terms except for those book debts/ receivables charged or to be charged in favour of NHB for refinance availed or to be availed from them and the Company has provided Security on specific immovable property on certain series of NCDs private placement (excluding IPO Series). NCDs including current maturities are redeemable at par in 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 Shelf prospectus document dated September 03, 2018.

15 Borrowings (other than debt securities)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
At amortised cost		
Term Loans		
from banks	6,41,232	6,97,105
from National Housing Bank	1,69,809	81,304
Cash credit facilities		
from banks	-	4
Total	**8,11,041**	**7,78,413**

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*	3,28,972	1,53,907	1,60,558	6,43,437
Term Loan from National Housing Bank	3.00% to 7.50%	88,513	41,182	40,114	1,69,809

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	3,83,264	1,47,948	1,68,146	6,99,358
Term Loan from National Housing Bank	4.86% to 9.30%	41,280	22,326	17,698	81,304

*(Linked with MCLR/Base Rate of respective banks)

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 2,205 Lakh (March 31, 2020 : ₹ 2,253 Lakh).

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 2021 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 2021 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 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

16. Deposits

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposit		
At amortised cost		
Public deposits	4,056	6,803
Total	**4,056**	**6,803**

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, 2021	As at March 31, 2020
Unsecured		
Redeemable non convertible debentures	8,319	8,304
Total	**8,319**	**8,304**

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%	2,400	-	6,000	8,400

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

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 81 Lakh (March 31, 2020: ₹ 96 Lakh).

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, 2021	As at March 31, 2020
Book overdraft	22,625	10,303
Lease liabilities (refer note 34)	3,241	2,292
Accrued employee benefits	2,978	2,858

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due - Deposits	150	140
Interest accrued but not due - Others	11,135	8,631
Amount payable under assignment of receivables (refer note 44)	7,347	5,621
Unpaid dividend (refer note below)	4	6
Unpaid matured deposits and interest accrued thereon	268	330
Total	**47,748**	**30,181**

The Company has transferred a sum of ₹ 0.92 Lakh during the year ended March 31, 2021 (March 31, 2020 : ₹ 0.12 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, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for compensated absences	757	671
Provision for gratuity (refer note 40)	383	232
Total	**1,140**	**903**

20. Deferred Tax Liabilities (Net)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	6,243	6,073
Deferred Tax Assets	4,462	4,208
Total deferred tax liabilities (net)	**1,781**	**1,865**

Total deferred tax liabilities (net)

Particulars	As at April 1, 2019	Charged to Profit and Loss	Charged to Other Comprehensive Income"	As at March 31, 2020	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2021
Deferred tax liabilities							
On difference between book balance and tax balance of assets	49	(49)	-	-	-	-	-
Fair value on Amalgamation	2,703	(1,143)	-	1,560	(390)	-	1,170
Net gain on derecognition of financial instruments under amortised cost category	4,613	(100)	-	4,513	560	-	5,073
	7,365	**(1,292)**	**-**	**6,073**	**170**	**-**	**6,243**
Deferred tax assets							
On difference between book balance and tax balance of assets	-	85	-	85	29	-	113
On account of impairment on financial instruments	2,176	801	-	2,977	516	-	3,493
On account of provision for employee benefits	191	(14)	30	207	83	(13)	277
Others	1,860	(921)	-	939	(360)	-	579
	4,227	**(49)**	**30**	**4,208**	**268**	**(13)**	**4,462**
Net Deferred tax (assets)/liabilities	**3,138**	**(1,243)**	**(30)**	**1,865**	**98**	**13**	**1,781**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

21. Other non-financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from Customers	604	476
Statutory remittance	314	220
Others	619	943
Total	**1,537**	**1,639**

22. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Number of shares		(₹ in Lakh)	
Authorised share capital				
Equity shares of ₹ 10 each	50,00,00,000	22,00,00,000	50,000	22,000
Issued share capital				
Equity shares of ₹ 10 each	39,47,54,970	3,94,64,898	39,476	3,946
Subscribed and paid up capital				
Equity shares of ₹ 10 each	39,47,54,970	3,94,64,898	39,476	3,946
Total			**39,476**	**3,946**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Equity shares at the beginning of the year	3,94,64,898	2,51,48,472
Add: Shares issued during the year		
Preferential Allotment during the year	-	88,10,088
Right Issue Allotment during the year	-	55,06,338
Shares allotted pursuant to exercise of stock options during the year	10,599	-
Bonus shares allotment during the year*	35,52,79,473	-
Equity shares at the end of the year	**39,47,54,970**	**3,94,64,898**

*Includes allotment of 26,100 bonus shares pertaining to existing share holder holding shares in physical mode, allotment of same is pending on account of conversion of physical shares into demat mode.

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, 2021.

d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at March 31, 2021		As at March 31, 2020	
	% of Holding	Number of shares	% of Holding	Number of shares
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	38,96,83,420	98.74%	3,89,68,342

e) The Authorised share capital of the Company was increased from ₹ 22,000 Lakh to ₹ 50,000 Lakh during the year ended March 31, 2021.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

f) The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

23. Other Equity

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve on amalgamation	6	6
Securities premium	1,33,700	1,69,335
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)	26,091	19,264
Debenture redemption reserve (refer note (ii) below)	16,910	16,910
General reserve	9,269	7,267
Employee Stock Option Outstanding	720	114
Retained earnings	43,082	17,876
Total	**2,29,778**	**2,30,772**

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, 2021	As at March 31, 2020
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	18,556	14,705
c) Total	**19,264**	**15,413**
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	6,827	3,851
c) Total	**6,827**	**3,851**
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	25,383	18,556
c) Total	**26,091**	**19,264**

ii) The Company has created Debenture redemption reserve as at year end March 31, 2021 to the tune of ₹ 16,910 Lakh (March 31, 2020 : ₹ 16,910 Lakh) against ₹ 16,910 Lakh required towards its public issue of Secured Redeemable Non-Convertible Debentures.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

24. Revenue from operations

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Interest income		
On financial assets measured at amortised cost		
Interest on Loans	1,30,336	1,13,659
Interest on fixed deposits	12,121	7,568
Interest on bonds and debentures	235	222
Other interest	2	3
	1,42,694	**1,21,452**
b) Net gain on fair value changes		
Measured at FVTPL		
Equity investment measured at FVTPL		
Realised	-	-
Unrealised	0	(2)
	0	**(2)**
Investment in mutual fund measured at FVTPL		
Realised	676	2,361
Unrealised	202	-
	878	2,361
	878	**2,359**
c) Net gain on derecognition of financial instruments under amortised cost category		
On assignment of portfolio	6,381	8,401
d) Fees and commission Income		
Loan processing fee and other charges (net of business sourcing expenses)	3,230	3,251
Intermediary services	1,789	1,700
	5,019	**4,951**
Total	**1,54,972**	**1,37,163**

i) Amount "0" represent value less than ₹ 50,000/-.

ii) Disclosure in respect of fees and commission income on insurance business undertaken by the company

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Life Insurance Business	476	513
Non - Life Insurance Business	989	844
Total	**1,465**	**1,357**

25. Other income

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent income	2	2
Miscellaneous income	7	71
Total	**9**	**73**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

26. Finance costs

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	59,747	60,448
Interest on deposits	486	864
Interest on non convertible debentures	18,002	14,016
Interest on subordinated liabilities	827	832
Interest on others	134	443
Interest on lease liabilities (refer note 34)	211	201
Finance charges	2,190	2,545
Total	**81,597**	**79,349**

27. Impairment on financial instruments

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial instruments measured at Amortised Cost		
Impairment allowance on Loans (Refer note 27.1 & 27.2 below)	4,935	10,065
Bad-debts written off	588	972
Others		
Asset held for sale	(29)	(72)
Total	**5,494**	**10,965**

27.1 The Company has made an additional impairment provision of ₹ 1,071 Lakh for the year ended March 31, 2021 towards Covid-19 and loans on which One Time Restructuring was implemented (March 31, 2020 : ₹ 4,951 Lakh) (Refer note 6(viii)).

27.2 Impairment allowance on Loans (including write off) includes ₹ 503 Lakh for the year ended March 31, 2021 (March 31, 2020 : ₹ 3,999 Lakh) towards Loans to Developers. The Net carrying value of Loans to developers after impairment provision is ₹ 138 Lakh as at March 31, 2021 (₹ 1,964 Lakh as at March 31, 2020). The Company has not made any fresh loan sanctions under Loans to developers during the year ended March 31, 2021 (March 31, 2020 : Nil).

28. Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, bonus and other allowances	14,350	13,800
Contribution to provident fund and other funds (refer note 40)	1,199	1,017
Share Based Payments to employees (refer note 41)	612	31
Staff welfare expenses	321	377
Total	**16,482**	**15,225**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

29. Other expenses

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent (refer note 34)	574	551
Rates and taxes	-	1
Travelling expenses	466	1,156
Printing and stationery	218	239
Advertisement and business promotion	261	381
Insurance	444	396
Legal and professional charges	731	560
Auditors remuneration (refer note below 29.2)	75	66
Postage, telephone and other communication expenses	514	509
General repairs and maintenance	1,495	1,050
Loss on sale of asset held for sale	12	26
Electricity charges	277	267
Directors sitting fees and commission (refer note below 29.3 and 43)	121	56
Corporate social responsibility expenses (refer note below 29.1)	417	659
Goods and service tax	769	826
Loss on sale of fixed assets	26	272
Other expenses	661	437
Total	**7,061**	**7,452**

29.1 Details of Corporate Social Responsibility

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Amount required to be spent during the year	417	318
b) Amount spent during the year	477	310
c) Amount provided as at year end	288	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, 2021	For the year ended March 31, 2020
Audit fee (including regulatory certificates)	52	52
Tax audit fee	8	8
Others	10	1
GST on Above	5	5
Total	**75**	**66**

29.3 Directors sitting fee and commission is net off reversal of Nil for year ended March 31, 2021 (₹ 47 Lakh for March 31, 2020).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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, 2021	For the year ended March 31, 2020
Current tax expenses	9,329	5,391
Deferred tax	(98)	(1,243)
Total	**9,231**	**4,148**

ii) Other comprehensive income section

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expenses	-	-
Deferred tax	13	(30)
Total	**13**	**(30)**

b) Reconciliation of tax expenses

(₹ in Lakh)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A)	Profit before income taxes	43,277	22,967
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	25.168%
(C)	Expected tax expenses	10,892	5,780
(D)	Other than temporary difference		
	Special reserve	1,710	969
	Difference in Tax expense of earlier years	46	-
	Effect of change in rate (refer note below)	-	878
	Expenses disallowed / (allowed)	(108)	(185)
(E)	Tax expense recognised in profit and loss	9,231	4,148
(F)	Tax expense recognised in other comprehensive income	13	(30)

Note : The 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) as at April 1, 2019 had 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, 2021

31. Earnings per equity share

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit after tax attributable to equity shareholders (₹ In Lakh)	33,997	18,939
Weighted average number of equity shares outstanding during the year (Nos)	3,94,71,461	3,23,39,767
Adjustment for Bonus Issue (refer note below)	35,52,43,149	29,10,57,903
Weighted average number of equity shares outstanding during the year (Nos) after adjustment for Bonus Issue	39,47,14,610	32,33,97,670
Add: Effect of potential issue of shares / stock rights outstanding during the year*	11,82,939	1,53,197
Adjustment for Bonus Issue (refer note below)	1,06,46,451	13,78,773
Effect of potential issue of shares / stock rights outstanding during the year after adjustment for Bonus Issue*	1,18,29,390	15,31,970
Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos)	40,65,44,000	32,49,29,640
Face value per equity share (₹)	10	10
Basic earnings per equity share (₹)	8.61	5.86
Diluted earnings per equity share (₹)	8.36	5.83

* not considered when anti-dilutive

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

32. Contingent liabilities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax matters of earlier years	21	113

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, 2021 ₹ 828 Lakh. (March 31, 2020 ₹ 1,063 Lakh)

ii. Undisbursed amount of loans sanctioned and partly disbursed as at March 31, 2021 ₹ 39,227 Lakh. (March 31, 2020 ₹ 35,673 Lakh)

34. Operating lease

Following are the changes in the carrying value of right of use assets:

Particulars	Building & Intangible asset
Balance as of April 1, 2020	**2,581**
Addition during the year*	1,549
Deletion during the year	(13)
Depreciation charge for the year	(570)
Balance as of March 31, 2021	**3,547**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Particulars	Building & Intangible asset
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 ₹ 144 Lakhs for the year ended March 31, 2021 (March 31, 2020: ₹ 420 Lakh) of Right to use asset which are under development.

The following is the movement in lease liabilities:

Particulars	(₹ in Lakh)
Balance as of April 1, 2020	**2,292**
Addition during the year	1,405
Finance cost accrued during the year	211
Deletion during the year	(15)
Payment made during the year	(652)
Balance as of March 31, 2021	**3,241**
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**

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

Particulars	(₹ in Lakh)
Less than one year	874
One to five years	3,035
More than five years	182
Total	**4,091**

The table below provides details regarding the contractual maturities of lease liabilities as at 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 ₹ 574 Lakh for the year ended March 31, 2021. (March 31, 2020 ₹ 551 Lakh)

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 period.

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.

As at March 31, 2021

(₹ in Lakh)

Particulars	Fair Value				Carrying Value		
	Fair Value Hierarchy	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	2	-	-	2	-	-
- Mutual funds	**Level 1**	47,309	-	-	47,309	-	-
- Government securities	**Level 2**	-	-	495	-	-	494

Significant accounting policies and notes to the accounts
for the year ended March 31, 2021

(₹ in Lakh)

Particulars	Fair Value				Carrying Value		
	Fair Value Hierarchy	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd	Level 1	-	-	2,075	-	-	1,904
Financial liabilities							
Debt securities	Level 1	-	-	71,498	-	-	67,254
Debt securities	Level 3	-	-	1,49,142	-	-	1,46,777

As at March 31, 2020

(₹ in Lakh)

Particulars	Fair Value				Carrying Value		
	Fair Value Hierarchy	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
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd	Level 1	-	-	1,990	-	-	1,898
Financial liabilities							
Debt securities	Level 1	-	-	64,354	-	-	66,844
Debt securities	Level 3	-	-	1,04,958	-	-	1,03,970

The Company considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, subordinated liabilities, 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	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	38,199	-	38,199	1,36,434	-	1,36,434
Other bank balances	1,78,320	458	1,78,778	1,67,116	10,548	1,77,664
Receivables	272	-	272	408	-	408
Housing and other loans	1,55,841	9,05,485	10,61,326	65,067	8,25,836	8,90,903
Investments	47,309	2,401	49,710	-	2,392	2,392
Other financial assets	9,054	12,518	21,572	7,638	11,574	19,212

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (Net)	3,303	-	3,303	2,546	-	2,546
Property, plant and equipment	-	1,639	1,639	-	1,751	1,751
Right to use assets	-	3,547	3,547	-	2,581	2,581
Other intangible assets	-	127	127	-	95	95
Other non-financial assets	4,265	32	4,297	2,512	19	2,531
Total Assets	**4,36,563**	**9,26,207**	**13,62,770**	**3,81,721**	**8,54,796**	**12,36,517**
LIABILITIES						
Financial Liabilities						
Trade Payables	3,863	-	3,863	2,877	-	2,877
Debt Securities	79,170	1,34,861	2,14,031	27,434	1,43,380	1,70,814
Borrowings (Other than debt securities)	141,754	669,287	811,041	129,284	649,129	778,413
Deposits	3,226	830	4,056	2,579	4,224	6,803
Subordinated liabilities	(81)	8,400	8,319	(96)	8,400	8,304
Other financial liabilities	45,106	2,642	47,748	28,325	1,856	30,181
Non-Financial Liabilities						
Provisions	-	1,140	1,140	275	628	903
Deferred tax liabilities (Net)	-	1,781	1,781	-	1,865	1,865
Other non-financial liabilities	1,537	-	1,537	1,639	-	1,639
Total liabilities	**2,74,575**	**8,18,941**	**10,93,516**	**1,92,317**	**8,09,482**	**10,01,799**
Net	**1,61,988**	**1,07,266**	**2,69,254**	**1,89,404**	**45,314**	**2,34,718**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the RBI/NHB, which has been relied upon by the auditors.

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Maturity Analysis of Financial assets and Financial Liabilities

As at March 31, 2021

(₹ in Lakh)

	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	38,199	38,199	-	-	-
Other bank balances	1,78,778	1,78,320	-	228	230
Housing and other loans	10,61,326	1,55,841	2,67,129	2,13,445	4,24,911
Investments	49,710	47,309	-	-	2,401
Receivables & Other financial assets	21,844	9,326	7,993	2,941	1,584
Total	**13,49,857**	**4,28,995**	**2,75,122**	**2,16,614**	**4,29,126**
Financial Liabilities					
Trade payables	3,863	3,863	-	-	-
Debt securities	2,14,031	79,170	110,377	19,220	5,264
Borrowings (other than debt securities)	8,11,041	1,41,754	2,73,527	1,95,089	2,00,671
Deposits	4,056	3,226	714	74	42
Subordinated liabilities	8,319	(81)	2,400	-	6,000
Other financial liabilities	47,748	45,106	1,235	1,097	310
Total	**10,89,058**	**2,73,038**	**3,88,253**	**2,15,480**	**2,12,287**
Net	**2,60,799**	**1,55,957**	**(1,13,131)**	**1,134**	**2,16,839**
Cumulative Net		**1,55,957**	**42,826**	**43,960**	**2,60,799**

As at March 31, 2020

(₹ in Lakh)

	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**
Cumulative Net		**1,86,260**	**14,993**	**(37,733)**	**2,29,621**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the NHB, which has been relied upon by the auditors.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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, 2021	For the year ended March 31, 2020
Increase by basis points	+50	1,646	791
Decrease by basis points	-50	(1,646)	(791)

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 significant increase in credit risk	Lifetime ECL
Stage 3	Credit-impaired assets	Lifetime ECL – credit-impaired

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 and onetime restructuring-

Based on management overlay the additional provision amount of ₹ 6,022 lakh has been carried as of March 31, 2021 (March 31, 2020 : ₹ 4,951 Lakh).

The customers who have availed the benefit of one-time restructuring have been disclosed in stage 2 assets.

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 period-end stage classification. The amounts presented are gross of impairment allowances.

As at March 31, 2021

(₹ in Lakh)

	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	9,98,296	2,442	9,95,854
Stage 2 – Assets for which there is significant increase in credit risk	Loan	68,486	7,956	60,530
Stage 3 - Credit-impaired assets	Loan	13,501	4,336	9,165

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 45 Lakh (Stage1- included in ₹ 2,442 Lakh).
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to ₹ 6,022 Lakh.
3. Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 4,371 Lakh.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

As at March 31, 2020

(₹ in Lakh)

	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 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 significant increase in credit risk	Loan	36,399	3,551	32,848
Stage 3 - Credit-impaired assets	Loan	9,912	2,549	7,363

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 37 Lakh (Stage1- included in ₹ 4,100 Lakh).
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to ₹ 4,951 Lakh.
3. Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 5,174 Lakh.

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**8,57,981**	**36,399**	**9,912**	**9,04,292**
New assets added during the period	3,54,471	-	-	3,54,471
Assets derecognised under direct assignment	(57,787)	-	-	(57,787)
Repayment of Loans (excluding write offs)	(1,16,304)	(2,001)	(1,922)	(1,20,227)
Transfers to / from Stage 1	9,616	(9,479)	(137)	-
Transfers to / from Stage 2	(48,748)	49,073	(325)	-
Transfers to / from Stage 3	(809)	(5,425)	6,234	-
Amounts written off	(124)	(81)	(261)	(466)
Gross carrying amount closing balance	**9,98,296**	**68,486**	**13,501**	**10,80,283**

Note: Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 4,371 Lakh.

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**7,62,243**	**36,346**	**6,301**	**8,04,890**
New assets added during the period	3,19,014	-	-	3,19,014
Assets derecognised under direct assignment	(95,467)	-	-	(95,467)
Repayment of Loans (excluding write offs)	(1,16,456)	(5,481)	(995)	(1,22,932)
Transfers to / from Stage 1	10,044	(9,843)	(225)	(24)
Transfers to / from Stage 2	(19,336)	19,461	(138)	(13)
Transfers to / from Stage 3	(1,892)	(3,603)	5,883	388
Amounts written off	(169)	(481)	(914)	(1,564)
Gross carrying amount closing balance	**8,57,981**	**36,399**	**9,912**	**9,04,292**

Note: Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 5,174 Lakh.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**4,100**	**3,551**	**2,549**	**10,200**
New assets added during the period	851	-	-	851
Assets derecognised under direct assignment	(139)	-	-	(139)
Repayment of Loans (excluding write offs)	(163)	(97)	(431)	(691)
Transfers to / from Stage 1	23	(23)	-	-
Transfers to / from Stage 2	(5,669)	5,707	(38)	-
Transfers to / from Stage 3	(268)	(1,799)	2,067	-
Impact on period end ECL of exposures transferred between stages during the period	3,707	(454)	131	3,384
Additional provision due to Covid-19 and onetime restructuring	-	1,071	-	1,071
Amounts written off	-	-	58	58
Gross carrying amount closing balance	**2,442**	**7,956**	**4,336**	**14,734**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 45 Lakh.

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,322**	**1,916**	**1,280**	**4,518**
New assets added during the period	447	-	-	447
Assets derecognised under direct assignment	(134)	-	-	(134)
Repayment of Loans (excluding write offs)	(163)	(266)	(223)	(652)
Transfers to / from Stage 1	14	(477)	(50)	(513)
Transfers to / from Stage 2	(27)	944	(31)	886
Transfers to / from Stage 3	(3)	(175)	1,320	1,142
Impact on period end ECL of exposures transferred between stages during the period	(198)	36	314	152
Additional Provision	2,842	1,784	325	4,951
Amounts written off	0	(211)	(386)	(597)
Gross carrying amount closing balance	**4,100**	**3,551**	**2,549**	**10,200**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 37 Lakh.

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

As at March 31, 2021

(₹ in Lakh)

	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	**Loan**	**188**	**50**	**138**
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	-	-	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

As at March 31, 2020

(₹ in Lakh)

	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 significant increase in credit risk	Loan	1,000	318	682
Stage 3 - Credit-impaired assets	Loan	3,219	2,165	1,054

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**254**	**1,000**	**3,219**	**4,473**
New assets added during the period				
Repayment of Loans (excluding write offs)	(66)	(317)	(940)	(1,323)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Amounts written off	-	(683)	(2,279)	(2,962)
Gross carrying amount closing balance	**188**	**-**	**-**	**188**

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,675**	**2,422**	**4,997**	**10,094**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(575)	(392)	(94)	(1,061)
Transfers to / from Stage 1	242	(254)	-	(12)
Transfers to / from Stage 2	(790)	1,000	(210)	-
Transfers to / from Stage 3	(283)	(491)	1,033	259
Amounts written off	(1,015)	(1,285)	(2,507)	(4,807)
Gross carrying amount closing balance	**254**	**1,000**	**3,219**	**4,473**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**26**	**318**	**2,165**	**2,509**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(7)	(101)	(632)	(740)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	31	466	897	1,394
Amounts written off	-	(683)	(2,430)	(3,113)
Gross carrying amount closing balance	**50**	**-**	**-**	**50**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**180**	**689**	**2444**	**3313**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(58)	(125)	(63)	(246)
Transfers to / from Stage 1	24	(81)	-	(57)
Transfers to / from Stage 2	(80)	318	(141)	97
Transfers to / from Stage 3	(28)	(156)	695	511
Impact on period end ECL of exposures transferred between stages during the period	1,001	957	1,737	3,695
Amounts written off	(1,013)	(1,284)	(2,507)	(4,804)
Gross carrying amount closing balance	**26**	**318**	**2,165**	**2,509**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

Impairment allowance for loan against fixed deposit is Nil and therefore related disclosures are not given in the financial statement.

c) Company monitors Gross NPAs on Assets under Company's management ("AUM") and Own Book at retail and overall basis.

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
AUM	13,32,710	11,43,166
GNPA on AUM	14,303	12,371
GNPA on AUM (%)	1.07%	1.08%
Retail AUM	13,32,522	11,38,962
GNPA on Retail AUM	14,303	9,374
GNPA on Retail AUM (%)	1.07%	0.82%
Own Book	10,78,023	9,06,050
GNPA on Own Book	13,071	11,700
GNPA on Own Book (%)	1.21%	1.29%
Retail Own Book	10,77,835	9,01,845
GNPA on Retail Own Book	13,071	8,703
GNPA on Retail Own Book (%)	1.21%	0.96%

Note: The amount mentioned above of 'Own Book' excludes EIR, Interest accrued on loans and loans against Fixed Deposits.

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020
Total Borrowings (₹ in Lakh)	10,37,447	9,64,334
Total Net Borrowings* (₹ in Lakh)	7,73,161	6,50,242
Total Equity (₹ in Lakh)	2,69,254	2,34,718
Gross Debt Equity Ratio	3.85	4.11
Net Debt Equity Ratio	2.87	2.77

*Total net borrowing = Total borrowings – Cash and bank balances – Investment in Liquid Mutual fund – Receivable from Mutual Fund

The Company is required to maintain the CRAR of 14% by March 31, 2021 as required by RBI and NHB. Further company is required to maintain borrowing not exceeding 13 times of Net Owned Fund.

Below are the details of CRAR maintained by the Company.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Risk weighted Assets (₹ in Lakh)	6,24,549	4,77,344
Net owned funds (Tier I Capital) (₹ in Lakh)	2,66,218	2,34,266
Tier II Capital (₹ in Lakh)	9,092	11,206
CRAR	44.08%	51.42%
CRAR-Tier I Capital	42.62%	49.07%
CRAR- Tier II Capital	1.46%	2.35%
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	6,600	7,080
Amount raised by issue of perpetual debt instruments	Nil	Nil

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, 2021	For the year ended March 31, 2020
Contribution to provident fund	324	254
Contribution to pension fund	342	273
Contribution to new pension scheme	32	36
Contribution to ESIC	8	9

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

The gratuity plan typically exposes 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, 2021	For the year ended March 31, 2020
Liability at the beginning of the period	848	580
Current service cost	234	168
Interest cost	54	41
Plan Amendment Cost	-	-
Actuarial (gain) /losses	(43)	131
Benefits paid	(47)	(72)
Liability at the end of the period	1,046	848

ii. Changes in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Plan Assets at the beginning of the period	616	509
Expected return on plan assets	41	41
Actuarial Gain/(Loss)	6	10
Employer Contribution	-	56
Plan Assets at the end of the period	663	616

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of Plan Assets	663	616
Present Value of Obligation	1,046	848
Amount Recognised in Balance Sheet	(383)	(232)

iv. Expenses recognized in Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Service Cost	234	168
Net interest on net defined benefit liability / (asset)	14	1
Plan Amendment cost / Direct Payment	-	-
Expenses recognized in the statement of profit and loss under employee benefits expenses	248	169

v. Expenses recognized in Statement of Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial (gain) / loss arising during period	(49)	120
(Income) / Expenses recognized in the other comprehensive income	(49)	120

vi. Expected benefit payments

(₹ in Lakh)

Particulars	As at March 31, 2021
March 31, 2022	77
March 31, 2023	65
March 31, 2024	96
March 31, 2025	121
March 31, 2026	149
After March 31, 2026	1,121

vii. Actuarial Assumptions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	6.7%	6.7%
Salary Escalation Rate	9.5%	9.5%

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 and this has been relied upon by the auditors.

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 as at March 31, 2021

(₹ in Lakh)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(50)
Discount Rate (decrease by 0.5%)	54
Salary Escalation Rate (increase by 0.5%)	49
Salary Escalation Rate (decrease by 0.5%)	(46)

viii. Amount recognised in current period and previous periods
Gratuity:

	For the year ended March 31, 2021	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
Defined benefit obligation	1,046	848	580	415	104
Fair value of plan asset	663	616	509	407	105
(Surplus)/ Deficit in the plan	383	232	71	8	(1)
Actuarial (gain)/loss on plan obligation	(43)	130	59	98	7
Actuarial gain/(loss) on plan asset	6	10	(2)	(10)	-

Plan Assets as at March 31, 2021

Plan asset composition	Percentage
Schemes of Insurance –conventional products	2.50%
Schemes of Insurance –ULIP Product	97.50%

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, 2021 (Nos)	For the year ended March 31, 2020 (Nos)
Opening	1,98,992.48	2,63,308.76
Adjustment for Bonus Issue (refer note below)	17,90,932.32	-
Granted during the year	-	-
Lapsed during the year	8,255.42	49,935.75
Exercised by employee	12,383.13	14,380.53*
Closing	**19,69,286.25**	**1,98,992.48**
Vested as at year end	**11,81,571.76**	**1,19,395.49**
Unvested as at year end	**787,714.49**	**79,596.99**

* Exercised by employee pending for decision by Nomination and remuneration committee on allotment as on March 31, 2020, same was subsequently approved by Nomination and remuneration committee.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

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 ₹ 25 Lakh (March 31, 2020: ₹ 30 Lakh) for the year ended March 31, 2021.

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 & meeting held on January 16,, 2021 with the grant date of January 16, 2021. Details of ESOP Plan 2020 granted are as follows:

Particulars	ESOP Plan 2020 – March 2020*	ESOP Plan 2020 – January 2021
Scheme Name	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020
No. of options approved	12,00,000	6,15,460
Date of Grant	March 31, 2020	January 16, 2021
No of option granted	10,44,395	6,15,460
Exercise Price (₹)	908.05	90.805
Method of Settlement	Equity	Equity
Time Based Eligibility	20% each year in next Five years.	20% each year in next Five years.
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	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.	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	2 Years from Vesting

* ESOP Plan 2020 – March 2020 disclosure doesn't include the impact of bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Computation of fair value of options

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020 – March 2020*	ESOP Plan 2020 – January 2021
Fair value of the option (₹)	₹ 96 to ₹ 333	₹ 28.15 to ₹ 51.92
Fair value of share on the date of grant (₹)	908.05	110.00
Exercise Price(₹)	908.05	90.805
Expected Life	3 years to 9 years	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%	15.6% to 22.1%
Life of the Option (years)	3 years to 9 years	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%	4.0% to 6.6%
Expected dividend rate (%)	0.8%	0.6%

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, 2021 (Nos)	For the year ended March 31, 2020 (Nos)
Opening	**10,44,395**	-
Adjustment for Bonus Issue (refer note below)	93,99,555	-
Granted during the year	6,15,460	10,44,395
Lapsed during the year	3,56,560	-
Closing	**1,07,02,850**	**10,44,395**
Vested as at year end	-	-
Unvested as at year end	**1,07,02,850**	**10,44,395**

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

The expense arises from equity settled ESOPs transaction amounting to ₹ 587 Lakh (March 31, 2020: ₹ 1 Lakh) for the year ended March 31, 2021.

42. Foreign currency transactions

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreign business travel	-	2
Total	**-**	**2**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.	Other Group Companies	Dewan Housing Finance Corporation Limited (upto June 10, 2019)
		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 Personnel	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)
		Sharmila Karve – Director (w.e.f – December 15, 2020)
		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, 2021	For the year ended March 31, 2020
Income :			
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	Not Applicable	71
DHFL General Insurance Limited	Intermediary Services	Not Applicable	114
Dewan Housing Finance Corporation Limited	Other Income	Not Applicable	0
Dewan Housing Finance Corporation Limited	Sale of Fixed Asset	Not Applicable	-
Aadhar Sales and Services Private Limited	Rent Income	2	2
Avanse Financial Services Limited	Other Income	Not Applicable	6
Expenditure:			
Aadhar Sales and Services Private Limited	Business sourcing services	3,032	1,959
Dewan Housing Finance Corporation Limited	IT support services	Not Applicable	20
Dewan Housing Finance Corporation Limited	Rent	Not Applicable	27
Dewan Housing Finance Corporation Limited	Service fee on assignment	Not Applicable	6
DHFL General Insurance Limited	Insurance Premium	Not Applicable	15
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	219	271
Others :			
BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)	Proceeds received on allotment of Equity Shares	-	1,30,000
Aadhar Sales and Services Private Limited	Recovery on statutory payment	79	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Compensation of key management personnel of the Company

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short–term employee benefits	211	264
Post–employment pension (defined contribution)	8	7
Sitting fee and commission	121	56
Total	**340**	**327**

Balances with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Aadhar Sales and Services Private Limited	Investment	1	1
Aadhar Sales and Services Private Limited	Security Deposit	40	190
Aadhar Sales and Services Private Limited	Receivable	0*	0*
Directors Commission	Payable	96	75
Deo Shankar Tripathi	Fixed Deposit (including accrued interest)	51	47
Deo Shankar Tripathi	Debt securities	13	13

* Less than ₹ 50,000

44. Scheme for Grant of Ex-gratia

The Government of India has announced the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020) (the 'Scheme') on October 23, 2020, which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by respective lending institutions by November 5, 2020.

The Scheme is applicable to the borrowers of the company. Under the said scheme, the Company has credited the ex-gratia amount of ₹ 2,118 Lakh to borrower's accounts by November 5, 2020.

The Company has received ₹ 1,580 Lakh against ex gratia credit to customers during the year ended March 31, 2021. As at March 31, 2021 ₹ 538 Lakh is receivable from the Government of India towards ex gratia credit to customers and same has been disclosed under Other Non-Financial Assets and ₹ 497 lakh has been disclosed under Other financial liabilities ("Amount payable under assignment of receivables") toward ex-gratia credit belongs to direct assignment.

The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021 in related to Interest on Interest during the six months.

The Reserve Bank of India vide circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 directed all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the supreme court judgement.

Based on the RBI Circular and Supreme Court judgement additional amount of ₹ 8 Lakh is eligible and pending for credit to customer account as at March 31, 2021. This has been disclosed in Other Liabilities as at March 31, 2021.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 classificat-ion 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	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	9,94,112	2,447	9,91,665	3,716	(1,269)
	Stage 2 (Refer Note 3)	68,486	7,956	60,530	1,581	6,375
Subtotal		**10,62,598**	**10,403**	**10,52,195**	**5,297**	**5,106**
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,663	1,451	5,212	1,094	357
Doubtful - up to 1 year	Stage 3	5,790	2,434	3,356	1,578	856
1 to 3 years	Stage 3	538	226	312	224	2
More than 3 years	Stage 3	511	225	286	511	(286)
Subtotal for doubtful		**6,839**	**2,885**	**3,954**	**2,313**	**572**
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	39,227	45	39,182	-	45
Subtotal		**39,227**	**45**	**39,182**	**-**	**45**
	Stage 1	**10,33,339**	**2,492**	**10,30,847**	**3,716**	**(1,224)**
	Stage 2	**68,486**	**7,956**	**60,530**	**1,581**	**6,375**
	Stage 3	**13,502**	**4,336**	**9,166**	**3,407**	**929**
Total		**11,15,327**	**14,784**	**11,00,543**	**8,704**	**6,080**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.
2. Interest on Net NPA amounting to ₹ 430 Lakh has been recognised under Ind AS which is not recognisable under IRACP norms.
3. Customers who has availed the benefit of One-time restructuring as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹ 25 Crore) have been disclosed as Stage 2 assets under Ind AS with gross outstanding value of ₹ 13,630 Lakh. Impairment provision and provision required under IRACP is maintained at 10% as required by RBI circular.
4. The above mentioned amount of 'Total Gross Carrying Amount as per Ind AS' excludes loan against fixed deposits and includes pending part disbursement of loans.

46. Disclosure in accordance with RBI circular number DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 related to COVID19 Regulatory Package - Asset Classification and Provisioning.

	Particulars	As at March 31, 2021
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3; (refer note 1 below)	65,587
(ii)	Respective amount where asset classification benefits is extended (refer note 2 below)	8,620
(iii)	Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5*;	4,951
(iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	292

*As per para 4 of circular, the Company being HFC has provided the additional provision as per Ind AS.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Notes:

1. Represents oustanding balance as on March 31, 2021 in borrower's accounts which were overdue but standard at February 29, 2020.
2. Amount disclosed above is calculated as on March 31, 2021 for accounts which have overdue from February 29, 2020 and availed the moratorium. Also includes the customers who have availed benefit of one-time restructuring which have overdue from February 29, 2020 and availed the moratorium.

47. Disclosures pursuant to RBI Notification – RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 (Resolution framework for Covid-19 related stress) and RBI Notification – RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹ 25 Crore)

(₹ in Lakh)

Type of Borrower	(A) Number of accounts where the resolution plan has been implemented under this window (in Nos)	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of implementation of the resolution plan
Housing Loans /Non Housing Loans (refer notes below)	1,832	13,564	-	-	759
Total	**1,832**	**13,564**	**-**	**-**	**759**

Notes: 1. Categorised in personal loan as per RBI Notification

2. Includes 454 Small business Loan accounts with exposure of ₹ 3,454 Lakh
3. Overall Provision as at March 31, 2021 against One Time Restructuring is ₹ 1,363 Lakh at 10% of total exposure.

48. Disclosure of details as required under notification issued by RBI dated February 17, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 and notification issued by RBI dated March 13, 2020 RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20:

48.1 Disclosure as per Annexure III of the Circular

(₹ in Lakh)

Particulars	March 31, 2021	
Liabilities side	**Amount outstanding**	**Amount overdue**
(1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	2,23,852	-
: Unsecured	8,752	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	8,11,922	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	4,481	-
(g) Other Loans (specify nature)	-	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	March 31, 2021	
Liabilities side	Amount outstanding	Amount overdue
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued there on but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	4,481	-

Assets side	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a) Secured	10,76,110
(b) Unsecured	-
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments	
Current Investments	
1. Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	47,309
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

Significant accounting policies and notes to the accounts
for the year ended March 31, 2021

Assets side	Amount outstanding
Long Term investments	
1. Quoted	
(i) Share	
(a) Equity	2
(b) Preference	-
(ii) Debentures and Bonds	2,398
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted	
(i) Shares	
(a) Equity	1
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

(6) Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	10,76,110	-	10,76,110
Total	**10,76,110**	**-**	**10,76,110**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	1	1
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	49,709	49,709
Total	**49,710**	**49,710**

** As per notified Accounting Standard

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	13,071
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	8,735
(iii) Assets acquired in satisfaction of debt	

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.2 Summary of Significant accounting policies

The accounting policies are disclosed as note 2 and 3 of the Standalone Financial Statement for the year ended March 31, 2021.

48.3 Capital to Risk Asset Ratio (CRAR)

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
CRAR	44.08%	51.42%
CRAR-Tier I Capital	42.62%	49.07%
CRAR- Tier II Capital	1.46%	2.35%
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	6,600	7,080
Amount raised by issue of perpetual debt instruments	Nil	Nil

48.4 Reserve Fund u/s 29C of NHB Act, 1987

Statement for Reserve Fund is disclosed in Note No. 23 of the Standalone Financial Statement for the year ended March 31, 2021.

48.5 Investment

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
1. Value of Investments		
(i) Gross value of investments		
(a) In India	49,710	2,392
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	49,710	2,392
(b) Outside India	-	-
2. Movement of provisions held towards depreciation		
on investments	-	-
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance		

48.6 Derivatives

i. Forward Rate Agreement (FRA)/ Interest Rate Swap

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

ii. Exchange Traded Interest Rate (IR) Derivative

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

iii. Disclosures on Risk Exposure in Derivatives

The company has not entered into derivative transaction during the year ended March 31, 2021 & March 31, 2020.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.7 Securitisation

i. Securitised assets as per books of the SPVs sponsored by the HFC

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

ii. Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

iii. Detail of Assignment transactions undertaken:

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
No of Pools/Accounts	9	12
Aggregate value (Net of Provisions) of accounts assigned	57,787	95,467
Aggregate consideration	57,787	95,467
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain over net book value	6,381	8,401

iv. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

B. Details of non-performing financial assets sold:

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

48.8 Maturity pattern of certain items of assets and liabilities as per Asset Liability Management system of the company as of March 31, 2021 is as under:

(₹ in Lakh)

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	27	11	209	54	112	1,006	1,815	714	74	42	4,064
Borrowings from banks	556	-	3,411	17,950	16,769	37,186	68,087	2,73,527	1,95,089	2,00,671	8,13,246
Market Borrowings	-	-	-	450	-	61,069	18,500	1,12,777	19,220	11,264	2,23,280
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	10,691	-	-	10,574	10,457	41,854	79,814	2,67,129	2,13,445	4,35,082	10,69,046
Investments	47,309	-	-	-	2	-	-	-	-	2,399	49,710
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Notes :

1. The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the RBI/NHB, which has been relied upon by the auditors.
2. The above mentioned amount of Advances excludes interest accrued on loans, fair value of loans, ECL provision on stage 3 loans and EIR.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.9 Exposure to Real Estate Sector

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
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.	8,57,581	7,63,905
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates		
• Funds Based and Non Fund Based	11,478	5,983
• Others (refer note below)	2,08,964	1,36,162
(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)	-	-
Total Exposure to Real Estate Sector	**10,78,023**	**9,06,050**

Note:

1. Amount disclosed under Commercial Real Estate includes non-housing loan which are provided against residential property.
2. The amount mentioned above for Total Exposure to Real estate sector excludes EIR, interest accrued on loans and loans against Fixed Deposits amount."

48.10 Exposure to Capital Market

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	5	5
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances'	-	-
(v) Secured and unsecured advances to stock brokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii) Bridge loans to companies against expected equity flows / issues	-	-
(viii) All exposures to Venture Capital Funds/Alternate Investment Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**5**	**5**

Note: As mentioned in para 23.2.2 of RBI master direction –NBFC –HFC dated 17.02.2021 the computation of exposure to capital markets has been done considering cost price of the investment.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.11 Details of financing parent company products

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

48.12 Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by the HFC

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

48.13 Unsecured Advances

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

48.14 Advances against Intangible Collateral

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

48.15 Exposure to group companies engaged in real estate business

Nil during the year ended March 31, 2021 (March 31, 2020: Nil)

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.

48.16 There were no loans given against the collateral of gold jewellery.

48.17 Registration obtained from other financial sector regulators

Regulator	Registration Number
IRDA Registration as Corporate Agent(Composite)	Registration Code :- CA0012
LEI	335800JQMNJOX3W7LY96
SEBI	SCRIP CODE NCDs(BSE) : 953947
RBI	RBI Registration Number : FC 11 BYR 0068

48.18 Disclosure of penalties imposed by RBI, NHB and other regulators
Nil during the year ended March 31, 2021 (Nil in March 31, 2020)

48.19 Related party Transactions
Details of all material transactions with related parties are disclosed in note 43.

48.20 Group Structure

Holding Company - BCP Topco VII Pte Ltd (Percentage of Holding - 98.72%)

↓

Company - Aadhar Housing Finance Limited (Percentage of Holding - 100%)

↓

Subsidiary Company - Aadhar Sales & Servies Pvt Limited

48.21 Rating assigned by Credit Rating Agencies and migration of rating during the year.

Name of the Rating Agency	Type	Rating As at March 31, 2021	Rating As at March 31, 2020
CARE	Long Term Bank Facilities	CARE AA (Stable)	CARE AA (Stable)
CARE	Non-Convertible Debentures	CARE AA (Stable)	CARE AA (Stable)
CARE	Subordinated Debt	CARE AA - (Stable)	CARE AA - (Stable)
BRICKWORKS	Non-Convertible Debentures	BWR AA(Stable)	BWR AA(Stable)
BRICKWORKS	Subordinated Debt	BWR AA(Stable)	BWR AA(Stable)
CRISIL	Commercial Paper	CRISIL A1+	CRISIL A1
CRISIL	Fixed Deposits	FAA- (Stable)	FA+(Positive)
ICRA	Short Term Borrowings	ICRA A1+	ICRA A1+
India Rating	Short Term Borrowings	IND A1+	IND A1+

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.22 Remuneration of Non-Executive Directors for the year ended March 31, 2021.

(₹ in Lakh)

Name of the Director	Sitting Fee	Commission*	Total
Shri. O P Bhatt	12,25,000	53,25,000	65,50,000
Smt. Sharmila Karve	4,55,000	-	4,55,000
Shri. Sridar Venkatesan	-	15,00,000	15,00,000
Dr. Nivedita Haran	9,10,000	5,00,000	14,10,000

Note: Above does not include the provision for commission for an amount of ₹ 96 Lakh (excluding disallowance of GST) for the year ended March 31, 2021 which will be paid subject to approval in the ensuing Annual General Meeting.

*Commission paid during the year (FY 20-21) pertains to previous year (FY 19-20).

48.23 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.

48.24 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

48.25 Consolidated Financial Statements (CFS)

Refer to the Consolidated Financial Statements for the relevant disclosures.

48.26 Disclosure as per Loan Portfolio

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Housing loans		
Standard loans	8,47,374	7,16,722
Sub-Standard loans	5,006	5,004
Doubtful loans	5,201	4,852
Loss assets	-	-
Total Housing Loans	**8,57,581**	**7,26,578**
Other property loan		
Standard loans	2,17,577	1,77,628
Sub-Standard loans	1,227	1,234
Doubtful loans	1,638	610
Loss assets	-	-
Total Other Property Loans	**2,20,442**	**1,79,472**
Total Own Loan Book	**10,78,023**	**9,06,050**
Assigned Book	**2,54,687**	**2,37,116**
Total Asset Under Management	**13,32,710**	**11,43,166**

Note:The amount mentioned above of Total own loan book amount excludes EIR, interest accrued on loans and loans against Fixed Deposits.

48.27 Insurance portion of Housing Loan is excluded from Housing Loan and regrouped in Other Property Loans (Refer Note 48.9, 48.26, 48.32, 48.38). The Insurance portion amounting to ₹ 50,259 lakh (March 31, 2020: ₹ 41,532 Lakh) helps in mitigating the risk and secures the Company's Loan portfolio against any eventuality.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.28 The Company has prepared the financial statements taking into consideration 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 including the prevailing RBI/NHB regulations.

The Company has complied with the extant provisions of the applicable Ind AS for the purpose of asset classification based on credit risks and provisioning as per expected credit loss requirements during the financial year ended March 31, 2021. In respect of asset classification and provisioning requirements, the Company has complied with RBI Circulars dated March 13, 2020 on implementation of Indian Accounting Standards and have considered the impact of the RBI circulars during the year.

Refer for Note 45 – (comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109)

48.29 The Company has complied and is meeting principal business criteria as laid down under paragraph 4.1.17 of the RBI circular dated February 17, 2021 RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21.

48.30 The company operates in 20 States and Union Territories in India. The company does not have any branch/offices outside India.

Additional Disclosures

48.31 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, 2021	For the year ended March 31, 2020
1.	Provisions for depreciation on Investment	-	-
2.	Provision made towards Income Tax	9,329	5,391
3.	Provision towards NPA	(378)	990
4.	Provision for Standard Assets	2,453	3,888
5.	Other Provision (Expenses) and Contingencies		
5a.	(a) Provision for Expenses	3,366	6,499
5b.	(b) Provision for asset held for sale	(29)	(72)

48.32 Break up of Loan and Advances and Provisions thereon

(₹ in Lakh)

Particulars	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	8,48,887	7,17,714	2,18,083	1,77,965
b) Provisions made	7,231	6,473	3,217	1,522
Sub-Standard Assets				
a) Total Outstanding Amount	5,371	5,504	1,292	1,348
b) Provisions made	1,154	1,346	298	280
Doubtful Assets - Category – I				
a) Total Outstanding Amount	4,360	3,474	1,430	393
b) Provisions made	1,830	1,874	604	143
Doubtful Assets - Category – II				
a) Total Outstanding Amount	429	1,833	108	269
b) Provisions made	181	903	45	91

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Doubtful Assets - Category – III				
a) Total Outstanding Amount	412	238	99	40
b) Provisions made	184	65	42	12
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**8,59,459**	**7,28,763**	**2,21,012**	**1,80,015**
b) Provisions made	**10,580**	**10,661**	**4,206**	**2,048**

Note: The above mentioned total outstanding amount excludes Loan against Fixed Deposits and EIR.

48.33 Draw Down from Reserves

During FY 2020-21, there were no draw down from Reserves.

48.34 Concentration of Public Deposits

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Deposits of twenty largest depositors	1,593	2,097
Percentage of Deposits of twenty largest deposits to Total Deposits of the HFC	36.79%	29.30%

48.35 Concentration of Loans and Advances

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans and Advances to twenty largest borrowers	2,250	5,067
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	0.21%	0.56%

48.36 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Loans and Advances to twenty largest borrowers	2,250	5,067
Percentage of Loans and Advances to twenty largest borrowers / customers to Total exposure of the HFC on borrowers / customers.	0.17%	0.43%

48.37 Concentration of NPAs

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA accounts	505	2,982

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

48.38 Sector-wise NPAs

S.No.	Particulars	Percentage of NPAs to Total Advances in that Sector
A.	**Housing Loan:**	
1.	Individuals	1.19%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-
B.	**Non Housing Loans:**	
1.	Individuals	1.30%
2.	Builders / Project Loans	-
3.	Corporate	-
4.	Others	-

48.39 Movement of NPAs

(₹ in Lakh)

S.No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
i)	Net NPAs to Net Advances (%)	0.81%	0.78%
ii)	Movement of NPAs (Gross)		
	a) Opening Balance	**11,700**	**10,007**
	b) Additions during the year	6,239	6,318
	c) Reductions during the year	4,868	4,625
	d) Closing Balance	**13,071**	**11,700**
iii)	Movement of Net NPAs		
	a) Opening Balance	**6,986**	**6,283**
	b) Additions during the year	3,086	1,927
	c) Reductions during the year	1,337	1,224
	d) Closing Balance	**8,735**	**6,986**
iv)	Movement of provisions for NPAs (excluding provision on standard assets)		
	a) Opening Balance	**4,714**	**3,724**
	b) Additions during the year	3,153	4,391
	c) Reductions during the year	3,531	3,401
	d) Closing Balance	**4,336**	**4,714**

48.40 Overseas Assets

Nil as at March 31, 2021 (March 31, 2020: Nil)

48.41 Off- Balance Sheet SPVs 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, 2021

48.42 Disclosure of Complaints

(₹ in Lakh)

S.No.	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a)	No. of complaints pending at the beginning of the year	23	0
b)	No. of complaints received during the year	2,448	2,217
c)	No. of complaints redressed during the year	2,455	2,194
d)	No. of complaints pending at the end of the year	16	23

49. Previous year figures have been regrouped/re-classified wherever necessary to confirm to current year's classification.

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

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Chartered Accountants
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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, 2021, 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, 2021, 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 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 (viii) to the Consolidated financial statements in which the Group describes the continuing uncertainties arising from 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.

Key audit matter	How the key audit matter was addressed in our Audit
At March 31, 2021, the Group reported total gross loans of ₹ 10,76,110 lakh and ₹ 14,784 lakh of expected credit loss provisions.	
Refer to the accounting policies in the Consolidated financial statements: 'Financial Instruments' and Note 6 in the Consolidated financial statements.	
The estimation of Expected Credit Loss (ECL) on financial instruments involves significant judgements and estimates in classifying these loan assets and applying appropriate measurement principles, including additional considerations on account of the Reserve Bank of India guidelines in relation to resolution framework for COVID 19 regulatory package and restructuring. As part of our risk assessment, we determined that the allowance for ECL has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.	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 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, and completeness of the underlying data used in the models, credit monitoring, 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, 2021 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. 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 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.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by him. We remain solely responsible for our audit opinion.

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 ₹ 303.69 lakh as at March 31, 2021, total revenues of ₹ 3,062.75 lakh and net cash inflows amounting to ₹ 96.20 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 Parent and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group company is disqualified as on March 31, 2021 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) the consolidated financial statements disclose the impact of pending litigations of the consolidated financial position of the Group.

      ii) the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

      iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary company.

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

Neville M. Daruwalla
Partner
(Membership No. 118784)
UDIN: 21118784AAAACS9260

Mumbai, May 6, 2021

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

Abhinav Chaturvedi
Partner
(Membership No. 143376)
UDIN: 21143376AAAABI6789

Mumbai, May 6, 2021

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, 2021, 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, 2021, 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)

Neville M. Daruwalla
Partner
(Membership No. 118784)
UDIN: 21118784AAAACS9260

Mumbai, May 6, 2021

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

Abhinav Chaturvedi
Partner
(Membership No. 143376)
UDIN: 21143376AAAABI6789

Mumbai, May 6, 2021

Consolidated Balance Sheet

as at March 31, 2021

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
Assets			
1. Financial assets			
a) Cash and cash equivalents	4	38,350	1,36,488
b) Other bank balances	4	1,78,778	1,77,664
c) Receivables	5	272	408
d) Housing and other loans	6	10,61,326	8,90,903
e) Investments	7	49,709	2,396
f) Other financial assets	8	21,532	19,022
		13,49,967	**12,26,881**
2. Non-financial assets			
a) Current tax assets (Net)	9	3,428	2,787
b) Property, plant and equipment	10	1,639	1,751
c) Right to use assets	34	3,547	2,581
d) Other intangible asset	11	127	95
e) Deferred tax assets (Net)	20	28	17
f) Other non-financial assets	12	4,297	2,531
		13,066	**9,762**
Total assets		**13,63,033**	**12,36,643**
Liabilities and equity			
Liabilities			
1. Financial liabilities			
a) Trade payables	13		
i) Total outstanding dues to micro enterprises and small enterprises		-	-
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,868	2,881
b) Debt securities	14	2,14,031	1,70,814
c) Borrowings (other than debt securities)	15	8,11,041	7,78,413
d) Deposits	16	4,056	6,803
e) Subordinated liabilities	17	8,319	8,304
f) Other financial liabilities	18	47,749	30,181
		10,89,064	**9,97,396**
2. Non-financial liabilities			
a) Provisions	19	1,250	968
b) Deferred tax liabilities (Net)	20	1,781	1,865
c) Other non-financial liabilities	21	1,656	1,681
		4,687	**4,514**
3. Equity			
a) Equity share capital	22	39,476	3,946
b) Other equity	23	2,29,806	2,30,787
		2,69,282	**2,34,733**
Total liabilities and equity		**13,63,033**	**12,36,643**

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

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, 2021

(₹ in Lakh)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1 Income			
Revenue from operations			
a) Interest income	24	1,42,694	1,21,452
b) Net gain on fair value changes	24	878	2,361
c) Net gain on derecognition of financial instruments under amortised cost category	24	6,381	8,401
d) Fees and commission income	24	7,580	6,553
Total revenue from operations		**1,57,533**	**1,38,767**
Other income	25	22	79
Total income		**1,57,555**	**1,38,846**
2 Expenses			
Finance costs	26	81,597	79,349
Impairment on financial instruments	27	5,494	10,965
Employees benefits expense	28	18,881	16,756
Depreciation and amortisation expense	10, 11 & 34	1,119	1,158
Other expenses	29	7,213	7,527
Total expenses		**1,14,304**	**1,15,755**
3 Profit before tax (1-2)		**43,251**	**23,091**
4 Tax expense			
Current tax	30	9,346	5,407
Deferred tax	30	(108)	(1,254)
		9,238	**4,153**
5 Profit for the year (3-4)		**34,013**	**18,938**
6 Other comprehensive income			
Items that will not be reclassified to profit or loss			
i Remeasurements of the defined employee benefit plans		46	(108)
ii Income tax relating to items that will not be reclassified to profit or loss		(13)	27
Total other comprehensive income for the year (i + ii)		**33**	**(81)**
7 Total comprehensive income (5+6)		**34,046**	**18,857**
8 Earnings per equity share			
Basic earnings per share (₹)	31	8.62	5.86
Diluted earnings per share (₹)	31	8.37	5.83

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

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, 2021

a) Equity Share Capital

(₹ in Lakh)

Particulars	Total
Balance as at April 01, 2019	**2,515**
Changes in equity share capital during the year	
Share issued on Preferential Allotment	881
Share issued on Right Issue Allotment	550
Balance as at March 31, 2020	**3,946**
Changes in equity share capital during the year	
Share issued on ESOP / ESARs Allotment	2
Bonus Share issued	35,528
Balance as at March 31, 2021	**39,476**

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, 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	-	1,28,568	-	-	-	-	-	1,28,568
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**	**1,69,335**	**19,264**	**16,910**	**7,267**	**17,891**	**114**	**2,30,787**
Profit for the year	-	-	-	-	-	34,013	-	34,013
Other comprehensive income	-	-	-	-	-	33	-	33
Transfer of Securities premium on exercise of ESOPs / ESARs	-	4	-	-	-	-	(4)	-
Utilization of Securities premium on Allotment of Bonus Shares	-	(35,528)	-	-	-	-	-	(35,528)
Expenses on Allotment of Bonus Shares	-	(111)	-	-	-	-	-	(111)
Transferred to general reserve	-	-	-	-	2,002	(2,000)	(2)	-
Transferred to statutory reserve	-	-	6,827	-	-	(6,827)	-	-
Employee Stock Option Outstanding	-	-	-	-	-	-	612	612
Balance as at March 31, 2021	**6**	**1,33,700**	**26,091**	**16,910**	**9,269**	**43,110**	**720**	**2,29,806**

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Consolidated Cash flow statement

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	43,251	23,091
Adjustments for:		
Depreciation and amortisation expense	1,119	1,158
Loss on sale of fixed assets (Net)	26	272
Interest on lease liabilities	211	201
Gain on modification in lease	(2)	(14)
Impairment on financial instruments and Loss on sale of asset held for sale	5,506	10,991
Profit on sale of investment in mutual fund and other investments	(878)	(2,361)
Provision for Employee share based payments	612	31
Operating profit before working capital changes	**49,845**	**33,369**
Adjustments for:		
Increase / (decrease) in other financial and non-financial liabilities and provisions	18,384	(5,309)
(Increase) / decrease in trade receivables	136	(22)
Increase in other financial and non-financial assets	(3,187)	(4,352)
Cash generated from operations during the year	**65,178**	**23,686**
Tax paid	(9,987)	(6,833)
Net cash flow generated from operations before movement in housing and other loans	**55,191**	**16,853**
Housing and other property loans disbursed	(3,54,471)	(3,19,014)
Housing and other property loans repayments	1,21,264	1,23,682
Net cash used in operating activities [A]	**(1,78,016)**	**(1,78,479)**
B. Cash flow from investing activities		
Proceeds received on sale / redemption of investments	2,05,374	12,92,460
Payment towards purchase of investments	(2,51,800)	(12,75,027)
Investment in fixed deposits (net of maturities)	(1,114)	(1,66,606)
Payment towards purchase of fixed assets	(512)	(342)
Proceeds received on sale of fixed assets	4	2
Net cash used in investing activities [B]	**(48,048)**	**(1,49,513)**

Consolidated Cash flow statement

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C. Cash flow from financing activities		
Proceeds on Issue of Equity Shares	2	1,30,000
Share issue expenses / Expenses towards offer for sale of shares	(1,705)	(146)
Proceeds from loans from banks/institutions	2,78,597	3,50,004
Proceeds from NCDs	81,500	30,000
Repayment of loans to banks/institutions	(2,46,211)	(1,99,764)
Repayment of NCDs	(38,583)	(18,200)
Net repayment of short term Loan	-	(9,614)
Proceeds from deposits	-	933
Repayment of deposits	(2,809)	(7,937)
Proceeds from assignment of portfolio	57,787	95,467
Payment of lease liabilities	(652)	(598)
Net cash generated from financing activities [C]	**1,27,926**	**3,70,145**
Net increase / (decrease) in cash and cash equivalents [A+B+C]	**(98,138)**	**42,153**
Cash and cash equivalents at the beginning of the year	**1,36,488**	**94,335**
Cash and cash equivalents at the end of the year (refer note 4)	**38,350**	**1,36,488**

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

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 February,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 previous 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 in accordance with the recognition and measurement principle of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, the circulars and guidelines issued by the Reserve Bank of India (the "RBI") and National Housing Bank (the "NHB") from time to time to the extent applicable.

2.2 Going Concern

These financial statements have been prepared on a going concern basis.

2.3 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.

2.4 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, 2021	Holding As at March 31, 2020
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, 2021

2.5 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 Lakh. Per share data is presented in Indian Rupee.

3.1 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.

3.2 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 reviewed at each financial year end to reflect expected pattern

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 & Computers	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.

3.3 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 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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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 period 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 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.

3.4 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

3.5 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 deposits, borrowings (other than debt securities), debt securities, subordinate liabilities 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 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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

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

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

3.6 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.

3.7 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.

3.8 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 operates 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 period-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.

3.9 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

"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.

3.10 Earnings per share

Basic earnings per share have 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 have been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

3.11 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.

3.12 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.

3.13 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".

3.14 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

4. Cash and bank balance

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
a) Cash on hand	1,097	95
b) Balances with banks in current accounts	10,043	39,555
c) Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	27,210	96,838
	38,350	**1,36,488**
Other bank balances		
a) In other deposit accounts		
- Original maturity of more than three months (refer note (ii) & (iii) below)	1,78,774	1,77,658
b) Earmarked balances with banks		
- Unclaimed dividend account	4	6
	1,78,778	**1,77,664**
Total	**2,17,128**	**3,14,152**

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 deposits of ₹ 39,450 Lakh for March 31, 2021 which are under lien including lien towards unutilized bank overdraft. (March 31, 2020: ₹ 16,950 Lakh).

5. Receivables

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured, considered good	272	408
Total	**272**	**408**

i) Trade receivables includes amounts due from the related parties amounting to Nil (As at March 31, 2020 is Nil) [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, 2021	As at March 31, 2020
At amortised cost		
i) Housing and other property loan	10,73,462	8,96,670
ii) Loans to developers	188	4,205
iii) Loan against fixed deposits	10	21
iv) Interest accrued on above loans	2,450	2,716
Total gross	**10,76,110**	**9,03,612**
Less: Impairment loss allowance	14,784	12,709
Total net	**10,61,326**	**8,90,903**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 ₹ 2,54,687 Lakh (March 31, 2020: ₹ 2,37,116 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) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (March 31, 2020 : Nil).

vi) Housing loan and other property loan includes ₹ 8,288 Lakh (March 31, 2020: ₹ 4,981 Lakh) given to employees of the Company under the staff loan.

vii) Housing loan and other property loan includes ₹ 2,775 Lakh (March 31, 2020: ₹ 3,486 Lakh) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

viii) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package and in accordance therewith, the Company had provided moratorium on the payment of all principal amounts and/or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers classified as standard. For all such accounts, where the moratorium was granted, the asset classification remained at a standstill during the moratorium period.

The extent to which the COVID-19 pandemic including the current widespread second wave, will ultimately impact the Company's results and carrying value of assets will depend on future developments, which are highly uncertain. The Company's impairment loss allowance estimates are subject to a number of management judgments and estimates, which could undergo changes over the entire duration of the pandemic. Given the uncertainty over the potential macro-economic condition including the current widespread second wave, the impact of the COVID pandemic on the financial performance may be different from that estimated as at the date of approval of these financial statements. Such changes will be prospectively recognized. The Company continues to closely monitor any anticipated material changes to future economic conditions. The Company have created an impairment provision of ₹ 6,022 Lakh as at March 31, 2021 (March 31, 2020 : ₹ 4,951 Lakh) on account of Covid 19 and loans on which One Time Restructuring was implemented.

7. Investments

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	No's of Units / Shares		(₹ in Lakh)	
At amortised cost				
Investments in equity instruments (Subsidiary)				
6.57% GOI Bonds 2033 (Face Value of ₹ 100/- each)	5,00,000	5,00,000	494	491
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd (Face Value of ₹ 1,00,000/- each) (refer note iii below)	2,000	2,000	1,904	1,898
			2,398	**2,389**
At fair value through profit and loss				
Investments in mutual funds				
SBI Liquid Fund Direct Growth	2,20,963	-	7,118	-
HDFC Liquid Fund Direct Growth	1,47,714	-	5,976	-
Axis Liquid Fund - Direct Growth	3,10,554	-	7,096	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	No's of Units / Shares		(₹ in Lakh)	
Mirae Assets Cash Management Liquid Fund Direct Growth	1,12,791	-	2,449	-
Nippon India Liquid Fund Direct Growth	98,084	-	4,936	-
Invesco India Liquid Fund Direct Growth	1,40,507	166	3,971	5
ICICI Prudential Liquid Fund - Direct Plan - Growth	23,36,690	-	7,121	-
BNP Paribas Liquid Fund Direct Growth	35,019	-	1,109	-
Tata Liquid Fund Direct Growth	2,31,943	-	7,533	-
			47,309	**5**
Investments in quoted equity instruments (others than subsidiary)				
Reliance Power Limited Equity Shares (Face value of ₹ 10 each)	222	222	0	0
IDFC First Bank Limited Equity Shares (Face value of ₹ 10 each)	2,390	2,390	1	1
Mangalore Refinery and Petrochemical Limited Equity Shares (Face value oaf ₹ 10 each)	3,000	3,000	1	1
			2	**2**
Total			**49,709**	**2,396**

Notes :

i) Amount "0" represent value less than ₹ 50,000/-.

ii) All investments are made within India.

iii) Investment in bonds aggregating to ₹ 1,904 Lakh (March 31, 2020: ₹ 1,898 Lakh) carry a floating charge in favour of fixed deposits holder read with note no 16.

8. Other financial assets

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, Considered Good		
Others		
Receivable from assigned portfolio	20,864	18,567
Receivable on Assigned Loans (net of servicing fee)	12	4
Security deposits	656	443
Advances to employees	-	8
Total	**21,532**	**19,022**

9. Current tax assets (Net)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax paid in advance (net of provisions)	3,428	2,787
Total	**3,428**	**2,787**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

10. Property, plant and equipment

(₹ in Lakh)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipments	Vehicles	Computer	Total
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**
Balance as at April 1, 2020	**27**	**13**	**1,159**	**755**	**28**	**1,073**	**3,055**
Additions during the year	-	-	202	34	-	157	393
Deduction / adjustments	-	-	(61)	(43)	-	(19)	(123)
Balance as at March 31, 2021	**27**	**13**	**1,300**	**746**	**28**	**1,211**	**3,325**
Accumulated depreciation							
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**
Balance as at April 1, 2020	**-**	**2**	**359**	**259**	**4**	**680**	**1,304**
Depreciation for the year	-	1	147	110	4	213	475
Deduction / adjustments	-	-	(45)	(31)	-	(17)	(93)
Balance as at March 31, 2021	**-**	**3**	**461**	**338**	**8**	**876**	**1,686**
Net book value							
As at March 31, 2021	**27**	**10**	**839**	**408**	**20**	**335**	**1,639**
As at March 31, 2020	**27**	**11**	**800**	**496**	**24**	**393**	**1,751**

11. Other intangible asset

(₹ in Lakh)

Particulars	Software
Balance as at April 1, 2019	**108**
Additions during the year	101
Deduction / adjustments	(1)
Balance as at March 31, 2020	**208**
Balance as at April 1, 2020	**208**
Additions during the year	106
Deduction / adjustments	-
Balance as at March 31, 2021	**314**
Accumulated depreciation	
Balance as at April 1, 2019	**64**
Depreciation for the year	50
Deduction / adjustments	(1)
Balance as at March 31, 2020	**113**
Balance as at April 1, 2020	**113**
Depreciation for the year	74
Deduction / adjustments	-
Balance as at March 31, 2021	**187**
Net book value	
As at March 31, 2021	**127**
As at March 31, 2020	**95**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

12. Other non-financial assets

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Asset held for sale	396	628
Less : Provision for diminution in the value of asset held for sale	(185)	(213)
	211	**415**
Prepaid expenses	387	237
Capital advance	32	19
Advance for expenses and other advances [Refer Note i below]	1,531	1,638
Unamortised share issue expenses [Refer Note ii below]	1,594	-
Receivable from Government (Ex-gratia) [Refer Note 44]	538	-
Balance with government authorities	4	222
Total	**4,297**	**2,531**

Notes :

i). Advance for expenses includes Nil (March 31, 2020: ₹ Nil Lakh) due to related parties [Refer Note 43].

ii). The Company has incurred certain expenses towards proposed Initial public offering of equity shares. The company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon share being issued.

13. Trade payables

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues to micro enterprises and small enterprises (Refer Note a below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note b below)	3,868	2,881
Total	**3,868**	**2,881**

a) Based on and to the extent of information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.

There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2021 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables includes ₹ 96 Lakh (March 31, 2020: ₹ 75 Lakh) due to related parties [Refer Note 43].

14. Debt securities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Secured		
Redeemable non convertible debentures	2,14,031	1,70,814
Total	**2,14,031**	**1,70,814**

i) All debt securities are issued in India

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

ii) Terms of repayment and rate of interest in case of Debt Securities:

As at March 31, 2021

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Redeemable non convertible debentures	7.35% to 9.80%	1,90,397	19,220	5,264	2,14,881

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%	1,09,720	45,377	16,983	1,72,080

Maturity profile disclosed above excludes discount and EIR adjustments amounting to ₹ 850 Lakh (March 31, 2020: ₹ 1,266 Lakh).

List of Redeemable debentures

Sr No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2021	As at March 31, 2020
1	INE538L07403	8.88%	12-Jun-2020	-	2,000
2	INE538L07445	8.83%	23-Jun-2020	-	15,000
3	INE538L07411	9.05%	3-Jul-2020	-	5,000
4	INE538L07130	9.70%	9-Nov-2020	-	1,000
5	INE538L07148	9.65%	11-Dec-2020	-	1,000
6	INE538L07239	9.55%	3-Mar-2021	-	1,000
7	INE538L07247	9.40%	21-Mar-2021	-	700
8	INE538L07247	9.40%	21-Mar-2021	-	500
9	INE538L07460	8.90%	26-Mar-2021	-	1,000
10	INE538L07460	8.90%	26-Mar-2021	-	500
11	INE538L07262	9.50%	29-Mar-2021	-	1,000
12	INE538L07338	9.40%	27-May-2021	450	450
13	INE883F07033	9.60%	5-Jul-2021	200	200
14	INE883F07082	9.35%	17-Aug-2021	200	200
15	INE883F07090	9.35%	25-Aug-2021	100	100
16	INE538L07486	9.60%	29-Sep-2021	2,943	2,943
17	INE538L07494	9.60%	29-Sep-2021	57,627	57,627
18	INE538L07353	9.20%	18-Oct-2021	5,000	5,000
19	INE883F07108	9.37%	20-Oct-2021	200	200
20	INE883F07116	9.36%	25-Oct-2021	100	100
21	INE883F07132	9.36%	27-Oct-2021	200	200
22	INE538L07361	9.00%	11-Nov-2021	1,000	1,000
23	INE538L07064	9.80%	27-Mar-2022	2,000	2,000
24	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
25	INE538L07072	9.80%	3-Jun-2022	1,000	1,000
26	INE538L07080	9.80%	7-Aug-2022	800	800
27	INE538L07080	9.80%	7-Aug-2022	100	100
28	INE538L07080	9.80%	7-Aug-2022	100	100
29	INE538L07098	9.80%	3-Sep-2022	1,000	1,000
30	INE538L07106	9.80%	10-Sep-2022	1,000	1,000
31	INE538L07122	9.70%	4-Nov-2022	2,000	2,000

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Sr No.	ISIN	Rate of interest	Date of Redemption	As at March 31, 2021	As at March 31, 2020
32	INE538L07155	9.60%	28-Dec-2022	2,000	2,000
33	INE538L07171	9.60%	7-Jan-2023	2,000	2,000
34	INE538L07296	9.30%	28-Apr-2023	1,000	1,000
35	INE538L07296	9.30%	28-Apr-2023	130	130
36	INE883F07017	9.40%	5-May-2023	3,000	3,000
37	INE538L07304	9.50%	13-May-2023	500	500
38	INE883F07165	9.15%	20-Jun-2023	20,000	30,000
39	INE538L07502	9.25%	29-Sep-2023	3,051	3,051
40	INE538L07510	9.65%	29-Sep-2023	1,896	1,896
41	INE883F07124	9.36%	27-Oct-2023	400	400
42	INE883F07140	9.40%	21-Nov-2023	1,800	1,800
43	INE883F07140	9.40%	21-Nov-2023	200	200
44	INE883F07157	9.40%	22-Nov-2023	900	900
45	INE538L07056	9.80%	23-Mar-2025	2,500	2,500
46	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
47	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
48	INE538L07163	9.60%	6-Jan-2026	1,000	1,000
49	INE538L07189	9.60%	19-Jan-2026	1,000	1,000
50	INE538L07197	9.60%	19-Jan-2026	100	100
51	INE538L07197	9.60%	19-Jan-2026	170	170
52	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
53	INE538L07205	9.60%	25-Jan-2026	1,000	1,000
54	INE538L07213	9.55%	29-Jan-2026	500	500
55	INE538L07213	9.55%	29-Jan-2026	100	100
56	INE538L07213	9.55%	29-Jan-2026	500	500
57	INE538L07213	9.55%	29-Jan-2026	100	100
58	INE538L07221	9.55%	1-Mar-2026	1,000	1,000
59	INE538L07254	9.55%	22-Mar-2026	2,000	2,000
60	INE538L07270	9.55%	31-Mar-2026	1,000	1,000
61	INE538L07270	9.55%	31-Mar-2026	250	250
62	INE883F07025	9.40%	5-May-2026	2,000	2,000
63	INE883F07041	9.35%	8-Jul-2026	200	200
64	INE883F07058	9.40%	13-Jul-2026	120	120
65	INE883F07066	9.28%	18-Jul-2026	200	200
66	INE883F07074	9.15%	5-Aug-2026	120	120
67	INE538L07379	9.00%	16-Nov-2026	500	500
68	INE538L07528	9.35%	29-Sep-2028	955	955
69	INE538L07536	9.75%	29-Sep-2028	1,168	1,168
70	INE883F07173	8.00%	5-May-2023	20,000	-
71	INE883F07181	8.20%	17-Aug-2023	30,000	-
72	INE883F07199	8.20%	1-Sep-2023	16,500	-
73	INE883F07207	7.35%	28-Feb-2022	10,000	
74	INE883F07215	8.10%	20-Oct-2025	5,000	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

iii) The Company has raised ₹ 81,500 Lakh (March 31, 2020 : ₹ 30,000 Lakh) from Secured Redeemable Non Convertible Debentures (NCDs) during the year ended March 31, 2021. NCDs are long term and are secured by way of pari passu first charge by way of (present & future obligations) hypothecation on standard book debts / receivables/ outstanding moneys, current assets, Cash & Bank balances & Investments as per contracted terms except for those book debts/ receivables charged or to be charged in favour of NHB for refinance availed or to be availed from them and the Company has provided Security on specific immovable property on certain series of NCDs private placement (excluding IPO Series). NCDs including current maturities are redeemable at par in 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 Shelf prospectus document dated September 03, 2018.

15 Borrowings (other than debt securities)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
At amortised cost		
Term Loans		
from banks	6,41,232	6,97,105
from National Housing Bank	1,69,809	81,304
Cash credit facilities		
from banks	-	4
Total	**8,11,041**	**7,78,413**

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*	3,28,972	1,53,907	1,60,558	6,43,437
Term Loan from National Housing Bank	3.00% to 7.50%	88,513	41,182	40,114	1,69,809

As At March 31, 2020

Particulars	Interest Rate	0-3 Years	3-5 Years	>5 Years	Total
Secured					
Term loan from banks	Floating*	3,83,264	1,47,948	1,68,146	6,99,358
Term Loan from National Housing Bank	4.86% to 9.30%	41,280	22,326	17,698	81,304

*(Linked with MCLR/Base Rate of respective banks)

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 2,205 Lakh (March 31, 2020 : ₹ 2,253 Lakh).

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 2021 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 2021 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 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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

16. Deposits

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposit		
At amortised cost		
Public deposits	4,056	6,803
Total	**4,056**	**6,803**

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, 2021	As at March 31, 2020
Unsecured		
Redeemable non convertible debentures	8,319	8,304
Total	**8,319**	**8,304**

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%	2,400	-	6,000	8,400

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

Maturity profile disclosed above excludes EIR adjustments amounting to ₹ 81 Lakh (March 31, 2020: ₹ 96 Lakh).

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, 2021	As at March 31, 2020
Book overdraft	22,625	10,303
Lease liabilities (refer note 34)	3,241	2,292
Accrued employee benefits	2,979	2,858

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due - Deposits	150	140
Interest accrued but not due - Others	11,135	8,631
Amount payable under assignment of receivables (refer note 44)	7,347	5,621
Unpaid dividend (refer note below)	4	6
Unpaid matured deposits and interest accrued thereon	268	330
Total	**47,749**	**30,181**

The Company has transferred a sum of ₹ 0.92 Lakh during the year ended March 31, 2021 (March 31, 2020 : ₹ 0.12 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, 2021	As at March 31, 2020
Provision for employee benefits		
Provision for compensated absences	757	671
Provision for gratuity (refer note 40)	493	297
Total	**1,250**	**968**

20. Deferred Tax Liabilities (Net)

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	6,243	6,073
Deferred Tax Assets	4,462	4,208
	1,781	**1,865**
Deferred Tax Assets	28	17
Total deferred tax liabilities (net)	**1,753**	**1,848**

Total deferred tax liabilities (net)

Particulars	As at April 1, 2019	Charged to Profit and Loss	Charged to Other Comprehensive Income"	As at March 31, 2020	Charged to Profit and Loss	Charged to Other Comprehensive Income	As at March 31, 2021
Deferred tax liabilities							
On difference between book balance and tax balance of assets	49	(49)	-	-	-	-	-
Fair value on Amalgamation	2,703	(1,143)	-	1,560	(390)	-	1,170
Net gain oan derecognition of financial instruments under amortised cost category	4,613	(100)	-	4,513	560	-	5,073
	7,365	**(1,292)**	**-**	**6,073**	**170**	**-**	**6,243**
Deferred tax assets							
On difference between book balance and tax balance of assets	-	85	-	85	28	-	113
On account of impairment on financial instruments	2,176	801	-	2,977	516	-	3,493
On account of provision for employee benefits	200	(3)	27	224	94	(13)	305
Others	1,860	(921)	-	939	(360)	-	579
	4,236	**(38)**	**27**	**4,225**	**278**	**(13)**	**4,490**
Net Deferred tax (assets)/liabilities	**3,129**	**(1,254)**	**(27)**	**1,848**	**(108)**	**13**	**1,753**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

21. Other non-financial liabilities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from Customers	604	476
Statutory remittance	429	261
Others	623	944
Total	**1,656**	**1,681**

22. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Number of shares		(₹ in Lakh)	
Authorised share capital				
Equity shares of ₹ 10 each	50,00,00,000	22,00,00,000	50,000	22,000
Issued share capital				
Equity shares of ₹ 10 each	39,47,54,970	3,94,64,898	39,476	3,946
Subscribed and paid up capital				
Equity shares of ₹ 10 each	39,47,54,970	3,94,64,898	39,476	3,946
Total			**39,476**	**3,946**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Equity shares at the beginning of the year	3,94,64,898	2,51,48,472
Add: Shares issued during the year		
Preferential Allotment during the year	-	88,10,088
Right Issue Allotment during the year	-	55,06,338
Shares allotted pursuant to exercise of stock options during the year	10,599	-
Bonus Issue allotment during the year*	35,52,79,473	-
Equity shares at the end of the year	**39,47,54,970**	**3,94,64,898**

*Includes allotment of 26,100 bonus shares pertaining to existing share holder holding shares in physical mode, allotment of same is pending on account of conversion of physical shares into demat mode.

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, 2021.

d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at March 31, 2021		As at March 31, 2020	
	% of Holding	Number of shares	% of Holding	Number of shares
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	38,96,83,420	98.74%	3,89,68,342

e) The Authorised share capital of the Company was increased from ₹ 22,000 Lakh to ₹ 50,000 Lakh during the year ended March 31, 2021.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

f) The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

23. Other Equity

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserve on amalgamation	6	6
Securities premium	1,33,700	1,69,335
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)	26,091	19,264
Debenture redemption reserve (refer note (ii) below)	16,910	16,910
General reserve	9,269	7,267
Employee Stock Option Outstanding	720	114
Retaianed earnings	43,110	17,891
Total	**2,29,806**	**2,30,787**

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, 2021	As at March 31, 2020
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	18,556	14,705
c) Total	**19,264**	**15,413**
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	6,827	3,851
c) Total	**6,827**	**3,851**
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	25,383	18,556
c) Total	**26,091**	**19,264**

ii) The Company has created Debenture redemption reserve as at year end March 31, 2021 to the tune of ₹ 16,910 Lakh (March 31, 2020 : ₹ 16,910 Lakh) against ₹ 16,910 Lakh required towards its public issue of Secured Redeemable Non-Convertible Debentures.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

24. Revenue from operations

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Interest income		
On financial assets measured at amortised cost		
Intereast on Loans	1,30,336	1,13,659
Interest on fixed deposits	12,121	7,568
Interest on bonds and debentures	235	222
Other interest	2	3
	1,42,694	**1,21,452**
b) Net gain on fair value changes		
Measured at FVTPL		
Equity investment measured at FVTPL		
Realised	-	-
Unrealised	0	(2)
	0	**(2)**
Investment in mutual fund measured at FVTPL		
Realised	676	2,363
Unrealised	202	-
	878	2,363
	878	**2,361**
c) Net gain on derecognition of financial instruments under amortised cost category		
On assignment of portfolio	6,381	8,401
d) Fees and commission Income		
Loan processing fee and other charges (net of business sourcing expenses)	5,791	4,853
Intermediary services	1,789	1,700
	7,580	**6,553**
Total	**1,57,533**	**1,38,767**

i) Amount "0" represent value less than ₹ 50,000/-.

ii) Disclosure in respect of fees and commission income on insurance business undertaken by the company

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Life Insurance Business	476	513
Non - Life Insurance Business	989	844
Total	**1,465**	**1,357**

25. Other income

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Miscellaneous income	22	79
Total	**22**	**79**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

26. Finance costs

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	59,747	60,448
Interest on deposits	486	864
Interest on non convertible debentures	18,002	14,016
Interest on subordinated liabilities	827	832
Interest on others	134	443
Interest on lease liabilities (refer note 34)	211	201
Finance charges	2,190	2,545
Total	**81,597**	**79,349**

27. Impairment on financial instruments

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
On Financial instruments measured at Amortised Cost		
Impairment allowance on Loans (Refer note 27.1 & 27.2 below)	4,935	10,065
Bad-debts written off	588	972
Others		
Asset held for sale	(29)	(72)
Total	**5,494**	**10,965**

27.1 27.1 The Company has made an additional impairment provision of ₹ 1,071 Lakh for the year ended March 31, 2021 towards Covid-19 and loans on which One Time Restructuring was implemented (March 31, 2020 : ₹ 4,951 Lakh) (Refer note 6(viii)).

27.2 Impairment allowance on Loans (including write off) includes ₹ 503 Lakh for the year ended March 31, 2021 (March 31, 2020 : ₹ 3,999 Lakh) towards Loans to Developers. The Net carrying value of Loans to developers after impairment provision is ₹ 138 Lakh as at March 31, 2021 (₹ 1,964 Lakh as at March 31, 2020). The Company has not made any fresh loan sanctions under Loans to developers during the year ended March 31, 2021 (March 31, 2020 : Nil).

28. Employee benefits expense

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, bonus and other allowances	16,420	15,100
Contribution to provident fund and other funds (refer note 40)	1,528	1,248
Share Based Payments to employees (refer note 41)	612	31
Staff welfare expenses	321	377
Total	**18,881**	**16,756**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

29. Other expenses

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent (refer note 34)	574	551
Rates and taxes	-	1
Travelling expenses	466	1,156
Printing and stationery	218	239
Advertisement and business promotion	261	381
Insurance	566	451
Legal and professional charges	755	578
Auditors remuneration (refer note below 29.2)	78	68
Postage, telephone and other communication expenses	514	509
General repairs and maintenance	1,495	1,050
Loss on sale of asset held for sale	12	26
Electricity charges	277	267
Directors sitting fees and commission (refer note below 29.3 and 43)	121	56
Corporate social responsibility expenses (refer note below 29.1)	417	659
Goods and service tax	769	826
Loss on sale of fixed assets	26	272
Other expenses	664	437
Total	**7,213**	**7,527**

29.1 Details of Corporate Social Responsibility

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Amount required to be spent during the year	417	318
b) Amount spent during the year	477	310
c) Amount provided as at year end	288	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, 2021	For the year ended March 31, 2020
Audit fee (including regulatory certificates)	55	54
Tax audit fee	8	8
Others	10	1
GST on Above	5	5
Total	**78**	**68**

29.3 Directors sitting fee and commission is net off reversal of Nil for year ended March 31, 2021 (₹ 47 Lakh for March 31, 2020).

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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, 2021	For the year ended March 31, 2020
Current tax expenses	9,346	5,407
Deferred tax	(108)	(1,254)
Total	**9,238**	**4,153**

ii) Other comprehensive income section

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expenses	-	-
Deferred tax	13	(27)
Total	**13**	**(27)**

b) Reconciliation of tax expenses

(₹ in Lakh)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(A)	Profit before income taxes	43,297	22,983
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	25.168%
(C)	Expected tax expenses	10,897	5,784
(D)	Other than temporary difference		
	Special reserve	1,710	969
	Difference in Tax expense of earlier years	46	-
	Effect of change in rate (refer note below)	-	878
	Expenses disallowed / (allowed)	(110)	(189)
(E)	Tax expense recognised in profit and loss	9,238	4,153
(F)	Tax expense recognised in other comprehensive income	13	(27)

Note : The 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) as at April 1, 2019 had 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, 2021

31. Earnings per equity share

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit after tax attributable to equity shareholders (₹ In Lakh)	34,013	18,938
Weighted average number of equity shares outstanding during the year (Nos)	3,94,71,461	3,23,39,767
Adjustment for Bonus Issue (refer note below)	35,52,43,149	29,10,57,903
Weighted average number of equity shares outstanding during the year (Nos) after adjustment for Bonus Issue	39,47,14,610	32,33,97,670
Add: Effect of potential issue of shares / stock rights outstanding during the year*	11,82,939	1,53,197
Adjustment for Bonus Issue (refer note below)	1,06,46,451	13,78,773
Effect of potential issue of shares / stock rights outstanding during the year* after adjustment for Bonus Issue	1,18,29,390	15,32,970
Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos)	40,65,44,000	32,49,29,640
Face value per equity share (₹)	10	10
Basic earnings per equity share (₹)	8.62	5.86
Diluted earnings per equity share (₹)	8.37	5.83

* not considered when anti-dilutive

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

32. Contingent liabilities

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax matters of earlier years	21	113

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, 2021 ₹ 828 Lakh. (March 31, 2020 ₹ 1,063 Lakh)

ii. Undisbursed amount of loans sanctioned and partly disbursed as at March 31, 2021 ₹ 39,227 Lakh. (March 31, 2020 ₹ 35,673 Lakh)

34. Operating lease

Following are the changes in the carrying value of right of use assets:

Particulars	Building & Intangible asset
Balance as of April 1, 2020	**2,581**
Addition during the year*	1,549
Deletion during the year	(13)
Depreciation charge for the year	(570)
Balance as of March 31, 2021	**3,547**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Particulars	Building & Intangible asset
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 ₹ 144 Lakhs for the year ended March 31, 2021 (March 31, 2020: ₹ 420 Lakh) of Right to use asset which are under development.

The following is the movement in lease liabilities:

Particulars	(₹ in Lakh)
Balance as of April 1, 2020	**2,292**
Addition during the year	1,405
Finance cost accrued during the year	211
Deletion during the year	(15)
Payment made during the year	(652)
Balance as of March 31, 2021	**3,241**
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**

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2021 on an undiscounted basis:

Particulars	(₹ in Lakh)
Less than one year	874
One to five years	3,035
More than five years	182
Total	**4,091**

The table below provides details regarding the contractual maturities of lease liabilities as at 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 ₹ 574 Lakh for the year ended March 31, 2021. (March 31, 2020 ₹ 551 Lakh)

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 period.

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.

As at March 31, 2021

(₹ in Lakh)

Particulars	Fair Value				Carrying Value		
	Fair Value Hierarchy	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	2	-	-	2	-	-
- Mutual funds	**Level 1**	47,309	-	-	47,309	-	-
- Government securities	**Level 2**	-	-	495	-	-	494

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	Fair Value				Carrying Value		
	Fair Value Hierarchy	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd	Level 1	-	-	2,075	-	-	1,904
Financial liabilities							
Debt securities	Level 1	-	-	71,498	-	-	67,254
Debt securities	Level 3	-	-	1,49,142	-	-	1,46,777

As at March 31, 2020

(₹ in Lakh)

Particulars	Fair Value				Carrying Value		
	Fair Value Hierarchy	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
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd	Level 1	-	-	1,990	-	-	1,898
Financial liabilities							
Debt securities	Level 1	-	-	64,354	-	-	66,844
Debt securities	Level 3	-	-	1,04,958	-	-	1,03,970

The Company considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, subordinated liabilities, 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	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Cash and cash equivalents	38,350	-	38,350	1,36,488	-	1,36,488
Other bank balances	1,78,320	458	1,78,778	1,67,116	10,548	1,77,664
Receivables	272	-	272	408	-	408
Housing and other loans	1,61,165	9,00,161	10,61,326	65,067	8,25,836	8,90,903
Investments	47,309	2,400	49,709	5	2,391	2,396
Other financial assets	9,014	12,518	21,532	7,448	11,574	19,022

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (Net)	3,428	-	3,428	2,787	-	2,787
Property, plant and equipment	-	1,639	1,639	-	1,751	1,751
Right to use assets	-	3,547	3,547	-	2,581	2,581
Other intangible assets	-	127	127	-	95	95
Deferred tax assets (Net)	-	28	28	-	17	17
Other non-financial assets	4,265	32	4,297	2,512	19	2,531
Total Assets	**4,42,123**	**9,20,910**	**13,63,033**	**3,81,831**	**8,54,812**	**12,36,643**
LIABILITIES						
Financial Liabilities						
Trade Payables	3,868	-	3,868	2,881	-	2,881
Debt Securities	79,170	1,34,861	2,14,031	27,434	1,43,380	1,70,814
Borrowings (Other than debt securities)	1,41,754	6,69,287	8,11,041	1,29,284	6,49,129	7,78,413
Deposits	3,226	830	4,056	2,579	4,224	6,803
Subordinated liabilities	(81)	8,400	8,319	(96)	8,400	8,304
Other financial liabilities	45,107	2,642	47,749	28,325	1,856	30,181
Non-Financial Liabilities						
Provisions	-	1,250	1,250	275	693	968
Deferred tax liabilities (Net)	-	1,781	1,781	-	1,865	1,865
Other non-financial liabilities	1,656	-	1,656	1,681	-	1,681
Total liabilities	**2,74,700**	**8,19,051**	**10,93,751**	**1,92,363**	**8,09,547**	**10,01,910**
Net	**1,67,423**	**1,01,859**	**2,69,282**	**1,89,468**	**45,265**	**2,34,733**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the RBI/NHB, which has been relied upon by the auditors.

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Maturity Analysis of Financial assets and Financial Liabilities

As at March 31, 2021

(₹ in Lakh)

	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	38,350	38,350	-	-	-
Other bank balances	1,78,778	1,78,320	-	228	230
Housing and other loans	10,61,326	1,55,841	2,67,129	2,13,445	4,24,911
Investments	49,709	47,309	-	-	2,400
Receivables & Other financial assets	21,804	9,286	7,993	2,941	1,584
Total	**13,49,967**	**4,29,106**	**2,75,122**	**2,16,614**	**4,29,125**
Financial Liabilities					
Trade payables	3,868	3,868	-	-	-
Debt securities	2,14,031	79,170	1,10,377	19,220	5,264
Borrowings (other than debt securities)	8,11,041	1,41,754	2,73,527	1,95,089	2,00,671
Deposits	4,056	3,226	714	74	42
Subordinated liabilities	8,319	(81)	2,400	-	6,000
Other financial liabilities	47,749	45,107	1,235	1,097	310
Total	**10,89,064**	**2,73,044**	**3,88,253**	**2,15,480**	**2,12,287**
Net	**2,60,903**	**1,56,062**	**(1,13,131)**	**1,134**	**2,16,838**
Cumulative Net		**1,56,062**	**42,931**	**44,065**	**2,60,903**

As at March 31, 2020

(₹ in Lakh)

	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**
Cumulative Net		**1,86,125**	**14,858**	**-37,868**	**2,29,485**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the NHB, which has been relied upon by the auditors.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 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, 2021	For the year ended March 31, 2020
Increase by basis points	+50	1,646	791
Decrease by basis points	-50	(1,646)	(791)

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 significant increase in credit risk	Lifetime ECL
Stage 3	Credit-impaired assets	Lifetime ECL – credit-impaired

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 and onetime restructuring-

Based on management overlay the additional provision amount of ₹ 6,022 lakh has been carried as of March 31, 2021 (March 31, 2020: ₹ 4,951 Lakh).

The customers who have availed the benefit of one-time restructuring have been disclosed in stage 2 assets.

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 period-end stage classification. The amounts presented are gross of impairment allowances.

As at March 31, 2021

(₹ in Lakh)

	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	9,98,296	2,442	9,95,854
Stage 2 – Assets for which there is significant increase in credit risk	Loan	68,486	7,956	60,530
Stage 3 - Credit-impaired assets	Loan	13,501	4,336	9,165

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 45 Lakh (Stage1- included in ₹ 2,442 Lakh).

2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to ₹ 6,022 Lakh.

3. Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 4,371 Lakh.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

As at March 31, 2020

(₹ in Lakh)

	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 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 significant increase in credit risk	Loan	36,399	3,551	32,848
Stage 3 - Credit-impaired assets	Loan	9,912	2,549	7,363

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 37 Lakh (Stage1- included in ₹ 4,100 Lakh).
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to ₹ 4,951 Lakh.
3. Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 5,174 Lakh.

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**8,57,981**	**36,399**	**9,912**	**9,04,292**
New assets added during the period	3,54,471	-	-	3,54,471
Assets derecognised under direct assignment	(57,787)	-	-	(57,787)
Repayment of Loans (excluding write offs)	(1,16,304)	(2,001)	(1,922)	(1,20,227)
Transfers to / from Stage 1	9,616	(9,479)	(137)	-
Transfers to / from Stage 2	(48,748)	49,073	(325)	-
Transfers to / from Stage 3	(809)	(5,425)	6,234	-
Amounts written off	(124)	(81)	(261)	(466)
Gross carrying amount closing balance	**9,98,296**	**68,486**	**13,501**	**10,80,283**

Note: Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 4,371 Lakh.

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**7,62,243**	**36,346**	**6,301**	**8,04,890**
New assets added during the period	3,19,014	-	-	3,19,014
Assets derecognised under direct assignment	(95,467)	-	-	(95,467)
Repayment of Loans (excluding write offs)	(1,16,456)	(5,481)	(995)	(1,22,932)
Transfers to / from Stage 1	10,044	(9,843)	(225)	(24)
Transfers to / from Stage 2	(19,336)	19,461	(138)	(13)
Transfers to / from Stage 3	(1,892)	(3,603)	5,883	388
Amounts written off	(169)	(481)	(914)	(1,564)
Gross carrying amount closing balance	**8,57,981**	**36,399**	**9,912**	**9,04,292**

Note: Gross carrying amount disclosed above excludes EIR adjustments amounting to ₹ 5,174 Lakh.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**4,100**	**3,551**	**2,549**	**10,200**
New assets added during the period	851	-	-	851
Assets derecognised under direct assignment	(139)	-	-	(139)
Repayment of Loans (excluding write offs)	(163)	(97)	(431)	(691)
Transfers to / from Stage 1	23	(23)	-	-
Transfers to / from Stage 2	(5,669)	5,707	(38)	-
Transfers to / from Stage 3	(268)	(1,799)	2,067	-
Impact on period end ECL of exposures transferred between stages during the period	3,707	(454)	246	3,384
Additional provision due to Covid-19 and onetime restructuring	-	1,071	-	1,071
Amounts written off	-	-	58	58
Gross carrying amount closing balance	**2,442**	**7,956**	**4,336**	**14,734**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 45 Lakh.

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,322**	**1,916**	**1,280**	**4,518**
New assets added during the period	447	-	-	447
Assets derecognised under direct assignment	(134)	-	-	(134)
Repayment of Loans (excluding write offs)	(163)	(266)	(223)	(652)
Transfers to / from Stage 1	14	(477)	(50)	(513)
Transfers to / from Stage 2	(27)	944	(31)	886
Transfers to / from Stage 3	(3)	(175)	1,320	1,142
Impact on period end ECL of exposures transferred between stages during the period	(198)	36	314	152
Additional Provision	2,842	1,784	325	4,951
Amounts written off	0	(211)	(386)	(597)
Gross carrying amount closing balance	**4,100**	**3,551**	**2,549**	**10,200**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to ₹ 37 Lakh.

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

As at March 31, 2021

(₹ in Lakh)

	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	**Loan**	**188**	**50**	**138**
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	-	-	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

As at March 31, 2020

(₹ in Lakh)

	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 significant increase in credit risk	Loan	1,000	318	682
Stage 3 - Credit-impaired assets	Loan	3,219	2,165	1,054

Reconciliation of Loan balances is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**254**	**1,000**	**3,219**	**4,473**
New assets added during the period				
Repayment of Loans (excluding write offs)	(66)	(317)	(940)	(1,323)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Amounts written off	-	(683)	(2,279)	(2,962)
Gross carrying amount closing balance	**188**	**0**	**0**	**188**

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2,675**	**2,422**	**4,997**	**10,094**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(575)	(392)	(94)	(1,061)
Transfers to / from Stage 1	242	(254)	-	(12)
Transfers to / from Stage 2	(790)	1,000	(210)	-
Transfers to / from Stage 3	(283)	(491)	1,033	259
Amounts written off	(1,015)	(1,285)	(2,507)	(4,807)
Gross carrying amount closing balance	**254**	**1,000**	**3,219**	**4,473**

Reconciliation of ECL balance is given below:

(₹ in Lakh)

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**26**	**318**	**2,165**	**2,509**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(7)	(101)	(632)	(740)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	31	466	897	1,394
Amounts written off	-	(683)	(2,430)	(3,113)
Gross carrying amount closing balance	**50**	**-**	**-**	**50**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

(₹ in Lakh)

Particulars	As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**180**	**689**	**2444**	**3313**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(58)	(125)	(63)	(246)
Transfers to / from Stage 1	24	(81)	-	(57)
Transfers to / from Stage 2	(80)	318	(141)	97
Transfers to / from Stage 3	(28)	(156)	695	511
Impact on period end ECL of exposures transferred between stages during the period	1,001	957	1,737	3,695
Amounts written off	(1,013)	(1,284)	(2,507)	(4,804)
Gross carrying amount closing balance	**26**	**318**	**2,165**	**2,509**

Note: Above includes Expected Credit Loss provision on Loan commitment amounting to Nil Lakh.

Impairment allowance for loan against fixed deposit is Nil and therefore related disclosures are not given in the financial statement.

c) Company monitors Gross NPAs on Assets under Company's management ("AUM") and Own Book at retail and overall basis.

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
AUM	13,32,710	11,43,166
GNPA on AUM	14,303	12,371
GNPA on AUM (%)	1.07%	1.08%
Retail AUM	13,32,522	11,38,962
GNPA on Retail AUM	14,303	9,374
GNPA on Retail AUM (%)	1.07%	0.82%
Own Book	10,78,023	9,06,050
GNPA on Own Book	13,071	11,700
GNPA on Own Book (%)	1.21%	1.29%
Retail Own Book	10,77,835	9,01,845
GNPA on Retail Own Book	13,071	8,703
GNPA on Retail Own Book (%)	1.21%	0.96%

Note: The amount mentioned above of 'Own Book' excludes EIR, Interest accrued on loans and loans against Fixed Deposits.

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.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Particulars	As at March 31, 2021	As at March 31, 2020
Total Borrowings* (₹ in Lakh)	10,37,447	9,64,334
Total Net Borrowings* (₹ in Lakh)	7,73,011	6,50,242
Total Equity (₹ in Lakh)	2,69,282	2,34,733
Gross Debt Equity Ratio	3.85	4.11
Net Debt Equity Ratio	2.87	2.77

*Total net borrowing = Total borrowings – Cash and bank balances – Investment in Liquid Mutual fund – Receivable from Mutual Fund

The Company is required to maintain the CRAR of 14% by March 31, 2021 as required by RBI and NHB. Further company is required to maintain borrowing not exceeding 13 times of Net Owned Fund.

Below are the details of CRAR maintained by the Company.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Risk weighted Assets (₹ in Lakh)	6,24,549	4,77,344
Net owned funds (Tier I Capital) (₹ in Lakh)	2,66,218	2,34,266
Tier II Capital (₹ in Lakh)	9,092	11,206
CRAR	44.08%	51.42%
CRAR-Tier I Capital	42.62%	49.07%
CRAR- Tier II Capital	1.46%	2.35%
Amount of subordinated debt raised as Tier-II Capital (₹ in Lakh)	6,600	7,080
Amount raised by issue of perpetual debt instruments	Nil	Nil

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, 2021	For the year ended March 31, 2020
Contribution to provident fund	383	290
Contribution to pension fund	473	354
Contribution to new pension scheme	32	36
Contribution to ESIC	88	66

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.

The gratuity plan typically exposes 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, 2021	For the year ended March 31, 2020
Liability at the beginning of the period	913	611
Current service cost	272	211
Interest cost	58	45
Plan Amendment Cost	-	-
Actuarial (gain) /losses	(40)	118
Benefits paid	(47)	(72)
Liability at the end of the period	1,156	913

ii. Changes in Fair Value of Plan Assets

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Plan Assets at the beginning of the period	616	509
Expected return on plan assets	41	41
Actuarial Gain/(Loss)	6	10
Employer Contribution	-	56
Plan Assets at the end of the period	663	616

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of Plan Assets	663	616
Present Value of Obligation	1156	913
Amount Recognised in Balance Sheet	(493)	(297)

iv. Expenses recognized in Statement of Profit and Loss

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Service Cost	272	211
Net interest on net defined benefit liability / (asset)	18	3
Plan Amendment cost / Direct Payment	-	-
Expenses recognized in the statement of profit and loss under employee benefits expenses	290	214

v. Expenses recognized in Statement of Other Comprehensive Income

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Actuarial (gain) / loss arising during period	(46)	108
(Income) / Expenses recognized in the other comprehensive income	(46)	108

vi. Expected benefit payments

(₹ in Lakh)

Particulars	As at March 31, 2021
March 31, 2022	77
March 31, 2023	65
March 31, 2024	106
March 31, 2025	135
March 31, 2026	179
After March 31, 2026	1,449

vii. Actuarial Assumptions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	6.7%	6.7%
Salary Escalation Rate	9.5%	9.5%

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 and this has been relied upon by the auditors.

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 as at March 31, 2021

(₹ in Lakh)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(57)
Discount Rate (decrease by 0.5%)	62
Salary Escalation Rate (increase by 0.5%)	56
Salary Escalation Rate (decrease by 0.5%)	(53)

viii. Amount recognised in current period and previous periods
Gratuity:

(₹ in Lakh)

	For the year ended March 31, 2021	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
Defined benefit obligation	1,156	913	580	415	104
Fair value of plan asset	663	616	509	407	105
(Surplus)/ Deficit in the plan	493	297	71	8	(1)
Actuarial (gain)/loss on plan obligation	(40)	118	52	98	7
Actuarial gain/(loss) on plan asset	6	10	(2)	(10)	-

Plan Assets as at March 31, 2021

Plan asset composition	Percentage
Schemes of Insurance –conventional products	2.50%
Schemes of Insurance –ULIP Product	97.50%

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, 2021 (Nos)	For the year ended March 31, 2020 (Nos)
Opening	1,98,992.48	2,63,308.76
Adjustment for Bonus Issue (refer note below)	17,90,932.32	-
Granted during the year	-	-
Lapsed during the year	8,255.42	49,935.75
Exercised by employee*	12,383.13	14,380.53
Closing	**19,69,286.25**	**1,98,992.48**
Vested as at year end	**11,81,571.76**	**1,19,395.49**
Unvested as at year end	**787,714.49**	**79,596.99**

* Exercised by employee pending for decision by Nomination and remuneration committee on allotment as on March 31, 2020, same was subsequently approved by Nomination and remuneration committee.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

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 ₹ 25 Lakh (March 31, 2020: ₹ 30 Lakh) for the year ended March 31, 2021.

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 & meeting held on January 16,, 2021 with the grant date of January 16, 2021. Details of ESOP Plan 2020 granted is as follows:

Particulars	ESOP Plan 2020 – March 2020*	ESOP Plan 2020 – January 2021
Scheme Name	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020
No. of options approved	12,00,000	6,15,460
Date of Grant	March 31, 2020	January 16, 2021
No of option granted	10,44,395	6,15,460
Exercise Price (₹)	908.05	90.805
Method of Settlement	Equity	Equity
Time Based Eligibility	20% each year in next Five years.	20% each year in next Five years.
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	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.	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	2 Years from Vesting

* ESOP Plan 2020 – March 2020 disclosure doesn't include the impact of bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

Significant accounting policies and notes to the accounts
for the year ended March 31, 2021

Computation of fair value of options

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020 – March 2020*	ESOP Plan 2020 – January 2021
Fair value of the option (₹)	₹ 96 to ₹ 333	₹ 28.15 to ₹ 51.92
Fair value of share on the date of grant (₹)	908.05	110.00
Exercise Price(₹)	908.05	90.805
Expected Life	3 years to 9 years	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%	15.6% to 22.1%
Life of the Option (years)	3 years to 9 years	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%	4.0% to 6.6%
Expected dividend rate (%)	0.8%	0.6%

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, 2021 (Nos)	For the year ended March 31, 2020 (Nos)
Opening	**10,44,395**	-
Adjustment for Bonus Issue (refer note below)	93,99,555	-
Granted during the year	6,15,460	10,44,395
Lapsed during the year	3,56,560	-
Closing	**1,07,02,850**	**10,44,395**
Vested as at year end	-	-
Unvested as at year end	**1,07,02,850**	**10,44,395**

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of ₹ 10 each for each existing equity share of the face value of ₹ 10 each on 16th January 2021 in extraordinary general meeting (EGM).

The expense arises from equity settled ESOPs transaction amounting to ₹ 587 Lakh (March 31, 2020: ₹ 1 Lakh) for the year ended March 31, 2021.

42. Foreign currency transactions

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Foreign business travel	-	2
Total	-	**2**

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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.	Other Group Companies	Dewan Housing Finance Corporation Limited
		(upto June 10, 2019)
		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)
3.	Key Management Personnel	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)
		Sharmila Karve – Director (w.e.f – December 15, 2020)
		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, 2021	For the year ended March 31, 2020
Income :			
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	Not Applicable	71
DHFL General Insurance Limited	Intermediary Services	Not Applicable	114
Dewan Housing Finance Corporation Limited	Other Income	Not Applicable	0
Dewan Housing Finance Corporation Limited	Sale of Fixed Asset	Not Applicable	-
Avanse Financial Services Limited	Other Income	Not Applicable	6
Expenditure:			
Dewan Housing Finance Corporation Limited	IT support services	Not Applicable	20
Dewan Housing Finance Corporation Limited	Rent	Not Applicable	27
Dewan Housing Finance Corporation Limited	Service fee on assignment	Not Applicable	6
DHFL General Insurance Limited	Insurance Premium	Not Applicable	15
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	219	271
Others :			
BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)	Proceeds received on allotment of Equity Shares	-	1,30,000

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Compensation of key management personnel of the Company

(₹ in Lakh)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short–term employee benefits	211	264
Post–employment pension (defined contribution)	8	7
Sitting fee and commission	121	56
Total	**340**	**327**

Balances with Related Parties:

(₹ in Lakh)

Name	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Directors Commission	Payable	96	75
Deo Shankar Tripathi	Fixed Deposit (including accrued interest)	51	47
Deo Shankar Tripathi	Debt securities	13	13

* Less than ₹ 50,000

44. Scheme for Grant of Ex-gratia

The Government of India has announced the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020) (the 'Scheme') on October 23, 2020, which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by respective lending institutions by November 5, 2020.

The Scheme is applicable to the borrowers of the company. Under the said scheme, the Company has credited the ex-gratia amount of ₹ 2,118 Lakh to borrower's accounts by November 5, 2020.

The Company has received ₹ 1,580 Lakh against ex gratia credit to customers during the year ended March 31, 2021. As at March 31, 2021 ₹ 538 Lakh is receivable from the Government of India towards ex gratia credit to customers and same has been disclosed under Other Non-Financial Assets and ₹ 497 lakh has been disclosed under Other financial liabilities ("Amount payable under assignment of receivables") toward ex-gratia credit belongs to direct assignment.

The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021 in related to Interest on Interest during the six months.

The Reserve Bank of India vide circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 directed all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the supreme court judgement.

Based on the RBI Circular and Supreme court judgement additional amount of ₹ 8 Lakh is eligible and pending for credit to customer account as at March 31, 2021. This has been disclosed in Other Liabilities as at March 31, 2021.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

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 classificat-ion 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	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	9,94,112	2,447	9,91,665	3,716	(1,269)
	Stage 2 (Refer Note 3)	68,486	7,956	60,530	1,581	6,375
Subtotal		**10,62,598**	**10,403**	**10,52,195**	**5,297**	**5,106**
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,663	1,451	5,212	1,094	357
Doubtful - up to 1 year	Stage 3	5,790	2,434	3,356	1,578	856
1 to 3 years	Stage 3	538	226	312	224	2
More than 3 years	Stage 3	511	225	286	511	(286)
Subtotal for doubtful		**6,839**	**2,885**	**3,954**	**2,313**	**572**
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	39,227	45	39,182	-	45
Subtotal		**39,227**	**45**	**39,182**	**-**	**45**
	Stage 1	**10,33,339**	**2,492**	**10,30,847**	**3,716**	**(1,224)**
	Stage 2	**68,486**	**7,956**	**60,530**	**1,581**	**6,375**
	Stage 3	**13,502**	**4,336**	**9,166**	**3,407**	**929**
Total		**11,15,327**	**14,784**	**11,00,543**	**8,704**	**6,080**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.
2. Interest on Net NPA amounting to ₹ 430 Lakh has been recognised under Ind AS which is not recognisable under IRACP norms.
3. Customers who has availed the benefit of One-time restructuring as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹ 25 Crore) have been disclosed as Stage 2 assets under Ind AS with gross outstanding value of ₹ 13,630 Lakh. Impairment provision and provision required under IRACP is maintained at 10% as required by RBI circular.
4. The above mentioned amount of 'Total Gross Carrying Amount as per Ind AS' excludes loanagainst fixed deposits and includes pending part disbursement of loans.

46. Disclosure in accordance with RBI circular number DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 related to COVID19 Regulatory Package - Asset Classification and Provisioning.

	Particulars	As at March 31, 2021
(i)	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3; (refer note 1 below)	65,587
(ii)	Respective amount where asset classification benefits is extended (refer note 2 below)	8,620
(iii)	Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5*;	4,951
(iv)	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.	292

*As per para 4 of circular, the Company being HFC has provided the additional provision as per Ind AS.

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Notes:

1. Represents oustanding balance as on March 31, 2021 in borrower's accounts which were overdue but standard at February 29, 2020.
2. Amount disclosed above is calculated as on March 31, 2021 for accounts which have overdue from February 29, 2020 and availed the moratorium. Also includes the customers who have availed benefit of one-time restructuring which have overdue from February 29, 2020 and availed the moratorium.

47. Disclosures pursuant to RBI Notification – RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 (Resolution framework for Covid-19 related stress) and RBI Notification – RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 06, 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to ₹ 25 Crore)

(₹ in Lakh)

Type of Borrower	(A) Number of accounts where the resolution plan has been implemented under this window (in Nos)	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of implementation of the resolution plan
Housing Loans /Non Housing Loans (refer notes below)	1,832	13,564	-	-	759
Total	**1,832**	**13,564**	**-**	**-**	**759**

Notes: 1. Categorised in personal loan as per RBI Notification

2. Includes 454 Small business Loan accounts with exposure of ₹ 3,454 Lakh
3. Overall Provision as at March 31, 2021 against One Time Restructuring is ₹ 1,363 Lakh at 10% of total exposure.

48. 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, 2021	As % of consolidated net assets	Amount (₹ in Lakh) As at March 31, 2020
Parent				
Aadhar Housing Finance Limited	99.99%	2,69,254	99.99%	2,34,718
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.01%	32	0.01%	19

Name of the entity in the Group	Profit after tax			
	As % of consolidated net profit after tax	Amount (₹ in Lakh) As at March 31, 2021	As % of consolidated net profit after tax	Amount (₹ in Lakh)As at March 31, 2020
Parent				
Aadhar Housing Finance Limited	99.95%	33,997	100.00%	18,939
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.05%	16	0%	-

Significant accounting policies and notes to the accounts

for the year ended March 31, 2021

Name of the entity in the Group	Other Comprehensive Income			
	As % of consolidated Other Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2021	As % of consolidated Other Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2020
Parent				
Aadhar Housing Finance Limited	105.88%	36	111.11%	(90)
Direct Subsidiary				
Aadhar Sales and Services Private Limited	(5.88%)	(2)	(11.11%)	9

Name of the entity in the Group	Total Comprehensive Income			
	As % of consolidated Total Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2021	As % of consolidated Total Comprehensive Income	Amount (₹ in Lakh) As at March 31, 2020
Parent				
Aadhar Housing Finance Limited	99.96%	34,033	99.95%	18,849
Direct Subsidiary				
Aadhar Sales and Services Private Limited	0.04%	14	0.05%	9

49. Previous year figures have been regrouped/re-classified wherever necessary to confirm to current year's classification.

In terms of our report of even date attached.

For Chaturvedi SK & Fellows
Chartered Accountants
ICAI FRN:112627W

Abhinav Chaturvedi
Partner
ICAI MN: 143376

Place: Mumbai
Dated: May 06, 2021

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

Neville M. Daruwalla
Partner
ICAI MN: 118784

Place: Mumbai
Dated: May 06, 2021

For and on behalf of the Board of Directors

O P Bhatt
Chairman
DIN 00548091

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

NOTES

GHAR BANEGA, TOH DESH BANEGA.

www.aadharhousing.com

Registered Office

Aadhar Housing Finance Ltd.

CIN: U66010KA1990PLC011409

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