TATA CAPITAL HOUSING FINANCE LIMITED

Annual Report 2018-19

Corporate Information

Board of Directors	Mr. Rajiv Sabharwal Mr. Mehernosh B. Kapadia Ms. Anuradha E. Thakur Mr. Ankur Verma Mr. Anil Kaul
Chief Financial Officer	Mr. S. Balakrishna Kamath
Company Secretary	Mr. Jinesh Meghani
Statutory Auditors	B S R & Co. LLP
Registered Office	11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013
Corporate Identification Number	U67190MH2008PLC187552

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BOARD'S REPORT

To the Members,

The Board has pleasure in presenting the Eleventh Annual Report and the Audited Financial Statements of the Company for the Financial Year ("FY") ended March 31, 2019.

1. BACKGROUND

Tata Capital Housing Finance Limited ("Company" or "TCHFL"), is a wholly-owned subsidiary of Tata Capital Limited ("TCL") and is registered as a Housing Finance Company with the National Housing Bank ("NHB") to carry on housing finance activities. TCHFL primarily offers Home Loans and Affordable Housing Loans. TCHFL also provides Loans Against Property and Loans to Developers for constructing Residential and Commercial premises.

2. INDUSTRY AND ECONOMIC SCENARIO

Housing Finance Companies ("HFCs") have played an important role in the Indian financial system by complementing and competing with banks and by bringing in efficiency and diversity into financial intermediation. HFCs have evolved considerably in terms of operations, heterogeneity, asset quality, profitability and regulatory architecture. HFCs play an important role in promoting inclusive growth in the country, by catering to the housing finance needs of mid to lower income customers.

HFCs are regulated by NHB. The prudential norms on the assets side, broadly mirror those applicable to banks and Non-Banking Financial Companies ("NBFCs"). However, on the resource raising side, there is a prohibition to raise public deposits directly from customers for most of the HFCs. This lack of level playing field with banks and within HFCs themselves has significantly reduced the ability of effected HFCs to lend at market competitive rates and sometimes may encourage a moral hazard of mispricing loans to chase growth.

Global economic activity is showing early signs of slowdown. The large global economies like the United States of America ("USA"), the United Kingdom ("UK") and the larger European Union area are dealing with their own unique problems. The monetary policy stances of the US Federal and central banks in other major advanced economies have turned dovish in Q4 of FY 2018-19. Financial markets continued to be influenced by monetary policy stances of key central banks and movements in crude oil prices. Key global risks for the coming year could be: (i) faster-than-expected rate increases by central banks; (ii) flashpoints in trade policies; and (iii) geopolitical events impacting crude oil and commodity prices. Each of these risks have the potential to adversely affect the domestic economy.

On the domestic front, private consumption has remained resilient. This will get supplemented in the coming year through increase in public spending in rural areas and an increase in disposable incomes of households due to tax benefits. Key macroeconomic parameters have shown improvement and lower volatility. The economy is regaining some momentum, post the slowdown witnessed on account of the structural reforms like demonetisation and implementation of the Goods and Services Tax ("GST"). The expectation is that, if the Government continues to execute its reform agenda, the domestic economy will return its sustainable long term growth rate over the next year or so. Retail inflation declined due to softer food prices attributable to bumper crop production and sluggish demand conditions. Inflation outlook remains moderate for FY 2019-20, subject to a normal monsoon, with a marginal increase in retail inflation in the second half of FY 2019-20.

Bank credit is expected to accelerate in FY 2019-20. The retail segment is expected to continue to grow at a strong pace led by strong consumer demand and increase in penetration by banks. Within retail, non-housing retail segment will continue to see relatively strong growth, whereas housing credit growth is expected to remain steady. Industrial credit growth will remain low, but, may increase in the second half of FY 2019-20. Banks are also expected to continue and enhance their market share in mortgages business.

Various measures by the Reserve Bank of India comprising asset quality review and earlier recognition norms, supplemented with the implementation of the Insolvency and Bankruptcy Code, led to a sharp increase in the Gross Non-Performing Assets ("NPA") ratio from 4.3% in Fiscal 2015 to 11.3% in Fiscal 2018, in the banking system. Additional slippages are expected to moderate and with some more resolutions under the National Company Law Tribunal, it would aid reduction in credit stress. The Government of India also infused significant capital into the public sector banks enabling them some room to grow.

The HFC sector witnessed a liquidity crisis in September 2018, which impacted the growth of many HFCs. The crisis helped differentiate companies based on their promoter standing and operating practices. Liquidity was available to well managed companies, but, it will be critical to continue to diversify liability resources. HFCs have started to focus on raising longer-tenure funds.

The tight liquidity conditions impacted the growth plans of most HFCs. Some of the HFCs reported a decline in the portfolio as well, owing to a significant decline in fresh disbursements and the high volumes of securitization for the repayment of debt obligations. Banks availed of this opportunity to increase their retail home loan portfolios.

Mortgage penetration in India, despite a rising trend, is still quite low not only relative to advanced economies but even relative to its peers like Malaysia, Korea, Thailand and China. Mortgage to Gross Domestic Product ratio in India is currently at 10%. This implies a huge growth opportunity for the sector as also for the Company.

The Government is focusing on policies and fiscal incentives to promote its mission of 'Housing for all by 2022', to address the demand and supply-side constraints that had affected the sector's growth in the past. There are schemes for Low Income Group ("LIG"), Economically Weaker Sections ("EWS") and Middle Income Group ("MIG") segments. Modifications to the scheme were made in June 2018 when the dwelling unit carpet area was increased for the MIG segment.

To conclude, the various policy initiatives are work in progress and need relentless execution focus. The Company has a cautiously optimistic outlook for the next financial year. The Company will be closely watching the monsoons, timing of monetary policy tightening by the large central banks in advanced economies, protectionist tendencies of large global economies as they have the ability to impact liquidity and inflation, both critical variables impacting our largest resource – "Capital".

3. FINANCIAL RESULTS

(Rs. in crore)

Particulars	FY 2018-19	FY 2017-18
Gross Income (Including net gain on fair value changes)	**2,440**	**1,927**
Less:		
Finance Costs	1,775	1,352
Net loss on fair value changes	-	-
Impairment of investment in Associates	-	-
Impairment on Financial Instruments	202	139
Employee Benefits Expense	170	117
Depreciation, Amortisation and Impairment	6	4
Other expenses	160	126
Total expenses	**2,313**	**1,738**
Profit Before Tax	**127**	**189**
Less: Provision for Tax	77	101
Profit After Tax	**50**	**88**
Add: Share of net profit of associates using equity method	-	-
Less: Non-controlling interest	-	-
Profit attributable to owners of the Company	50	88
Other comprehensive income	(0.76)	0.50
Less: Tax on other comprehensive income	0.27	(0.17)
Other comprehensive income after tax	(0.49)	0.33
Less: Non-controlling interest	-	-
Other comprehensive income attributable to owners of the Company	(0.49)	0.33
Total comprehensive income attributable to owners of the Company	**50**	**88**
Amount brought forward from previous year	91	46
Amount available for appropriation	141	134
Appropriations:		
Special Reserve Account	(28)	(43)

Debenture Redemption Reserve	-	-
Interim Dividend on Equity Shares (Including Tax on Dividend)	-	-
Surplus carried to Balance Sheet	**113**	**91**

During FY 2018-19, the Company disbursed Mortgage Loans amounting to Rs. 11,101 crore (FY 2017-18: Rs. 9,377 crore), representing an increase of over 18%. This included Housing Loans of Rs. 6,432 crore in FY 2018-19 (FY 2017-18: Rs. 5,660 crore). The Company's loan portfolio stood at Rs. 26,888 crore as on March 31, 2019 (Rs. 21,090 crore as on March 31, 2018), representing an increase of 27%. The Cost to Income ratio increased to 51.8% in FY 2018-19, as compared to 45.9% in FY 2017-18 and the Net Profit After Tax for the year decreased by 42%, from Rs. 88 crore in FY 2017-18 to Rs. 50 crore in FY 2018-19, on account of lower NIM and higher Interest cost, Operating costs and Employee cost. Gross NPA and Net NPA were 0.90% and 0.38%, respectively, as on March 31, 2019 (1.22% and 0.41%, respectively, as on March 31, 2018).

The Company's Gross Income increased to Rs. 2,440 crore in FY 2018-19 from Rs. 1,927 crore in FY 2017-18, representing an increase of 27%. Interest expenses increased by 31% to Rs. 1,775 crore in FY 2018-19 from Rs. 1,352 crore, in FY 2017-18.

Total Income (Net Interest Margin plus other revenue) of the Company increased by 16%, from Rs. 575 crore in FY 2017-18 to Rs. 665 crore in FY 2018-19. Net Interest Margin as a percentage of average assets, stood at 2.7% for FY 2018-19. For FY 2018-19, Total Income included Investment Income of Rs. 25 crore, Fee Income of Rs. 33 crore and Other Income of Rs. 52 crore.

Other expenses increased by 28% from Rs. 126 crore in FY 2017-18 to Rs. 160 crore in FY 2018-19. Manpower expenses for FY 2018-19 were Rs. 170 crore as against Rs. 117 crore in FY 2017-18, an increase of 45%, on account of hiring of new employees, payment of increments / bonus and retiral benefit provision. Cumulative provisioning on the asset book during the year ended March 31, 2019 was Rs. 202 crore. The provision for taxation during the year was Rs. 77 crore.

An amount of Rs. 28 crore is proposed to be transferred to the Special Reserve Fund for FY 2018-19, pursuant to Section 29C of the National Housing Bank Act, 1987. An amount of Rs. 113 crore is proposed to be carried to the Balance Sheet after appropriations.

4. SHARE CAPITAL

The Issued, Subscribed and Paid-up Share Capital of the Company as on March 31, 2019 was Rs. 15,81,71,03,000 consisting of 30,97,10,300 Equity Shares of Rs. 10 each and 1,27,20,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10 each. The entire Equity Share Capital of the Company is held by TCL and its nominees and the entire CCCPS Capital is held by TCL.

During the year under review, the Company issued and allotted to TCL, 8.5%, 55,50,00,000 CCCPS of Rs. 10 each, at par, aggregating Rs. 555 crore on a 'Rights basis'. With effect from February 1, 2019, 40,80,00,000 CCCPS of Rs. 10 each held by TCL were converted into 56,376,968 Equity Shares of the Company of Rs. 10 each, at a fair value of Rs. 72.37 per equity share.

As per the Indian Accounting Standards ("Ind AS"), CCCPS has been classified and reported under borrowings (other than debt securities) in the financial statements.

5. DIVIDEND

5.1. Interim Dividend

During FY 2018-19, the Board of Directors of the Company had, at its Meeting held on March 25, 2019, declared Interim Dividend, as under:

- At the rate of 9% p.a. i.e. Re. 0.90 per CCCPS on 41,60,00,000 CCCPS of the Company of Rs. 10 each, from April 1, 2018 to March 31, 2019, aggregating Rs. 37.44 crore;
- At the rate of 8.5% p.a. i.e. Re. 0.85 per CCCPS on 30,10,00,000 CCCPS of the Company of Rs. 10 each, from April 1, 2018 to March 31, 2019, aggregating Rs. 25.58 crore; and
- At the rate of 8.5% p.a. i.e. Re. 0.85 per CCCPS on 28,50,00,000 CCCPS of the Company of Rs. 10 each, on a *pro rata* basis, from the date of issue to March 31, 2019, aggregating Rs. 10.51 crore.

The dividend distribution tax on the above dividend payments was Rs. 15.12 crore (FY 2017-18: Rs. 16.38 crore).

5.2. **Final Dividend**

In order to conserve the resources of the Company and to build up reserves, the Board does not recommend the payment of any Final Dividend on the Equity Shares for FY 2018-19.

At the Meeting of the Board of Directors held on April 26, 2019, the Board recommended the payment of a Final Dividend at the rate of 8.5% p.a. i.e. Rs. 0.85 per CCCPS on 27,00,00,000 CCCPS of Rs. 10 each aggregating Rs. 270 crore, on a *pro rata* basis, from the date of allotment of the said CCCPS i.e. March 26, 2019 up to March 31, 2019, subject to the approval of the Members at the ensuing Annual General Meeting ("AGM"). The said dividend, if approved by the Members of the Company, would involve a cash outflow of Rs. 0.46 crore (including dividend distribution tax of Rs. 0.08 crore).

6. FINANCE

During FY 2018-19, the Company met its funding requirements through a combination of short term debt (comprising Commercial Paper ("CP") and Bank Loans) and long term debt (comprising Non-Convertible Debentures ("NCD"), Subordinated Debt, Bank Loans, Refinance Assistance from NHB and External Commercial Borrowings ("ECBs")). During the year under review, the Company issued, on a private placement basis, Secured Redeemable NCDs aggregating Rs. 904.30 crore, raised ECBs amounting to USD 75 million (Rs. 516.15 crore) and received funding of Rs. 2,100 crore from NHB. The aggregate debt outstanding as at March 31, 2019 was Rs. 25,579 crore (of which, Rs. 9,589 crore was payable within one year). The Debt Equity ratio of the Company as at March 31, 2019 was 11.30 times. The Company has been regular in repayment of its borrowings and payment of interest on borrowings.

The liquidity position in the debt markets has been tight since September 2018. The Company has focused on raising longer tenure funds and reduced the share of CPs in the overall borrowing mix from 17% as on March 31, 2018 to 12% as on March 31, 2019. With an increase in the interest rates due to tightening of liquidity and a conscious reduction in the share of CPs in the overall borrowing mix, the cost of funds of the Company increased by 32 bps in FY 2018-19 as compared to FY 2017-18, which had also impacted the Net Interest Margins.

7. CREDIT RATING

During the year under review, the rating agencies upgraded the ratings and re-affirmed / issued ratings to the Company, as under:

RATING AGENCY	RATING	NATURE OF SECURITIES
CRISIL	CRISIL A1+ and ICRA A1+ Stable	Commercial Paper
CRISIL	CRISIL AAA/ Stable	Secured NCDs, Subordinated Debt and Bank facilities
CRISIL	CRISIL PP-MLD AAAr/Stable	Market Linked Debentures
ICRA	[ICRA] AAA/Stable	Subordinated Debt and Secured NCDs
INDIA RATINGS	IND AAA/Outlook Stable	Secured NCDs and Subordinated Debt

8. RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes a Committee of the Board and Senior Management Committee. The Risk Management process is governed by the Comprehensive Enterprise Risk Management Framework which lays down guidelines for Risk identification, assessment and monitoring as an ongoing process that is supported by a robust risk reporting framework. Risk Management Framework of the Company covers Credit Risk, Market Risk, Operational Risk, Fraud Risk and other risks. The Risk Management Practices of Tata Capital are compliant with ISO 31000:2009, which is the International Standard for Risk Management, that lays down Principles, Guidelines and Framework for Risk Management in an organization.

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 Credit Risk management structure includes separate credit policies which define customer assessment criteria, prudential limits and Delegation of Authority ("DoA") metrics, etc. and cover risk assessment for new product offerings. Concentration Risk is managed by analyzing counter-party, industry sector, geographical region, single borrower and borrower group. Structured Monitoring and Reporting framework is in place for account specific and portfolio reviews. Periodic scenario analysis is conducted and a Risk Mitigation Plan based on the analysis, has been implemented.

Management of Liquidity (Asset Liability and Interest Rate) and Market Risk is carried out using quantitative techniques such as sensitivity and stress testing. The Asset Liability Committee reviews liquidity risk and the interest rate risk profile of the organization on a regular basis.

The Company has a Board approved Operational Risk Management framework. Ongoing monitoring of Key Risk Indicators ("KRI") is done and corrective actions are implemented on KRI exceptions. A Senior Management oversight committee viz. the Operational Risk Management Committee, meets periodically to review the operational risk profile of the organization.

Risks associated with frauds are mitigated through a Fraud Risk Management framework. A Fraud Risk Management Committee comprising Senior Management representatives reviews matters relating to fraud risk, including corrective and remedial actions as regards people and processes.

Tata Capital has adopted the "Framework for Improving Critical Infrastructure Cyber Security" published by the National Institute of Standards and Technology ("NIST") and complies with regulatory guidelines. Various measures are adopted to effectively protect against phishing, social media threats and rogue mobile systems.

9. INTERNAL CONTROL SYSTEMS

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 process for reviewing the design, adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. 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's internal control system is commensurate with its size and the nature of its operations.

10. INTERNAL FINANCIAL CONTROLS

The Management had reviewed the design, adequacy and operating effectiveness of the Internal Financial Controls of the Company, broadly in accordance with the criteria established under the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Entity Level Control framework document based on COSO 2013 framework has been documented. The documentation of process maps, key controls, standard operating procedures and risk registers has been completed for all businesses and functions. Further, during FY 2018-19, Management testing has been conducted on a sample basis for all key processes. The Internal Audit team has also conducted a review of the Internal Financial Controls. Remedial action has been taken or agreed upon with a finite closure date for controls where weaknesses were identified. There are no material unaddressed Internal Financial Controls related observations outstanding as at March 31, 2019. Based on the above, the Board believes that adequate Internal Financial Controls exist and are effective.

11. INFORMATION TECHNOLOGY SUPPORT

Information Technology ("IT") after having achieved stability in the core systems and close to total automation of all the business processes, is now moving to a Transformation and Leadership phase. Products have been migrated to the FinnOne system in the Company's endeavour to rationalize the number of systems that it has in its portfolio.

The focus will be on the use of data analytics and digitalization as strategic levers for achieving business objectives and improving employee productivity.

Some key projects that had been initiated would be completed in the next financial year and would transform the IT landscape. The Company has moved its data centre and key software assets to the cloud to achieve scalability and elasticity to support its business growth at optimum costs. The Company will also enhance its Digital platform, covering all aspects of Social, Mobility, Analytics and Cloud. Use of Robotic Process Automation, Artificial Intelligence ("AI") and Machine Learning will also be a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience. The Company has invested in the Data Lake project to support a data driven culture. The IT Team has also taken the ownership of driving Business Continuity Plan strategy for the Company as required by NHB.

During FY 2018-19, NHB had issued the 'Information Technology Framework for HFCs – Guidelines' ("Guidelines") for Housing Finance Companies on June 15, 2018 and all HFCs were required to comply with the Guidelines by June 30, 2019. Accordingly, for adequate IT Governance, the Company, *inter alia*, adopted an Information Technology Policy, Information Security Policy and Cyber Security Policy and has also constituted an Information Technology Strategy Committee. During FY 2018-19, the Company has fully complied with all the requirements of the Guidelines and the same has been validated by Deloitte Touche Tohmatsu India LLP.

12. DIGITAL PLATFORM

In FY 2018-19, the Company focused on growth and building a robust customer base across categories. Technology was well leveraged to build business capabilities and bring ease and simplicity to customers through new digital platforms. With a sharp focus on expansion, the Company fostered new partnerships and launched new products to fuel the burgeoning demand for home loans.

With the aim to address the customer's demand for speed and convenience, the Company rejuvenated its website and now customers can enjoy a hassle free and simple home loan experience. Similarly, service features are now available on the mobile app, thus providing more than one platform to cater to the customer's diverse home loan needs.

With the new Loan Management System, the credit appraisal process is now faster, loan processes have become much simpler and loans are sanctioned in a seamless manner. This has been done with an objective to move to a paperless system and make the home loan journey quicker.

Data Analytics and AI tools have enabled the Company to bring in efficiency in the underwriting process, mitigation of risk, enabling faster mortgage decisions and providing better pricing of products and services.

Thus, the Company continues its quest to grow profitably, innovate and provide the best in home loan solutions to customers across the country.

13. HUMAN RESOURCES

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. There were 1,249 permanent employees as at March 31, 2019.

Creating a Culture of Happiness has been one of the key strategic objectives and with this objective in mind, Tata Capital launched the '**Happiness+**' initiative from FY 2018-19 onwards. Tata Capital believes that building an atmosphere of openness and transparency, continuous learning and living Tata Capital's values are integral steps in this direction. Some of the other essential elements include deploying various employee wellness and engagement initiatives, promoting Connectedness at Work and having a strong Stakeholder and Customer Focus in all that Tata Capital does. In Tata Capital's journey of creating a happy environment, a mechanism to measure the happiness levels amongst employees was essential. The first **Tata Capital Happiness at Work Survey 2018** was conducted in October 2018, in partnership with Delivering Happiness. The response rate for the survey was an overwhelming 85%. Tata Capital's Happiness Index is 6.2, which is in the top 30% of the scores. This survey is an important step in Tata Capital's journey to create a more positive and happy work environment.

Tata Capital's mission of creating a high performance culture has been further strengthened through areas like building a capability model (identification of critical competencies), nurturing talent through interventions such as mentoring, competency based training programs and cross functional projects.

The Learning & Development ("L&D") initiatives are focused on enhancing the functional and behavioural competencies of its employees through interventions, such as Executive Development Programs, e-learning and various classroom based training programs. Tata Capital was awarded the 2nd Runner up for Leading Practices in L&D – People First HR Excellence Awards 2018 and the Best Virtual Learning Program by TISS – Leapvault 2018.

14. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR") is deeply rooted in the Tata Group's business philosophy. The Group companies have a sense of responsibility towards making use of their existing resources and knowledge to not only make profits, but, also solve social and environmental issues.

The Company shares the Group's belief that our society can truly progress if every individual is included and empowered in the story of development. To guide us in this journey, the Company has defined a CSR policy which outlines the thrust areas of development viz. Livelihood and Employability, Health, Education and Environment, as adopted by the CSR Committee and the Board of Directors of the Company and which is available on the Company's website, www.tatacapital.com. As per the provisions of Section 135 of the Companies Act, 2013 ("Act"), the Company has constituted a CSR Committee.

For FY 2018-19, the CSR budget of the Company was Rs. 641.60 lakh, this being two percent of the average net profit of the Company, in the three immediately preceding financial years, calculated as per Section 198 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The budget was spent towards projects and programmes covered under Schedule VII to the Act, as recommended by the CSR Committee of the Board and approved by the Board of Directors. To conceptualise and implement the projects, the Company follows a robust process, including appraising and selecting technically sound NGOs, planning the project based on baseline assessment, creating a project plan for implementation and monitoring and evaluation mechanisms. This helps to bring the desired positive and measurable results for the target beneficiaries. The Annual Report on CSR activities is annexed herewith as Annexure 'A'.

Additionally, the Company adheres to the Tata Group's Tata Affirmative Action Program based on the framework defined by the Confederation of Indian Industries. The framework focusses on upliftment of Scheduled Castes and Scheduled Tribes and identifies 4Es as key areas of development i.e. Education, Employability, Employment and Entrepreneurship. In addition to the 4Es, the Company also adheres to 'Essentials' as another category, to provide for basic services like shelter, water and electricity.

15. COMPLIANCE

The Company is registered with NHB as a Non–Deposit accepting Housing Finance Company. The Company has complied with and continues to comply with all applicable provisions of the Act, the National Housing Bank Act, 1987, NHB Directions, 2010 and other applicable rules/regulations/guidelines, issued and amended from time to time.

The Capital Adequacy Ratio ("CAR") of the Company was 16.23% as on March 31, 2019 against the CAR of 12.00%, prescribed by NHB.

Mr. S. Balakrishna Kamath, the Chief Financial Officer, is also the Compliance Officer of the Company.

16. DEPOSITS

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company since the Company is an HFC.

18. DIRECTORS

Based on the recommendation of the Nomination and Remuneration Committee ("NRC"), the Board of Directors and the Members of the Company approved the appointment of:

- Mr. Ankur Verma (DIN: 07972892) as a Non-Executive Director of the Company, with effect from April 12, 2018; and
- Mr. Anil Kaul (DIN: 00644761) as the Managing Director and Key Managerial Personnel ("KMP") of the Company, with effect from July 18, 2018.

Further, Mr. Rajiv Sabharwal was appointed as the Chairman of the Board of Directors, with effect from April 4, 2018.

During the year, Mr. R. Vaithianathan (DIN: 05267804) retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and Mr. Govind Sankaranarayanan (DIN: 01951880) stepped down as a Non-Executive Director of the Company, with effect from August 24, 2018.

The Directors place on record their appreciation for the valuable contribution made by Mr. Vaithianathan and Mr. Sankaranarayanan, during their tenure as Directors of the Company.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Rajiv Sabharwal (DIN: 00057333), Non-Executive Director, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment. The Members of the Company may refer to the accompanying Notice of the AGM for the brief Resume of Mr. Sabharwal.

Pursuant to the 'Fit and Proper' Policy adopted by the Company under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Company has received the 'Fit and Proper' declaration from Mr. Sabharwal for his re-appointment as a Director of the Company, which has been taken on record by the NRC.

The Company has received declarations from the Independent Directors viz. Mr. Mehernosh B. Kapadia (DIN: 00046612) and Ms. Anuradha E. Thakur (DIN: 06702919) stating that they meet the criteria of independence as provided in Section 149(6) of the Act.

19. EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance and of the individual Directors (including the Chairman) as well as an evaluation of the working of all the Committees of the Board. The Board of Directors was assisted by the NRC. The performance evaluation was carried out by seeking inputs from all the Directors / Members of the Committees, as the case may be.

The Guidance Note on Board Evaluation ("Guidance Note") issued by the Securities and Exchange Board of India ("SEBI"), had encouraged companies which were not covered under Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") to follow the criteria mentioned in the Guidance Note. The Board of the Company followed the said criteria recommended under the Guidance Note for evaluating the performance of the Board as a whole, Committees of the Board, Individual Directors and the Chairman. The criteria for evaluation of the Board as a whole, *inter alia*, covered parameters such as Structure of the Board, Meetings of the Board and Functions of the Board. The criteria for evaluation of Individual Directors covered parameters such as details of professional qualifications and prior experience relevant to the Company, knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, etc.

The feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and the assessment of the quality, quantity and timeliness of flow of information between the Company, the Management and the Board was taken into consideration by the Board in carrying out the performance evaluation.

20. POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY OF THE COMPANY

The NRC develops the competency requirements of the Board based on the industry and the strategy of the Company, conducts a gap analysis and recommends the reconstitution of the Board, as and when required. It also recommends to the Board, the appointment of Directors having good personal and professional reputation and conducts reference checks and due diligence of all Directors before recommending them to the Board. Besides the above, the NRC ensures that new Directors are familiarised with the operations of the Company and endeavours to provide relevant training to the Directors.

In accordance with the provisions of Section 178 of the Act, the Board of Directors have adopted a Policy on Board Diversity and Director Attributes and a Remuneration Policy.

The Policy on Board Diversity and Director Attributes, has been framed to encourage diversity of thought, experience, knowledge, perspective, age and gender in the Board and to have in place, a transparent Board nomination process.

Further, the Policy on Board Diversity and Director Attributes had been amended to change the name of 'Tata Sons Limited' to 'Tata Sons Private Limited', wherever it appears in the said Policy.

The Remuneration Policy for Directors, KMPs and all other employees is aligned to the philosophy on the commitment of fostering a culture of leadership with trust.

The Remuneration Policy aims to ensure that the level and composition of the remuneration of the Directors, KMPs and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company.

Salient features of the Remuneration Policy, *inter alia*, include:

- Remuneration in the form of Sitting Fees and Commission to be paid to Independent Directors and Non-Independent Non-Executive Directors, in accordance with the provisions of the Act and as recommended by the NRC;
- Remuneration to Managing Director / Executive Directors / KMPs and all other employees is reasonable and sufficient to attract, retain and motivate them to run the Company successfully and retain talented and qualified individuals suitable for their roles, in accordance with the defined terms of remuneration mix or composition; and
- No remuneration would be payable to Directors for services rendered in any other capacity unless the services are of a professional nature and the NRC is of the opinion that the Director possesses requisite qualification for the practice of the profession and approval of the Central Government has been received, if required, for paying the same.

During FY 2018-19, the Remuneration Policy was amended to, *inter alia*, include a change in the Compensation Philosophy and also include an additional component of compensation for individuals in key roles that have a significant impact on the growth and sustainability of the Company i.e. Long Term Incentive Plan, in the form of Employee Stock Options or any other equivalent instrument, in the terms of remuneration mix or composition of the Managing Director / Executive Directors / KMPs / all other employees.

The Policy on Board Diversity and Director Attributes as also the Remuneration Policy of the Company are made available on the Company's website, www.tatacapital.com.

The Company has also adopted a 'Fit and Proper' Policy for ascertaining the 'fit and proper' criteria to be adopted at the time of appointment of directors and on a continuing basis, pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, issued by NHB. The Company has received the 'Fit and Proper' declarations from all the Directors of the Company in April 2019, which have been taken on record by the NRC.

21. KEY MANAGERIAL PERSONNEL

Mr. Anil Kaul, Managing Director, Mr. S. Balakrishna Kamath, Chief Financial Officer and Mr. Jinesh Meghani, Company Secretary, are the KMPs of the Company.

During FY 2018-19, Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and consequently ceased to be the KMP of the Company.

Further, Mr. S. Balakrishna Kamath resigned as the Company Secretary of the Company, with effect from the end of day on May 31, 2018 and Mr. Jinesh Meghani was appointed as the Company Secretary and KMP of the Company, with effect from June 1, 2018.

Mr. Anil Kaul has been appointed as the Managing Director of the Company, with effect from July 18, 2018.

22. DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2018-19.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

a) in the preparation of the annual accounts, the applicable accounting standards and guidance provided by The Institute of Chartered Accountants of India have been followed and that there are no material departures thereof;
b) they 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 at the end of the financial year and of the profit and cash flows of the Company for the year;
c) they had taken proper and sufficient care for the 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 fraud and other irregularities;
d) they had prepared the annual accounts on a going concern basis;
e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2018, with effective transition date as April 1, 2017. These Financial Statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act. The transition was carried out from Accounting Principles generally accepted in India i.e. Indian Generally Accepted Accounting Principles ("IGAAP") as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in the Notes to accounts.

23. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, Government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better these practices by adopting best practices.

The Company believes that governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a leading Housing Finance Company in India with a global footprint, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to Tata companies.

As a part of the Tata Group, the Company has a strong legacy of fair, transparent and ethical governance practices. The Corporate Governance philosophy is further strengthened with the adherence to the Tata Business Excellence Model as a means to drive excellence, the Key Performance Metrics for tracking progress on long-term strategic objectives and the Tata Code of Conduct ("TCOC"), which articulates the values, ethics and business principles and serves as a guide to the Company, its Directors and employees, supplemented with an appropriate mechanism to report any concern pertaining to non-adherence to the TCOC. In addition, the Company has adopted a Vigil Mechanism, a Fair Practices Code, an Affirmative Action Policy, a Policy against Sexual Harassment in the Workplace, a Fit and Proper Policy for ascertaining the fit and proper criteria of the directors at the time of appointment and on a continuing basis, a Policy on Board Diversity and Director Attributes, a Code of Conduct for Non-Executive Directors, Guidelines on Corporate Governance, an Occupational Health and Safety Management and an Anti-Bribery and Anti-Corruption ("ABAC") Policy.

During FY 2018-19, the Company has revised the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, to align it with the amendments made in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

TCL has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons Private Limited on behalf of its subsidiaries, including TCHFL, for subscribing to the TATA BEBP Scheme. The Company abides by the TCOC and the norms for using the Tata Brand identity.

a. Board of Directors

The Board of Directors, along with its Committees, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company.

The size of the Board is commensurate with the size and business of the Company. As on March 31, 2019, the Board comprised five Directors viz. Mr. Rajiv Sabharwal (Chairman), Mr. Mehernosh B. Kapadia, Ms. Anuradha E. Thakur, Mr. Ankur Verma and Mr. Anil Kaul. Mr. Kapadia and Ms. Thakur are the Independent Directors ("IDs") of the Company. Mr. Sabharwal and Mr. Verma are the Non-Executive Directors of the Company. Mr. Kaul is the Managing Director of the Company.

During FY 2018-19, fourteen Meetings of the Board of Directors were held on the following dates: April 4, 2018, April 30, 2018, June 15, 2018, June 26, 2018, July 25, 2018, August 27, 2018, October 24, 2018, November 20, 2018, November 26, 2018, January 11, 2019, January 25, 2019, March 1, 2019, March 25, 2019 and March 27, 2019.

The details of attendance at Board Meetings held during FY 2018-19 and at the previous AGM of the Company are, given below:

Name of Director(s)	Director Identification Number	Category	Board Meetings		Whether present at previous AGM held on June 29, 2018
			Held during tenure	Attended	
Mr. Rajiv Sabharwal	00057333	Non-Executive Director	14	14	Yes

Mr. Mehernosh B. Kapadia	00046612	Independent Director	14	14	Yes
Ms. Anuradha E. Thakur	06702919	Independent Director	14	12	Yes
Mr. Ankur Verma[1]	07972892	Non-Executive Director	13	10	Yes
Mr. Govind Sankaranarayanan[2]	01951880	Non-Executive Director	5	4	Yes
Mr. R. Vaithianathan[3]	05267804	Managing Director	2	2	-
Mr. Anil Kaul[4]	00644761	Managing Director	10	9	-

Notes:

1. *Mr. Ankur Verma was appointed as a Non-Executive Director of the Company, with effect from April 12, 2018.*
2. *Mr. Govind Sankaranarayanan stepped down as a Non-Executive Director of the Company, with effect from August 24, 2018.*
3. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018.*
4. *Mr. Anil Kaul was appointed as the Managing Director and Key Managerial Personnel of the Company, with effect from July 18, 2018.*

b. Remuneration to the Directors

The Company paid Sitting fees to the Non-Executive Directors ("NEDs") and IDs for attending Meetings of the Board and the Committees of the Board and will pay Commission for FY 2018-19, within the maximum prescribed limits to the Independent Directors who were Directors of the Company during FY 2018-19, as recommended by the NRC and approved by the Board at their respective Meetings held on April 26, 2019. The details of the same are, as under:

(Amount in Rs.)

Name of Director(s)	Sitting Fees paid for attending Board and Committee Meetings during FY 2018-19	Commission to be paid for FY 2018-19
Mr. Mehernosh B. Kapadia[1]	15,00,000	15,00,000
Ms. Anuradha E. Thakur	11,40,000	15,00,000
Mr. Ankur Verma	4,60,000	-

Notes:

1. *Mr. Mehernosh B. Kapadia was appointed as an Independent Director of the Company, with effect from October 24, 2017 and hence, Commission for FY 2017-18 was paid in FY 2018-19, on a pro-rata basis.*

Based on the recommendation of the Members of the NRC, the Board at its Meeting held on April 26, 2019, approved a Commission of Rs. 59,84,932 for FY 2018-19, to Mr. Kaul. With this, the total remuneration of Mr. Kaul for FY 2018-19, was Rs. 4.54 crore.

None of the NEDs and the IDs had any pecuniary relationships or transactions with the Company during the year under review.

c. Committees of the Board

The Board has constituted Committees with specific terms of reference to focus on specific issues and ensure expedient resolution of diverse matters. These include the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Asset Liability Committee, the Corporate Social Responsibility Committee, the Working Committee, the Information Technology Strategy Committee and the Lending Committee. The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board / respective Committees of the Board, at their next meetings. The Minutes of Meetings of all Committees of the Board are circulated to the Board of Directors for noting.

i. Audit Committee

Composition, Meetings and Attendance

During FY 2018-19, seven Meetings of the Audit Committee were held on the following dates: April 30, 2018, July 25, 2018, November 12, 2018, November 26, 2018, January 25, 2019, February 27, 2019 and March 25, 2019.

The composition of the Audit Committee and the attendance of its Members at its Meetings held during FY 2018-19 are, given below:

Name of the Member(s)	Category	No. of Meetings	
		Held during tenure	Attended
Mr. Mehernosh B. Kapadia, Chairman	Independent Director	7	7
Ms. Anuradha E. Thakur	Independent Director	7	7
Mr. Ankur Verma[1]	Non – Executive Director	7	4

Notes:

1. *Mr. Ankur Verma was appointed as a Member of the Committee, with effect from April 17, 2018.*

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act. All the Members have the ability to read and understand financial statements and have relevant finance and / or audit experience.

Terms of reference

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by NHB. The Charter is reviewed from time to time and is available on the Company's website, www.tatacapital.com. Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee:

- To recommend the appointment and removal of the Auditors and their remuneration, nature and scope of audit;
- To ensure adequacy of internal controls and compliances and recommend remedial measures;
- To review adequacy of the Internal Audit function;
- To review and monitor the Auditors' independence and performance and effectiveness of the audit process;
- To oversee financial reporting process and disclosure of financial information;
- To examine the financial statements and the Auditors' Report thereon;
- To evaluate internal financial controls and the risk management systems;
- To act as a link between the Statutory Auditors, Internal Auditors and the Board of Directors;
- To review accounting policies;
- To monitor compliance with the TCOC;
- To approve any transactions of the Company with related parties or any subsequent modifications thereof;
- To scrutinize inter-corporate loans and investments;
- To evaluate the valuation of undertakings or assets of the Company, if necessary;
- To monitor the end use of funds raised through public offers and related matters;
- To review findings of internal investigations, frauds, irregularities, etc.;
- To carry out additional functions as contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee;
- To carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices;
- To conduct Information Systems Audit of the internal systems and processes at least once in two years to assess operational risks;
- To appoint Auditors to undertake such audits as may be directed by law / the Audit Committee of the Holding Company / Audit Committee of the Company / Board, from time to time;
- To review the functioning of and compliance with the Company's Whistle Blower Policy;
- To consider and adopt the policies, procedures and processes laid down by the Audit Committee of the Holding Company; and
- To monitor the effectiveness and review the implementation of the ABAC Policy, considering its suitability, adequacy and effectiveness.

The Board has accepted all the recommendations made by the Audit Committee during the year.

Besides the Members of the Committee, Meetings of the Audit Committee are attended by the Chairman of the Board, the Managing Director, the Chief Financial Officer, the Statutory Auditors, the Head - Internal Audit and the Company Secretary. The Internal Audit function is headed by the Head – Internal Audit of the Company, who reports to the Chairman of the Audit Committee to ensure independence of operations.

ii. Nomination and Remuneration Committee ("NRC")

Composition

The composition of the NRC during FY 2018-19 is, given below:

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Ms. Anuradha E. Thakur	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the NRC:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the directors, key managerial personnel and other employees;
- To review the performance of the Managing / Whole-Time / Executive Directors on predetermined parameters;
- To review and approve the remuneration / compensation packages for the Managing / Whole-Time / Executive Directors, within prescribed limits;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
- To take steps to refresh the composition of the Board;
- To decide Commission payable to the directors, subject to prescribed limits and approval of shareholders; and
- To review employee compensation vis-à-vis industry practices and trends.

iii. Risk Management Committee ("RMC")

Composition

The composition of the RMC during FY 2018-19 is, given below:

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Ms. Anuradha E. Thakur	Independent Director
Mr. Rajiv Sabharwal[1]	Non-Executive Director
Mr. Ankur Verma[2]	Non-Executive Director
Mr. Govind Sankaranarayanan[3]	Non-Executive Director
Mr. R. Vaithianathan[4]	Managing Director
Mr. Anil Kaul[5]	Managing Director

Notes:

1. *Mr. Rajiv Sabharwal was appointed as a Member of the Committee, with effect from April 17, 2018.*
2. *Mr. Ankur Verma was appointed as a Member of the Committee, with effect from April 17, 2018.*
3. *Mr. Govind Sankaranarayanan ceased to be a Member of the Committee, with effect from April 17, 2018.*
4. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and consequently ceased to be a Member of the Committee.*
5. *Mr. Anil Kaul was appointed as a Member of the Committee, with effect from November 30, 2018.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the RMC:

- To approve and review compliance with policies implemented by the organization and risk assessment of the organization (including emerging risks)
- To approve and review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action;
- To review and analyse risk exposure related to specific issues and provide oversight of risk across organization;
- To review reports of significant issues prepared by internal risk oversight functional groups, including risk exposure related to specific issues, concentrations and limits excesses;
- To approve the enterprise wide risk management framework;

– To carry out Technology Risk Management as per the guidance under the 'Information Technology Framework for HFCs – Guidelines' for Housing Finance Companies and Vulnerability and Risk assessments.

iv. Asset Liability Committee ("ALCO")

Composition

The composition of the ALCO during FY 2018-19 is, given below:

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Mr. Rajiv Sabharwal[1]	Non-Executive Director
Mr. Ankur Verma[2]	Non-Executive Director
Mr. Govind Sankaranarayanan[3]	Non – Executive Director
Mr. R. Vaithianathan[4]	Managing Director
Mr. Anil Kaul[5]	Managing Director

Notes:

1. *Mr. Rajiv Sabharwal was appointed as a Member of the Committee, with effect from April 17, 2018.*
2. *Mr. Ankur Verma was appointed as a Member of the Committee, with effect from April 17, 2018.*
3. *Mr. Govind Sankaranarayanan ceased to be a Member of the Committee, with effect from April 17, 2018.*
4. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and consequently ceased to be a Member of the Committee.*
5. *Mr. Anil Kaul was appointed as a Member of the Committee, with effect from July 18, 2018.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the ALCO:

– To comply with NHB Prudential Norms / Directions / Guidelines for Asset Liability Management; and
– To determine the Prime Lending Rates of the Company from time to time in accordance with the Policy for determining Interest Rates, Processing and Other Charges.

v. Corporate Social Responsibility ("CSR") Committee

Composition

The composition of the CSR Committee during FY 2018-19 is, given below:

Name of the Member(s)	Category
Ms. Anuradha E. Thakur, Chairperson	Independent Director
Mr. Rajiv Sabharwal[1]	Non-Executive Director
Mr. Ankur Verma[2]	Non-Executive Director
Mr. R. Vaithianathan[3]	Managing Director
Mr. Anil Kaul[4]	Managing Director

Notes:

1. *Mr. Rajiv Sabharwal was appointed as a Member of the Committee, with effect from April 17, 2018.*
2. *Mr. Ankur Verma was appointed as a Member of the Committee, with effect from May 30, 2018.*
3. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and consequently ceased to be a Member of the Committee.*
4. *Mr. Anil Kaul was appointed as a Member of the Committee, with effect from November 30, 2018.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the CSR Committee:

– To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act ("CSR Activities");
– To recommend the amount of expenditure to be incurred on CSR Activities;
– To monitor the CSR Policy of the Company from time to time and instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company; and
– To oversee the Company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen.

vi. **Working Committee**

Composition

The composition of the Working Committee during FY 2018-19 is, given below:

Name of the Member(s)	Category
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Mehernosh B. Kapadia[1]	Independent Director
Mr. Anil Kaul[2]	Managing Director
Mr. Govind Sankaranarayanan[3]	Non-Executive Director
Mr. R. Vaithianathan[4]	Managing Director

Notes:

1. *Mr. Mehernosh B. Kapadia was appointed as a Member of the Committee, with effect from June 15, 2018.*
2. *Mr. Anil Kaul was appointed as a Member of the Committee, with effect from July 18, 2018.*
3. *Mr. Govind Sankaranarayanan stepped down as a Director of the Company, with effect from August 24, 2018 and consequently ceased to be a Member of the Committee.*
4. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and consequently ceased to be a Member of the Committee.*

Terms of reference

The responsibilities of the Working Committee, *inter alia*, include exploring and evaluating market appetite, potential pricing, structure of the proposed issuance and timing, negotiation of various other terms in connection with the issuance of masala bonds, non-convertible debentures to public and raising of funds through external commercial borrowings.

vii. **Information Technology ("IT") Strategy Committee**

The IT Strategy Committee was constituted by way of a resolution passed by the Board of Directors, at its Meeting held on April 30, 2018, pursuant to the 'Information Technology Framework for HFCs – Guidelines' for Housing Finance Companies.

Composition

The composition of the IT Strategy Committee during FY 2018-19 is, given below:

Name of the Member(s)	Category
Mr. Mehernosh B. Kapadia, Chairman	Independent Director
Mr. Rajiv Sabharwal	Non-Executive Director
Mr. Anil Kaul[1]	Managing Director
Ms. Nishita Shah[2]	Chief Information Officer
Mr. Pramod Nair[3]	Business Chief Information Officer

Notes:

1. *Mr. Anil Kaul was appointed as a Member of the Committee, with effect from July 18, 2018.*
2. *Ms. Nishita Shah resigned from the Company, with effect from October 31, 2018 and consequently ceased to be a Member of the Committee.*
3. *Mr. Pramod Nair was appointed as a Member of the Committee, with effect from November 1, 2018.*

Terms of reference

Given below, *inter alia*, is a gist of the responsibilities of the IT Strategy Committee:

- To approve the IT strategy and policy documents, ensuring that the Management puts an effective strategic planning process in place and ascertaining that the Management had implemented processes and practices that ensure that the IT delivers value to the business;
- To monitor the method that the Management used to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- To constitute the Steering Committee and review the discussions of the said Committee periodically;
- To institute an effective governance mechanism and risk management process for all outsourced IT operations and to do all such acts as may be required under the NHB IT Guidelines in respect of the outsourced IT operations;

– To review the IT / Information Systems (“IS”) Audit report and provide its observation / recommendations to the Audit Committee; and
– To recommend the appointment of IT / IS Auditor to the Audit Committee.

viii. Lending Committee

The Lending Committee was constituted by way of a resolution passed by the Board of Directors, at its Meeting held on April 30, 2018.

Composition

The composition of the Lending Committee during FY 2018-19 is, given below:

Name of the Member(s)	Category
Mr. Rajiv Sabharwal, Chairman	Non-Executive Director
Mr. Mehernosh B. Kapadia	Independent Director
Ms. Anuradha E. Thakur	Independent Director
Mr. R. Vaithianathan[1]	Managing Director
Mr. Anil Kaul[2]	Managing Director

Notes:

1. *R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018 and consequently ceased to be a Member of the Committee.*
2. *Mr. Anil Kaul was appointed as a Member of the Committee, with effect from July 18, 2018.*

Terms of reference

The responsibilities of the Lending Committee, *inter alia*, include approving financing proposals related to Developer Funding above Rs. 60 crore and approving financing proposals related to Home Loans and Home Equity above Rs. 15 crore.

d. Secretarial Standards

The Company is in compliance with SS -1 i.e. Secretarial Standard on Meetings of the Board of Directors and SS – 2 i.e. Secretarial Standard on General Meetings issued by The Institute of Company Secretaries of India.

e. Means of Communication

The ‘Investors’ section on the Company’s website keeps the investors updated on material developments in the Company by providing key and timely information such as Financial Results, Annual Reports, etc. The debenture holders can also send in their queries / complaints at the designated email address: tchflncdcompliance@tatacapital.com.

f. General Information for Members and Debenture holders

The half yearly Financial Results of the Company are submitted to the Stock Exchanges in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in a leading English daily newspaper and also communicated to the Debenture holders, through a half-yearly communiqué. Official news releases, including the half-yearly results, are also posted on the Company’s website, www.tatacapital.com.

The Company does not have any unclaimed Non-Convertible Debentures nor any unpaid interest/redemption proceeds due thereon.

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number (“CIN”) allotted to the Company by the Ministry of Corporate Affairs (“MCA”) is U67190MH2008PLC187552. The NCDs issued by the Company on a private placement basis are listed on the Wholesale Debt Market segment of the National Stock Exchange of India Limited.

Details of Debenture Trustees and the Registrar and Transfer Agents for the Debentures and the Equity Shares and Preference Shares issued by the Company are, given below:

Debenture Trustees
Vistra ITCL India Limited (formerly known as IL & FS Trust Company Limited) The IL&FS Financial Centre, Plot C - 22, G Block, 7th Floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Website: www.vistraitcl.com, Tel: +91 22 2659 3535, Fax: +91 22 2653 3297 e-mail: itclcomplianceofficer@vistra.com
IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 Website: www.idbitrustee.com, Tel: +91 22 4080 7000, Fax: +91 22 6631 1776 e-mail: itsl@idbitrustee.com

Registrar and Transfer Agents
Non – Convertible Debentures issued on a Private Placement basis
TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011 Website: www.tsrdarashaw.com, Tel: +91 22 66568484, Fax: +91 22 66568494 E-mail: nnair@tsrdarashaw.com
Equity Shares and Preference Shares
Karvy Fintech Private Limited Karvy Selenium, Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Website: www.karvyfintech.com, Tel: +91 40 67161500, Fax: +91 40 23420814 e-mail: hanumantha.patri@karvy.com

Pursuant to the provisions of Section 124 of the Act, the unclaimed interest on matured debentures as well as the unclaimed principal amount of the matured debentures would be transferred to the Investor Education and Protection Fund ("IEPF") after completion of seven years from the date it becomes due for payment. During FY 2018-19, no amount was required to be transferred to the IEPF.

24. VIGIL MECHANISM

The Company has established a Vigil Mechanism for its Directors and employees to report their concerns or grievances. The said mechanism, *inter alia*, encompasses the Whistle Blower Policy, the Fraud Risk Management Process, the mechanism for reporting ethical concerns under the TCOC and the ABAC Policy and it provides for adequate safeguards against victimization of persons who use it.

The Vigil Mechanism provides access to Tata Capital's Ethics Committee for reporting concerns and grievances. It also provides access to the Compliance Officer under the ABAC Policy and to the Chairperson of the Company's Audit Committee / the Chief Ethics Counselor under the Company's Whistle Blower Policy. Information regarding the mechanism and the channels for reporting concerns (including a third-party reporting channel) are communicated to the relevant stakeholders. The Vigil Mechanism, the Whistle Blower Policy, the ABAC Policy and the TCOC, are available on the Company's website, www.tatacapital.com.

25. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. A 'Prevention of Sexual Harassment' Policy, which is in line with the statutory requirements, along with a structured reporting and redressal mechanism, including the constitution of Internal Complaints Committee in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the POSH Act"), is in place.

During FY 2018-19, there were no complaints received under the provisions of the POSH Act.

26. STATUTORY AUDITORS

At the Ninth AGM of the Company held on August 21, 2017, B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) ("BSR") were appointed as the Statutory Auditors of the Company for a term of five years, to hold office from the conclusion of the Ninth AGM till the conclusion of the Fourteenth AGM of the Company to be held in the year 2022.

27. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2018, with the effective transition date as April 1, 2017. The Financial Statements of the Company have been prepared in accordance with Ind AS, as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Act. The transition was carried out from IGAAP as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in the Notes to accounts. Further, the Company follows the Housing Finance Companies (NHB) Directions, 2010. The Financial Statements have been prepared on an accrual basis under the historical cost convention. The Accounting Policies adopted in the preparation of the Financial Statements have been consistently followed in the previous year.

28. EXPLANATION ON STATUTORY AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by BSR, Statutory Auditors, in their Report dated April 26, 2019, on the Financial Statements of the Company for FY 2018-19.

29. SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. Parikh & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company, for FY 2018-19. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as Annexure 'B'.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Parikh & Associates in their Secretarial Audit Report dated April 26, 2019, on the secretarial and other related records of the Company, for FY 2018-19.

30. INFORMATION ON MATERIAL CHANGES AND COMMITMENTS

There are no material changes or commitments affecting the financial position of the Company which have occurred between March 31, 2019 and April 26, 2019, being the date of this Report.

31. RELATED PARTY TRANSACTIONS

The Company has adopted a Policy and a Framework on Related Party Transactions for the purpose of identification, monitoring and approving of such transactions. The said Policy is annexed as Annexure 'C'.

A Statement containing details of material contracts or arrangements or transactions with Related Parties on an arm's length basis with respect to transactions covered under Section 188(1) of the Act, in the prescribed Form No. AOC-2, is annexed as Annexure 'D'. Further, details of Related Party Transactions, as required to be disclosed by Indian Accounting Standard – 24 on "Related Party Disclosures" specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, are given in the Notes to the Financial Statements.

During the year, the Company has not entered into any transactions with Related Parties which are not in its ordinary course of business or not on an arm's length basis and which require disclosure in this Report in terms of the provisions of Section 188(1) of the Act.

32. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

A. Conservation of energy:

i. Steps taken / impact on conservation of energy:

The operations of the Company, being financial services related, require normal consumption of electricity. The Company is taking every necessary step to reduce its consumption of energy.

ii. Steps taken by the Company for utilizing alternate sources of energy:

Tata Capital has installed a solar panel at its Thane office which produces close to 750 Watts of energy and which self illuminates and provides power to the garden and security lights on the campus from dusk to dawn. The garden lights at the Thane office have been retrofitted with LED bulbs that consume less electricity as compared to the conventional incandescent or CFL bulbs.

iii. Capital investment on energy conservation equipments:

In view of the nature of activities carried on by the Company, there is no capital investment on energy conservation equipment.

B. Technology absorption:

i. The efforts made towards technology absorption;

ii. The benefits derived like product improvement, cost reduction, product development or import substitution;

iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

(a) The details of technology imported;
(b) The year of import;
(c) Whether the technology been fully absorbed;
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

iv. The expenditure incurred on Research and Development.

Given the nature of the activities of the Company, the above is not applicable to the Company.

C. Foreign Exchange Earnings and Outgo:

Foreign Exchange earned in terms of actual inflows during the year under review was Nil and the Foreign Exchange Outgo during the year under review in terms of actual outflows was Rs. 1.23 crore.

33. DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A Statement giving the details required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2019, is annexed as Annexure 'E'.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2019, are provided in a separate Annexure forming part of this Report. In terms of the first proviso to Section 136 of the Act, the Report and the Accounts are being sent to the Members, excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary, at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

34. EXTRACT OF THE ANNUAL RETURN

An extract of the Annual Return as prescribed under Section 92(3) of the Act and the Companies (Management and Administration) Rules, 2014, in the prescribed Form No. MGT- 9, is annexed as Annexure 'F' and is also available on the Company's website, www.tatacapital.com.

35. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is annexed as Annexure 'G'.

36. ACKNOWLEDGEMENTS

The Directors would like to place on record their gratitude for the valuable guidance and support received from NHB, SEBI, the Registrar of Companies and other government and regulatory agencies and to convey their appreciation to TCL, the holding company, the Members, debenture holders, customers, bankers, lenders, vendors, and all other business associates for the continuous support given by them to the Company. The Directors also place on record their appreciation for all the employees of the Company for their commitment, commendable efforts, team work and professionalism.

For and on behalf of the Board of Directors

Rajiv Sabharwal
Chairman
DIN: 00057333

Mumbai
April 26, 2019

Annexure A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES

1. **Brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:**

   Vision: To ensure sustainability by doing what is right, through the adoption of sustainable business practices, employee policies and technologies.

   Purpose: To protect the interests of all the stakeholders of the Company and contribute to society at large, by making a measurable and positive difference through the four causes the Company supports viz. Livelihood & Employability, Health, Education and Environment.

   Sectors and Issues: To focus on education, employability, entrepreneurship, environment, disaster relief and Tata Group efforts.

   For details of the CSR Policy, along with projects and programs, kindly refer to www.tatacapital.com.

2. **The composition of the CSR Committee**

   The Board of Directors have constituted a CSR Committee in accordance with the requirements of Section 135(1) of the Companies Act, 2013 (“Act”). The composition of the Committee as at March 31, 2019 was, as under:

   - Ms. Anuradha E. Thakur, Independent Director (Chairperson)
   - Mr. Rajiv Sabharwal
   - Mr. Ankur Verma
   - Mr. Anil Kaul

   It may be noted that Mr. R. Vaithianathan ceased to be a Member of the CSR Committee, with effect from the end of day on May 21, 2018, consequent upon his retirement as the Managing Director of the Company. Further, Mr. Ankur Verma and Mr. Anil Kaul were inducted as Members of the CSR Committee, with effect from May 30, 2018 and November 30, 2018, respectively.

3. **Average Net Profit of the Company for last three Financial Years:**

(in Rs.)

Financial Year	Net Profit
FY 2015 - 16	2,11,10,51,000
FY 2016-17	3,39,72,49,788
FY 2017-18	4,11,53,68,804
Average Net Profit	**3,20,78,89,864**

Note: The above net profit has been calculated in accordance with the provisions of Section 198 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

4. **Prescribed CSR expenditure (2% of Average Net Profit as indicated in Point No. 3)**

   The prescribed CSR expenditure for FY 2018-19 was Rs. 6,41,57,797/- rounded off to Rs. 6,41,60,000/-.

5. Details of CSR spend during FY 2018-19:

a. Total amount to be spent: Rs. 641.60 lakh
b. Amount unspent, if any: Nil
c. Manner in which the amount was spent during FY 2018-19 is detailed in the table below:

Sr. No.	CSR Projects or Activity Identified	Sector in which the project is covered	Projects or Programs 1) Local area or other, 2) Specify the State and District where the projects or programs were undertaken	Amount outlay (Budget) project or program wise	Amount spent on the projects or Programs sub heads: Direct Expenditure on projects or programs	Amount spent on the projects or Programs sub heads: Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct	Amount Spent: Implementing Agency
1	Primary education and nutrition support	Promoting Education	Local area: Mumbai and Maharashtra	25,63,000	23,30,000	2,33,000	25,63,000	-	Mumbai Mobile Creches
				50,00,000	50,00,000	-	50,00,000	-	Samskrita Bharati Trust (Dakshina Tamilnadu)
2	Cancer Treatment and residential support for cancer patients Other health care support for patients and hearing impaired individuals	Promoting healthcare	Other: PAN India	25,00,000	25,00,000	-	25,00,000	-	Tata Medical Centre Trust
				5,00,000	5,00,000	-	5,00,000	-	Courage India Cancer Foundation
				14,74,562	14,74,562	-	14,74,562	-	St. Jude India Childcare Centres
				10,00,000	10,00,000	-	10,00,000	-	Cancer Patients Aids Association
				10,00,000	10,00,000	-	10,00,000	-	Bhajandas Bajaj Foundation
				25,00,000	25,00,000	-	25,00,000	-	Sri Chaitanya Seva Bhaktivedanta
3	Aspire to Enterprise	Livelihood enhancement projects	Nashik, Maharashtra	58,28,000	58,28,000	-	58,28,000	-	Udyogwardhini Shikshan Sanstha
4	JalAadhar, Integrated Watershed Development Program	Ensuring environmental sustainability	Parner, Ahmednagar, Maharashtra	44,81,000	38,09,000	6,72,000	44,81,000	-	BAIF Institute for Sustainable Livelihoods and Development (BISLD)
			Maveshi, Ahmednagar, Maharashtra	14,39,590	12,95,631	1,43,959	14,39,590	-	Rotary Club of Poona Charity Trust
			Edaiyur, Tamil Nadu	57,92,000	52,12,800	5,79,200	57,92,000	-	National Agro Foundation (NAF)
			Vandavasi and Madurandagm, Tamil Nadu	40,00,000	36,00,000	4,00,000	40,00,000	-	National Agro Foundation (NAF)
			Kapra circle, Hyderabad	54,21,900	54,21,900	-	54,21,900	-	Water Aid – Jal Sewa Foundation
5	The Green Switch – Solar Micro-grids for tribal hamlets	Ensuring environmental sustainability	Local area: Jawhar, Palghar, Maharashtra	69,08,000	65,62,600	3,45,400	69,08,000	-	Gram Oorja Solutions Private Limited and Keshav Srushti
				85,24,241	85,24,241	-	85,24,241	-	Dr. M. L Dhawale Memorial Trust Avesta Solar Pvt. Ltd.
6	Skill Development	Enhancing vocational skills as livelihood enhancement projects	PAN India	22,69,300	22,69,300	-	22,69,300	-	Tata Community Initiatives Trust
				6,40,000	6,40,000	-	6,40,000	-	Rise Infinity Foundation
				23,18,407	23,18,407	-	23,18,407	-	Aash Foundation and GRAS Education & Training Services Pvt. Ltd. (GRAS Academy)
	TOTAL			**6,41,60,000**	**6,17,86,441**	**23,73,559**	**6,41,60,000**		

6. In case the Company has failed to spend the 2% of the Average Net Profit of the last three Financial Years or any part thereof, reasons for not spending the amount:

Not Applicable, the prescribed amount has been spent.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company:

We hereby confirm that the implementation and monitoring of the CSR Policy, has been in compliance with the CSR objectives and CSR Policy adopted by the Company.

Sd/- **Anuradha E. Thakur** Chairperson, CSR Committee (Independent Director)	Sd/- **Rajiv Sabharwal** Member, CSR Committee (Non-Executive Director)
Sd/- **Ankur Verma** Member, CSR Committee (Non-Executive Director)	Sd/- **Anil Kaul** Member, CSR Committee (Managing Director)

Annexure B

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To,
The Members,
TATA CAPITAL HOUSING FINANCE LIMITED

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

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

(ii) The Securities Contract (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) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:

  (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, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) 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; (Not applicable to the Company during the audit period);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period).

(vi) Other laws applicable specifically to the Company namely:

- The National Housing Bank Act, 1987, the Housing Finance Companies (NHB) Directions, 2010 and all the Rules, Regulations, Circulars and Guidelines prescribed by the National Housing Bank for Housing Finance Companies.
- Credit Information Companies (Regulation) Act, 2005 and Rules.
- The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
- The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
- SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations of the Reserve Bank of India.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreement entered by the Company with National Stock Exchange of India Limited with respect to Non Convertible Debentures issued by the Company read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive 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 was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, 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.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, standards, guidelines etc.:

A. During the year, the Company had issued and redeemed the following Non-Convertible Debentures:
    a. Issued 9,043 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 904.30 crore.
    b. Redeemed 11,553 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 1,155.30 crore.
    c. Redeemed 250 Unsecured, Redeemable, Non-Convertible Debentures qualifying as Subordinated Debt (Tier II capital) for an aggregate amount of Rs. 25 crore.

B. The Company had issued and allotted 55,50,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10 each, aggregating Rs. 555 crore, on a rights basis.

C. The Company had issued 56,376,968 Equity Shares, as a result of voluntary conversion of 40,80,00,000 CCCPS of Rs. 10 each held by Tata Capital Limited, the holding company, into Equity Shares of the Company.

For **Parikh & Associates**
Company Secretaries

Sd/-
Jigyasa Ved
Partner
FCS No: 6488 CP No: 6018

Place: Mumbai
Date: 26.04.2019

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

‘Annexure I’

To,
The Members
TATA CAPITAL HOUSING FINANCE LIMITED

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

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

2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we 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.

4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happening of events etc.

5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh & Associates**
Company Secretaries

Sd/-
Jigyasa Ved
Partner
FCS No: 6488 CP No: 6018

Place: Mumbai
Date: 26.04.2019

Annexure C

POLICY ON RELATED PARTY TRANSACTIONS

1. Executive Summary

This Policy is being framed with the objective of ensuring compliance with the provisions pertaining to Related Party Transactions in the Companies Act, 2013 ("Act").

Related Party Transactions referred to throughout this Policy shall mean contracts / arrangements / transactions with a Related Party (as defined under the Act). Accordingly, Related Party Transactions may be entered into by the Company only in accordance with this Policy as amended from time to time.

The Policy covers following Sections:-

Objective:- Lays down the intent and requirement for drafting this Policy.

Scope:- To give an overview of the legal provisions applicable to Related Party Transactions and lay down the processes for identifying Related Parties and the Related Party Transaction approval.

Definition:- Specifies the key definitions stated in the Act.

Key Principles:-
(a) Identification, Review of Related Party Transactions
(b) Broad Parameters to Assess: Ordinary Course of Business
(c) Broad Parameters to Assess: Arm's Length
(d) Materiality Thresholds for Related Party Transactions

Going forward, the Audit Committee would review and recommend amendments to the Policy, as and when required, subject to the approval of the Board.

2. Objective

Section 188 of the Act and the Rules made thereunder require the approval of the Board and the Shareholders of a company for certain transactions entered into by a company with its Related Parties.

Related Party Transactions can present potential or actual conflicts of interest and may raise questions whether such transactions are in the best interest of the Company and its Shareholders. Therefore, this Policy has been adopted by the Company's Board of Directors, to ensure high standards of Corporate Governance while dealing with Related Parties and sets forth the procedures under which the Related Party Transactions must be reviewed, approved or ratified and reported.

This Policy has been drafted with an objective of ensuring compliance with the provisions pertaining to Related Party Transactions under the Act.

3. Scope

Accordingly, this Policy has been adopted to:

(a) give an overview of the legal provisions applicable to Related Party Transactions;
(b) lay down the process for identifying Related Parties;
(c) identify factors for determinining whether a transaction with a Related Party is:
  - on an Arm's Length basis
  - in the Ordinary Course of Business
(d) for approval / noting of Related Party Transactions.

Note 1:- This Policy is for the purpose of identifying Related Party Transactions and the relevant approval methodology for compliance with the Act and the Rules framed thereunder.

Note 2:- Provisions of this Policy would be subject to revision / amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

4. Definition

All capitalised terms used in this Policy document but not defined herein shall have the meaning ascribed to such term in the Act and the Rules framed thereunder, as amended from time to time.

5. Identification and Monitoring of Related Parties

The Secretarial Team shall update the Reference List on the basis of intimations received from the Directors / KMPs or changes in corporate or investment structure, as informed from time to time.

The names / details of all Related Parties identified shall be consolidated, as a Reference List and this Reference List shall be updated on a regular basis by the Secretarial Team.

This Reference List and subsequent updates, as prepared by the Secretarial Team, shall be progressively shared by the Controllership Team with all Business Heads (Division Heads or higher) / Functional Heads, for compliance at their end.

All Related Party Transactions for the period shall be reported to the Company Secretary who shall place the same for approval / noting / ratification by the Audit Committee, in accordance with this Policy.

To review a Related Party Transaction, the Board / Audit Committee will be provided with all the relevant information pertaining to the Related Party Transaction, including the name of the related party, the nature of the relationship, nature of the transaction, whether the transaction is in the ‘Ordinary Course of Business’, whether the transaction is at ‘Arm’s Length’ and any other matter, as may be required.

The process and controls with respect to identification monitoring of Related Parties and execution of Related Party Transactions would be vis-à-vis an appropriate Framework, as approved by the Board, Audit Committee and Management, instituted for compliance with this Policy.

For assessing whether the transaction is in the Ordinary Course of Business and Arm’s Length, Clause 6 of this Policy shall be referred to.

6. <u>Key Principles</u>

A. Broad Parameters to assess - Ordinary Course of Business

The phrase Ordinary Course of Business is not defined under the Act or Rules made thereunder. The Company shall adopt a reasonable approach / methodology to demonstrate ‘Ordinary Course of Business’ which shall, *inter alia*, include the Nature of the transaction, the frequency / regularity / length of time the company is engaged in such transaction, such transaction / action is consistent with the past practices and was taken in the ordinary course of the normal day-to-day operations of such company, common commercial practice i.e. customarily taken, in the ordinary course of the normal day-to-day operations of other companies that are in the same / similar line of business.

The Company shall adopt an appropriate framework to assess whether transactions with related parties are done in the ordinary course of business and Company adopts generally accepted practices and principles in determining whether the transaction is in the ‘Ordinary Course of Business’.

B. Broad Parameters to assess – Arm’s Length

For transactions between two related parties to be considered to be at Arm’s Length Pricing, the transaction should be conducted between the two parties as if the parties were unrelated, so that there is no conflict of interest i.e. Arm’s Length Pricing is the condition or the fact that the two related parties transact as independent (un-related) parties and on an equal footing from one or more of the following aspects viz. nature of goods / services, risk assumed, assets / resources employed, key terms / covenants.

In the absence of any guidelines on Arm’s Length Pricing in the Act, the Company shall adopt reasonable approach / methodology to demonstrate Arm’s Length Pricing for the specified Related Party Transactions identified, which shall, *inter alia,* include, the nature of the transaction, description of functions to be performed, risks to be assumed and assets to be employed, key terms / special terms in the arrangement forming part of a composite transaction;

The Company shall adopt an appropriate framework to assess whether transactions with related parties are done at an Arm’s Length and Company adopts generally accepted practices and principles in determining whether the transaction is at “Arm’s Length”.

C. Materiality Thresholds for Related Party Transactions

(a) The transactions with related parties in the ordinary course of business and at arm’s length within the monetary threshold (“***de minimis*** **threshold**”) as approved by the Audit Committee/Board, from time to time, will be placed before the Audit Committee for noting, on a half yearly basis.

(b) The Board has stipulated that transactions with related parties in the ordinary course of business and at arm's length that cross the *de minimis* threshold would require prior approval of the Audit Committee.

(c) The Company follows Materiality Thresholds for Related Party Transactions as per the Companies Act, 2013 and the applicable Rules framed thereunder for transactions with related parties which are not in the ordinary course of business and/or not at arm's length basis.

The Company shall institute appropriate framework to provide for approvals / noting of all Related Party Transactions to be in compliance with this Policy.

7. Disclosure

The Policy shall be published on the Company's website www.tatacapital.com.

Annexure D

Form No. AOC- 2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Amount (Rs. in lakh)	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount paid as advances, if any
1	Tata Capital Limited ("TCL")	Holding Company	a. Issue of Compulsorily Convertible Cumulative Preference Shares ("CCCPS")	55,500	9 years	Compulsorily Convertible into Equity Shares at the end of 9 years from the date of allotment or voluntary conversion at the option of the CCCPS holder. Rate of Dividend being 8.5% p.a. on a cumulative basis.	-
			b. Conversion of CCCPS to Equity Shares	40,800	Not Applicable	Voluntary Conversion of CCCPS into Equity Shares at a Fair Market Value of Rs. 72.37 per Equity Share, as per the Independent Valuation Report and in accordance with the terms of issuance.	-
			c. Inter Corporate Deposits ("ICDs") accepted during the year	4,78,207	Tenor upto 1 year	Cost of Funds at market borrowing rate.	-
			d. ICDs repaid during the year	4,58,089	Tenor upto 1 year	Not Applicable	-
			e. Dividend on CCCPS paid during the year*	7,354	Not Applicable	Interim Dividend paid for FY 2018-19 at the rate of 9% p.a. and 8.5% p.a., as may be applicable.	-

** An amount of Rs. 15.12 crore was paid as dividend distribution tax on the above interim dividend payments for FY 2018-19.*

Note:

1. Appropriate approvals have been taken for Related Party Transactions.
2. Materiality Thresholds for Reporting Related Party Transactions in the ordinary course of business and on an arm's length basis, is as per the Framework for Related Party Transactions adopted by the Company.

For and on behalf of the Board of Directors

Mumbai	**Rajiv Sabharwal**
April 26, 2019	**Chairman**

Annexure E

DETAILS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. **The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:**

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for FY 2018-19 is, as under:

Name of Director(s)	Ratio to Median
Mr. Mehernosh B. Kapadia	5.03:1
Ms. Anuradha E. Thakur	4.42:1
Mr. Ankur Verma[1]	0.77:1
Mr. R. Vaithianathan[2]	5.04:1
Mr. Anil Kaul[3]	76.16:1

Notes:

1. *Mr. Ankur Verma was appointed as a Non-Executive Director of the Company, with effect from April 12, 2018.*
2. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from end of day on May 21, 2018. The calculation of the ratio to median is calculated on the basis payment made to Mr. Vaithianathan during FY 2018-19, excluding the payment related to retirement.*
3. *Mr. Anil Kaul was appointed as the Managing Director and Key Managerial Personnel of the Company, with effect from July 18, 2018.*

Mr. Rajiv Sabharwal, Non-Executive Director and Mr. Govind Sankaranarayanan, Non-Executive Director, did not draw any remuneration from the Company. In view of the same, the ratio of their remuneration to the median remuneration of employees, has not been computed.

Mr. Govind Sankaranarayanan stepped down as a Non-Executive Director of the Company, with effect from August 24, 2018.

2. **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, or Manager, if any, in the financial year:**

The percentage increase in remuneration of Directors in FY 2018-19, is as under:

Name of Director(s)	% Increase in Remuneration
Mr. Mehernosh B. Kapadia[1]	242.86%
Ms. Anuradha E. Thakur	53.49%
Mr. R. Vaithianathan[2]	Not applicable
Mr. Ankur Verma[3]	Not applicable
Mr. Anil Kaul[3]	Not applicable

Notes:

1. *Mr. Mehernosh B. Kapadia was appointed as an Independent Director of the Company, with effect from October 24, 2017. Hence, the percentage change in remuneration paid during FY 2017-18 is not comparable to the remuneration paid during FY 2018-19.*
2. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from end of day on May 21, 2018. In view of the same, the percentage increase in his remuneration, has not been computed.*
3. *Mr. Ankur Verma was appointed as a Non-Executive Director of the Company, with effect from April 12, 2018 and Mr. Anil Kaul was appointed as the Managing Director and Key Managerial Personnel of the Company, with effect from July 18, 2018. In view of the same, the percentage increase in their remuneration, has not been computed.*

Mr. Rajiv Sabharwal, Non-Executive Director and Mr. Govind Sankaranarayanan, Non-Executive Director, did not draw any remuneration from the Company. In view of the same, the percentage increase in their remuneration, has not been computed.

Mr. Govind Sankaranarayanan stepped down as a Non-Executive Director of the Company, with effect from August 24, 2018.

The percentage increase in remuneration of Mr. S. Balakrishna Kamath, Chief Financial Officer, was 1.07%, as compared to FY 2017-18. Mr. Kamath resigned as the Company Secretary of the Company, with effect from the end of day on May 31, 2018.

Mr. Jinesh Meghani, Company Secretary, was appointed as the Company Secretary of the Company, with effect from June 1, 2018, hence the percentage increase in his remuneration, has not been computed.

3. The percentage increase in the median remuneration of employees in the financial year:

There is an increase in the median remuneration of employees in FY 2018-19 by 12.00% as compared to FY 2017-18.

4. The number of permanent employees on the rolls of Company:

The permanent employees on the rolls of Company as on March 31, 2019, were 1,249.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentage increase already made in the salaries of employees other than that of the managerial personnel in FY 2018-19 is 12.00% and the percentage increase in the overall managerial remuneration is 102.36%. There are no exceptional circumstances for increase in the Managerial Remuneration.

6. Affirmation that the remuneration is as per the Remuneration Policy of the Company:

It is affirmed that the remuneration paid is as per the Remuneration Policy adopted by the Company.

Annexure F

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U67190MH2008PLC187552

ii) Registration Date (Date of Incorporation): October 15, 2008

iii) Name of the Company: Tata Capital Housing Finance Limited

iv) a) Category: Company limited by shares

b) Sub-Category of the Company: Indian Non-Government Company

v) Address of the Registered office and contact details:

11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India.

Contact details:
Direct Number: 022 6606 9000
E-mail id: jinesh.meghani@tatacapital.com

vi) Whether listed company: yes. As per Section 2 (52) of the Companies Act, 2013, the Company is considered as a listed company as its Debentures are listed on the National Stock Exchange (India) Limited.

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Equity Shares and Preference Shares	**Non – Convertible Debentures issued on a Private Placement basis**
Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Tel: +91 040 67161500 Fax: +91 040 23420814 www.karvyfintech.com e-mail: hanumantha.patri@karvy.com	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011 Tel: 022 66568484 Fax: 022 66568494 Contact: Ms. Nandini Nair e-mail: nnair@tsrdarashaw.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	**Name and Description of main products / services**	**NIC Code of the Product / service**	**% to total turnover of the company**
1	Home Loan	64920	64
2	Home Equity	64920	23
3	Builder Loan	64920	13

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1.	Tata Capital Limited 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India.	U65990MH1991PLC060670	Holding Company	100%	Section 2(46)

IV. A. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Capital)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt		-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	25,33,33,332	25,33,33,332	100	30,97,10,300	-	30,97,10,300	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**-**	**25,33,33,332**	**25,33,33,332**	**100**	**30,97,10,300**	-	**30,97,10,300**	**100**	**0.00**
(2) **Foreign**									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		**25,33,33,332**	**25,33,33,332**	**100**	**30,97,10,300**	-	**30,97,10,300**	**100**	**0.00**

B. **Public Shareholding**									
1. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**25,33,33,332**	**25,33,33,332**	**100**	**30,97,10,300**	-	**30,97,10,300**	**100**	**0.00**

Note:

During FY 2018-19, 40,80,00,000 CCCPS of Rs. 10 each were converted to 5,63,76,968 Equity Shares of Rs. 10 each of the Company, as a result of Voluntary Conversion of CCCPS.

(ii) Shareholding of Promoters (Equity Share Capital):

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Tata Capital Limited	25,33,33,332	100	-	30,97,10,300	100	-	0.00
Total		**25,33,33,332**	**100**	**-**	**30,97,10,300**	**100**	**-**	**0.00**

Note:

During FY 2018-19, 40,80,00,000 CCCPS of Rs. 10 each were converted to 5,63,76,968 Equity Shares of Rs. 10 each of the Company, as a result of Voluntary Conversion of CCCPS.

(iii) Change in Promoters' Shareholding (Equity Share Capital) (please specify, if there is no change):

Sr. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (1.4.2018 to 31.3.2019)	
		No. of Shares at the beginning (1.4.2018)/end of the year (31.3.2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Tata Capital Limited	25,33,33,332	100	April 1, 2018	-	-	25,33,33,332	100
				February 1, 2019	Increase by 56,376,968	Voluntary conversion of CCCPS into Equity shares of the Company	30,97,10,300	100

(iv) Shareholding Pattern (Equity Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-

3.	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

The entire Equity Share Capital of the Company is held by the Promoters of the Company.

(v) Shareholding (Equity Share Capital) of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
3.	At the end of the year	-	-	-	-

The Directors and Key Managerial Personnel do not hold any Equity Shares of the Company.

B. SHARE HOLDING PATTERN (Preference Share Capital Breakup as percentage of Total Preference Capital)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) **Indian** a) Individual/HUF	-	-	-	-	-	-	-	-	-

b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	1,12,50,00,000	1,12,50,00,000	100	1,27,20,00,000	-	1,27,20,00,000	100	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	
f) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**-**	**1,12,50,00,000**	**1,12,50,00,000**	**100**	**1,27,20,00,000**	**-**	**1,27,20,00,000**	**100**	**0.00**
(2) **Foreign**									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other….	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-		-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		**1,12,50,00,000**	**1,12,50,00,000**	**100**	**1,27,20,00,000**	**-**	**1,27,20,00,000**	**100**	**0.00**

B. **Public Shareholding**									
3. **Institutions**									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
4. **Non-Institutions**									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian									
ii) Overseas									
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**1,12,50,00,000**	**1,12,50,00,000**	**100**	**1,27,20,00,000**	**-**	**1,27,20,00,000**	**100**	**0.00**

Note:

During FY 2018-19, the Company had issued 55,50,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") and 40,80,00,000 CCCPS were converted to 56,376,968 Equity Shares of the Company, as a result of Voluntary Conversion of CCCPS.

(ii) Shareholding (Preference Share Capital) of Promoters:

Sr. No.	Shareholder's Name	Type of Shares	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
			No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Tata Capital Limited	Compulsorily Convertible Cumulative Preference Shares	1,12,50,00,000	100	-	1,27,20,00,000	100	-	0.00
Total			**1,12,50,00,000**	**100**	**-**	**1,12,50,00,000**	**100**	**-**	**0.00**

Note:

During FY 2018-19, the Company had issued 55,50,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") and 40,80,00,000 CCCPS were converted to 56,376,968 Equity Shares of the Company, as a result of Voluntary Conversion of CCCPS.

(iii) Change in Promoters' Shareholding (Preference Share Capital) (please specify, if there is no change):

Sr. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (1.4.2018 to 31.3.2019)	
		No. of Shares at the beginning (1.4.2018)/end of the year (31.3.2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Tata Capital Limited	1,12,50,00,000	100	April 1, 2018	-	-	1,12,50,00,000	100
				August 1, 2018	8,50,00,000	Allotment on a Rights basis	1,21,00,00,000	100
				September 5, 2018	5,00,00,000	Allotment on a Rights basis	1,26,00,00,000	100
				December 28, 2018	15,00,00,000	Allotment on a Rights basis	1,41,00,00,000	100
				February 1, 2019	(40,80,00,000)	Voluntary conversion of CCCPS in to Equity shares of the Company	1,00,20,00,000	100

				March 26, 2019	27,00,00,000	Allotment on a Rights basis	1,27,20,00,000	100

Notes:

1. *During FY 2018-19, the Company had issued 55,50,00,000 Compulsorily Convertible Cumulative Preference Shares ("CCCPS") and 40,80,00,000 CCCPS were converted to 56,376,968 Equity Shares of the Company, as a result of Voluntary Conversion of CCCPS.*
2. *All the allotments were made to Tata Capital Limited, the holding company on a 'Rights basis'.*

(iv) Shareholding Pattern (Preference Share Capital) of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): For each of the Top 10 Shareholders

Sr. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
3.	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

The entire Preference Share Capital of the Company is held by the Promoters of the Company.

(v) Shareholding (Preference Share Capital) of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Share holding during the	-	-	-	-

	year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)				
3.	At the end of the year	-	-	-	-

The Directors and Key Managerial Personnel do not hold any Preference Shares of the Company.

V. INDEBTEDNESS

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

(Rs. In lakh)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,31,222.15	6,05,742.86	–	19,36,965.01
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	20,537.38	3,535.23	–	24,072.61
Total (i+ii+iii)	**13,51,759.53**	**6,09,278.09**	**–**	**19,61,037.62**
Change in Indebtedness during the financial year				
• Addition	16,78,756.78	18,15,825.45	–	34,94,582.23
• Reduction	(9,45,634.81)	(18,76,264.62)	–	(28,21,899.43)
Net Change	**7,33,121.97**	**(60,439.17)**	**–**	**6,72,682.80**
Indebtedness at the end of the financial year				
i) Principal Amount	20,14,058.57	5,45,303.68	–	25,59,362.25
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16,832.48	3,381.15	–	20,213.63
Total (i+ii+iii)	**20,30,891.05**	**5,48,684.83**	**–**	**25,79,575.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Name of MD/WTD/ Manager	Total Amount
		Mr. R Vaithianathan[1]	Mr. Anil Kaul[2]	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 218.22* 1.84 -	 402.66 0.28 -	 620.88 2.12 -
2.	Stock Option	-	33.15	33.15
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-
5.	Others (Retirals and other Benefits)	0.64	18.62	19.26
	Total (A)	**220.70**	**454.71**	**675.41**
	Ceiling as per the Act			924.85

** Includes payments made towards Leave encashments and Gratuity on retirement.*

Notes:

1. *Mr. R. Vaithianathan retired as the Managing Director of the Company, with effect from the end of day on May 21, 2018.*
2. *Mr. Anil Kaul was appointed as the Managing Director of the Company, with effect from July 18, 2018.*
3. *The Remuneration details above includes Commission of FY 2018-19 to be paid in FY 2019-20.*
4. *The compensation cost shown under Stock Options in the table above, represents the Fair Value of the Stock Options in accordance with Indian Accounting Standards.*

B. Remuneration to other directors:

(Rs. in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Mr. Mehernosh B. Kapadia	Ms. Anuradha E Thakur	
	• Fee for attending board / committee meetings	15.00	11.40	26.40
	• Commission	15.00	15.00	30.00
	• Others, please specify	-	-	-

	Total (1)	**30.0**	**26.40**	**56.40**
2	Other Non-Executive Directors	Mr. Ankur Verma[2]		
	• Fee for attending board / committee meetings	4.60		4.60
	• Commission	-		-
	• Others, please specify	-		-
	Total (2)	**4.60**		**4.60**
	Total (B)=(1+2)			**61.00**
	Total Managerial Remuneration			708.68
	Overall Ceiling as per the Act			2,034.67

Notes:

1. *The Remuneration details as mentioned above include sitting fees paid in FY 2018-19 and Commission for FY 2018-19 to be paid in FY 2019-20 .*
2. *Mr. Ankur Verma was appointed as an Additional Director of the Company, with effect from April 12, 2018.*

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

(Rs. in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Person			
		CEO	CFO: Mr. S Balakrishna Kamath[1]	Company Secretary: Mr. Jinesh Meghani[2]	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	56.24	27.79	84.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	8.07	0.08	8.15
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-			
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-
5.	Others (Retirals and other Benefits)	-	8.42	2.24	10.66
	Total	**-**	**72.74**	**30.11**	**102.85**

Notes:

1. Mr. S Balakrishna Kamath resigned as the Company Secretary of the Company, with effect from the end of day on May 31, 2018.
2. Mr. Jinesh Meghani was appointed as the Company Secretary of the Company, with effect from June 1, 2018.
3. The Remuneration details above includes Performance Pay of FY 2018-19 to be paid in FY 2019-20.
4. The compensation cost shown under Stock Options in the table above, represents the Fair Value of the Stock Options in accordance with Indian Accounting Standards.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Mumbai
April 26, 2019

Rajiv Sabharwal
Chairman

Annexure G

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry structure and developments

Please refer to Para 2 of the Board's Report.

2. Opportunities and Threats

The Housing Finance sector in India is large with significant growth potential and has consistently created value for its shareholders. The Housing Finance sector has a double digit credit market share and has consistently gained market share from banks over the last 10 years. The growth in the sector appears sustainable as India has low mortgage penetration. Further, many structural factors are supportive of growth in Housing Finance Companies namely favourable demographics, increasing urbanization, Government of India's focus on "Housing for All by 2020", infrastructure status accorded to Affordable Housing and a favorable regulatory environment. The Real Estate (Regulation and Development) Act, 2016, would help in protecting the interest of the consumer and promoting the growth of the real estate sector in an environment of trust, confidence, credible transactions and efficient time bound execution of projects. In order for the sector to sustain its advantages, companies in the sector need to grow in a prudent manner while focusing on financial innovation, analytics, digital and adequate risk management systems and procedures.

The growth in institutional housing finance in the past was largely skewed towards the higher and middle income segments, based on the supply side factors. This led to accumulation of housing shortage in the lower and economically weaker segments. However, with the introduction of Pradhan Mantri Awas Yojna, Credit Linked Subsidy Scheme for the Economically Weaker Sections and Low Income Groups and Schemes for the Middle Income Group, the demand in the affordable housing segment will increase.

The National Housing Bank ("NHB") constantly issues new regulations and / or modifies existing regulations so as to balance the multiple objectives of financial stability, consumer and depositor protection and concerns regarding regulatory arbitrage.

A balance in the mix of the portfolio and leveraging the cross-sell potential will enable the Company to emerge as a preferred partner for the housing finance needs of the customer. We believe our digital assets across the social media, mobile and the web provide reach, operating efficiency and improved customer experience will be an opportunity for us to capitalize on in the coming years.

As is well known that asset quality deterioration may not only wipe out the profits of the Company but may eat into its Net Worth, the Company, therefore, needs to ensure that it maintains minimal delinquency levels through adequate levels of provisioning and well developed capabilities for debt management. It will be critical to retain talent at the right cost for effectively building a high performance organization with an engaged and young workforce.

Adequate funding, at the right cost and tenure will be critical to achieve business growth.

Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and in the competitive landscape. With new housing finance companies, small banks, and fintech companies entering the market place, the Company needs to maintain its competitive edge through constant adaptation and by creating strategies to protect its niche areas.

3. Segment–wise or product-wise performance of the Company

Please refer to Para 3 of the Board's Report.

4. Outlook

As a strategy, the Company will aim to maintain a balanced mortgage Loan book between home loan and non-home loan segments with a clear focus on high profitable products and programs. The Company will keep growing its disbursements significantly across geographies to become one of the major players amongst the Housing Finance Companies in India over the next few years.

5. Risks and Concerns

Please refer to Para 8 of the Board's Report.

6. Internal control systems and their adequacy

Please refer to Para 9 of the Board's Report.

7. Discussion on financial performance with respect to operational performance

Please refer to Para 3 of the Board's Report.

8. Material developments in Human Resources / Industrial Relations front, including number of people employed

Please refer to Para 13 of the Board's Report.

Audited Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of
Tata Capital Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Tata Capital Housing Finance Limited

Key Audit Matters

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

<table>
<tr><td colspan="2">Transition date accounting policies</td></tr>
<tr><td colspan="2">Refer to the accounting policies in the Financial Statements: Significant Accounting Policies- 'Basis of preparation' and 'Note 3 to the Financial Statements: Explanation of transition to Ind AS'</td></tr>
<tr><td>Adoption of new accounting framework (Ind AS)

Effective 1 April 2018, the Company adopted the Indian Accounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017.

The following are the major impact areas for the Company upon transition:

- Classification and measurement of financial assets and financial liabilities
- Measurement of loan losses (expected credit losses)
- Accounting for loan fees and costs
- Accounting for employee stock options

The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.</td><td>Our key audit procedures included:

▪ Evaluated management's transition date choices and exemptions for compliance/acceptability under Ind AS 101.

▪ Understood the methodology implemented by management to give impact on the transition.

▪ Assessed the accuracy of the computations related to significant Ind AS adjustments

▪ Tested the select system reports with the help of our IT specialists to check the completeness and accuracy of the data and reports used to perform computations for giving effect to Ind AS transition adjustments.

▪ Confirmed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under Ind AS 101.

▪ Assessed areas of significant estimates and management judgment in line with principles under Ind AS.

▪ Assessed the appropriateness of the disclosures made in the financial statement.</td></tr>
</table>

Key Audit Matters ***(Continued)***

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment on financial instruments

Charge: INR 20,210 lakh for year ended 31 March 2019
Provision: INR 32,528 lakh at 31 March 2019</td></tr>
<tr><td colspan="2">Refer to the accounting policies in ‘Note 2.ix to the Financial Statements: Financial Instruments’ and ‘Note 2.iv to the Financial Statements: Significant Accounting Policies- use of estimates and judgments’ and ‘Note 38’ to the Financial Statements: Financial risk review: Credit risk ‘Note 38(A)’</td></tr>
<tr><td>Subjective estimate

Recognition and measurement of impairment of loans involve significant management judgement.

With the applicability of Ind AS 109: Financial Instruments, credit loss assessment is now based on expected credit loss (‘ECL’) model. The Company’s impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.

The most significant areas are:

- Segmentation of loan book
- Loan staging criteria
- Calculation of probability of default / loss given default
- Consideration of probability weighted scenarios and forward looking macro-economic factors
- Management overlays</td><td>Our audit procedures included:

Design and operating effectiveness of controls

• Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice.

• We obtained an understanding of the management’s new / revised processes, systems and controls implemented in relation to impairment allowance process.

• Assessed the design and implementation of key internal financial controls over loan impairment process used to determine the impairment charge.

• We used our internal specialist to test the model methodology and reasonableness of assumptions used.

• We tested the management review controls over measurement of impairment allowances and disclosures in financial statements.

Substantives tests

• We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.

• Test of details over calculation of impairment allowance to assess the completeness, accuracy and relevance of data.</td></tr>
</table>

Tata Capital Housing Finance Limited

Key Audit Matters ***(continued)***

Key audit matter	**How the matter was addressed in our audit**
Impairment on financial instruments (continued) There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	• The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.

Key audit matter	**How the matter was addressed in our audit**
Information technology	
IT systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for overall financial reporting. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures included the following: • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these control remained unchanged during the year or were changed following the standard change management process. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

Key Audit Matters *(continued)*

Key audit matter	How the matter was addressed in our audit
Information technology (continued)	• Other areas that were independently assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. • Obtained report related to information technology audit carried out by the subject matter expert engaged by the management and assessed the impact if any on our audit procedures.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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

The comparative financial information of the Company for the transition date opening balance sheet as at 1 April 2017 included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31 March 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report dated 28 April 2017 expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements ***(Continued)***

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

i. The Company does not have any pending litigations as at 31 March 2019 which would impact its financial position;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 36.10.1 and 36.12 to the financial statements;

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

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

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No. 046882

Mumbai
26 April 2019

Annexure A to the Independent Auditor's Report of even date on the financial statements of Tata Capital Housing Finance Limited

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

b. The Company has a program of verification to cover all the items of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all the fixed assets were physically verified by management during the year ended 31 March 2017. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. According the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property included in property, plant and equipment are held in the name of the Company.

(ii) The Company is a Housing Finance Company ('HFC') and does not have any inventories. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.

(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 Companies Act, 2013 (the 'Act'). Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees under Section 185 of the Act and has complied with the provisions of Section 186 (1) of the Act. The Company being a housing finance company, nothing contained in Section 186 is applicable, except subsection (1) of that section.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government of India has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.

(vii) a. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

Annexure A to the Independent Auditor's Report of even date on the financial statements of Tata Capital Housing Finance Limited *(Continued)*

b. According to the information and explanations given to us, the Company did not have any dues on account of income tax, sales tax, service tax, duty of customs, value added tax, goods and service tax and duty of excise which have not been deposited on account of dispute.

(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 borrowing to financial institutions, banks, or debenture holders during the year. During the year, the Company did not have any loans or borrowing from the Government.

(ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the accompanying financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of clause 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of clause 3(xv) of the Order is not applicable.

Annexure A to the Independent Auditor's Report of even date on the financial statements of Tata Capital Housing Finance Limited *(Continued)*

(xvi) The Company is a HFC is registered with National Housing Bank and thus is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
26 April 2019

Annexure B to the Independent Auditor's Report of even date on the financial statements of Tata Capital Housing Finance Limited

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Opinion

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Annexure – B to the Independent Auditor’s Report *(Continued)*

Tata Capital Housing Finance Limited

Auditor’s Responsibility ***(Continued)***

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Reporting

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Reporting

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
26 April 2019

TATA CAPITAL HOUSING FINANCE LIMITED

BALANCE SHEET AS AT MARCH 31, 2019

(Rs. in lakh)

Particulars	Note	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents	4	13,276	6,952	8,318
(b) Bank balances other than (a) above	5	51,708	26	-
(c) Derivative financial instruments	39.12	347	-	-
(d) Receivables				
(i) Trade receivables	6	462	396	5
(ii) Other receivables		-	-	-
(e) Loans	7	2,649,354	2,043,987	1,700,371
(f) Investments	8	369	281	251
(g) Other financial assets	9	338	170	247
Total Financial assets		**2,715,854**	**2,051,812**	**1,709,192**
(2) Non-Financial assets				
(a) Current tax assets (Net)		312	80	309
(b) Deferred tax assets (Net)	10	12,001	10,892	7,085
(c) Investment Property	11	397	416	273
(d) Property, plant and equipment	11	2,541	1,481	1,124
(e) Capital work-in-progress	11	66	174	137
(f) Intangible assets under development	11	9	725	326
(g) Goodwill		-	-	-
(h) Other intangible assets		-	-	-
(i) Other non-financial assets	12	7,121	5,240	4,923
Total Non-Financial assets		**22,447**	**19,008**	**14,177**
Total Assets		**2,738,301**	**2,070,820**	**1,723,369**
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Derivative financial instruments	39.12	372	-	-
(b) Payables				
(i) Trade payables				
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13	6,489	4,913	3,769
(c) Debt Securities	14	401,921	427,138	504,769
(d) Borrowings (Other than debt securities)	15	2,093,694	1,444,486	1,032,683
(e) Deposits		-	-	-
(f) Subordinated liabilities	16	62,283	64,770	64,679
(g) Other financial liabilities	17	23,844	28,155	36,555
Total Financial liabilities		**2,588,603**	**1,969,462**	**1,642,455**
(2) Non-Financial liabilities				
(a) Current tax liabilities (Net)		2,900	2,613	1,571
(b) Provisions	18	32,929	34,194	24,650
(c) Other non-financial liabilities	19	15,975	12,514	11,730
Total Non-Financial liabilities		**51,804**	**49,321**	**37,951**
(3) Equity				
(a) Share capital	20	30,971	25,333	25,333
(b) Other equity	21	66,923	26,704	17,630
Total equity		**97,894**	**52,037**	**42,963**
Total Liabilities and Equity		**2,738,301**	**2,070,820**	**1,723,369**
Significant accounting policies	2			
See accompanying notes forming part of the financial statements	1-39			

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

Rajiv Sabharwal
(Chairman)
(DIN No. : 00057333)

Mehernosh B. Kapadia
(Director)
(DIN No. : 00046612)

Anuradha E. Thakur
(Director)
(DIN No. : 06702919)

Manoj Kumar Vijai
Partner
Membership No: 046882

Ankur Verma
(Director)
(DIN No. : 07972892)

Anil Kaul
(Managing Director)
(DIN No. : 00644761)

S Balakrishna Kamath
(Chief Financial Officer)

Jinesh Meghani
(Company Secretary)

Place: Mumbai
Date : April 26, 2019

Place: Mumbai
Date : April 26, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakh)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	**Revenue from operations**			
(i)	Interest Income	22	233,013	185,577
(ii)	Dividend Income		-	-
(iii)	Rental Income		-	-
(iv)	Fees and commission Income		3,281	3,442
(v)	Net gain on fair value changes	23	2,467	210
(vi)	Net gain on derecognition of investment		-	-
(vii)	Sale of services		-	-
II	**Other income**	24	5,240	3,472
III	**Total Income (I+II)**		**244,001**	**192,701**
IV	**Expenses**			
(i)	Finance costs	25	177,451	135,165
(ii)	Fees and commission expense		-	-
(iii)	Net loss on fair value changes		-	-
(iv)	Impairment of investment		-	-
(v)	Impairment on financial instruments	27	20,210	13,915
(vi)	Employee benefits expense	26	16,967	11,745
(vii)	Depreciation, amortisation expense and impairment	11	590	418
(viii)	Other expenses	28	16,046	12,571
	Total expenses (IV)		**231,264**	**173,814**
V	**Profit/(loss) before exceptional items and tax (III-IV)**		**12,737**	**18,887**
VI	**Exceptional Items**		**-**	**-**
VII	**Profit/(loss) before tax (V-VI)**		**12,737**	**18,887**
VIII	Tax expense			
	(1) Current tax	10.1	8,797	13,933
	(2) Deferred tax	10.1	(1,109)	(3,807)
	Net tax expense		7,688	10,126
IX	**Profit before the period from continuing operations (VII-VIII)**		**5,049**	**8,761**
X	Profit from discontinued operations before tax		-	-
XI	Tax expense of discontinued operations		-	-
XII	**Profit from discontinued operations (after tax) (X-XI)**		**-**	**-**
XIII	**Profit for the period (IX+XII)**		**5,049**	**8,761**
XIV	**Other Comprehensive Income**			
	(i) Items that will not be reclassified subsequently to statement of profit and loss			
	(a) Remeasurement of defined employee benefit plans	10.1	(76)	50
	(ii) Income tax relating to items that will not be reclassified to profit or loss	10.1	27	(17)
	Total Other Comprehensive Income/(Losses)		**(49)**	**33**
XV	**Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit/(Loss) and Other Comprehensive Income for the period)**		**5,000**	**8,794**
XVI	**Earnings per equity share (for continuing operation):**			
	(1) Basic (Rs.)		**2.58**	**4.36**
	(2) Diluted (Rs.)		**2.58**	**4.36**
XVII	**Earnings per equity share (for discontinuing operation):**			
	(1) Basic (Rs.)		**-**	**-**
	(2) Diluted (Rs.)		**-**	**-**
XVIII	**Earnings per equity share(for discontinued and continuing operations)**			
	(1) Basic (Rs.)		**2.58**	**4.36**
	(2) Diluted (Rs.)		**2.58**	**4.36**
	Significant accounting policies	2		
	See accompanying notes forming part of the financial statements	1-39		

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

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(DIN No. : 00057333)

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Partner
Membership No: 046882

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(DIN No. : 00644761)

S Balakrishna Kamath
(Chief Financial Officer)

Jinesh Meghani
(Company Secretary)

Place: Mumbai
Date : April 26, 2019

Place: Mumbai
Date : April 26, 2019

TATA CAPITAL HOUSING FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

a. Equity share capital

Particulars	Note	Rs. in Lakh
Balance as at April 1, 2017	20	**25,333**
Changes in equity share capital during the year		**-**
Balance at March 31, 2018	20	**25,333**
Changes in equity share capital during the year		**5,638**
Balance at March 31, 2019	20	**30,971**

b. Other equity (Refer Note 21 below)

(Rs. in lakh)

Particulars	Equity component of compound financial instruments	Reserves and surplus					Items of OCI	Total "Other equity"
		Securities premium	Special Reserve Account	Retained earnings	ESOP Reserve	General Reserve	Remeasurement of defined benefit liability /asset	
Balance at April 1, 2017	-	2,267	10,735	4,628	-	-	-	**17,630**
Profit for the year	-	-	-	8,761	-	-	-	**8,761**
Transfer to ESOP Reserve	-	-	-	-	201	-	-	**201**
Transfer to General Reserve	-	-	-	-	-	79	-	**79**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	33	**33**
Total	**-**	**-**	**-**	**8,761**	**201**	**79**	**33**	**9,074**
Transfer to Special Reserve Account	-	-	4,284	(4,284)	-	-	-	**-**
Balance at March 31, 2018	**-**	**2,267**	**15,019**	**9,105**	**201**	**79**	**33**	**26,704**
Profit for the year	-	-	-	5,049	-	-	-	**5,049**
Transfer from ESOP Reserve	-	-	-	-	(22)	-	-	**(22)**
Transfer to General Reserve	-	-	-	-	-	79	-	**79**
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(49)	**(49)**
Total	**-**	**-**	**-**	**5,049**	**(22)**	**79**	**(49)**	**5,057**
Transfer to Special Reserve Account	-	-	2,792	(2,792)	-	-	-	**-**
Addition to Securities Premium Account	-	35,162	-	-	-	-	-	**35,162**
Balance at March 31, 2019	**-**	**37,429**	**17,811**	**11,362**	**179**	**158**	**(16)**	**66,923**

See accompanying notes forming part of the financial statements

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

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(DIN No. : 00644761)

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(Chief Financial Officer)

Jinesh Meghani
(Company Secretary)

Place: Mumbai
Date : April 26, 2019

Place: Mumbai
Date : April 26, 2019

TATA CAPITAL HOUSING FINANCE LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1 CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	12,737	18,887
Adjustments for :		
Amortisation of Ancillary borrowing cost	597	746
Depreciation and amortisation	590	418
Loss/(profit) on sale of property, plant & equipment (net)	2	(0)
Interest expenses	152,242	116,455
Discounting charges on commercial paper	24,624	18,710
Discounting charges on debentures	585	-
Interest income	(233,013)	(185,577)
Net gain on fair value changes	(2,467)	(210)
Unrealised exchange loss	375	-
Provision for leave encashment	117	41
Impairment allowance - stage I, II & III	20,164	13,915
Provision against trade receivables	46	-
	(23,401)	(16,616)
Adjustments for :		
(Increase) in trade receivables	(66)	(391)
(Increase) in Loans	(621,646)	(347,251)
(Increase) / Decrease in - Other financial asset	(168)	77
(Increase) in - Other non-financial assets	(1,854)	(311)
Increase in Trade payables	2,112	1,279
(Decrease) in Other financial liabilities	(458)	(1,001)
Increase / (Decrease) in Provisions	(27)	7
Increase in Other non-financial liabilities	4,640	2,606
Cash used in operations before adjustments for interest received and interest paid	(640,867)	(361,600)
Interest paid	(169,858)	(134,849)
Interest received	225,162	182,419
Cash used in operations	(585,563)	(314,030)
Taxes paid (net off refunds)	(8,715)	(12,679)
Net Cash Used In Operating Activities (A)	**(594,278)**	**(326,709)**
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment (including capital advances)	(838)	(1,211)
Purchase of investment property	-	(159)
Proceeds from sale of property, plant & equipment	10	10
Purchase of long-term investments	-	-
Purchase of mutual fund units	(8,789,366)	(864,512)
Proceeds from redemption of mutual fund units	8,791,770	864,692
Proceeds from sale of long-term investments	-	-
Fixed deposits with banks having maturity over 3 months	(51,615)	(25)
Net Cash Used In Investing Activities (B)	**(50,039)**	**(1,205)**
3 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Compulsory Convertible Cumulative Preference share capital	55,500	30,100
Payment of Ancillary borrowing cost	(1,585)	(282)
Interim dividend paid on equity and preference shares (including dividend distribution tax)	(8,924)	(9,685)
Proceeds from borrowings (Other than debt securities)	3,348,440	1,900,710
Proceeds from Debt Securities	90,430	109,500
Repayment of Borrowings (Other than debt securities)	(2,715,191)	(1,516,455)
Repayment of Debt Securities	(115,530)	(187,340)
Repayment of Subordinated liabilities	(2,500)	-
Net Cash Generated From Financing Activities (C)	**650,641**	**326,548**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(Rs. in lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net Increase / (Decrese) In Cash And Cash Equivalents (A+B+C)	**6,324**	**(1,366)**
Cash And Cash Equivalents As At The Beginning Of The Year	**6,952**	**8,318**
Cash And Cash Equivalents As At The End Of The Year	**13,276**	**6,952**
Significant accounting policies See accompanying notes forming part of the financial statements		

In terms of our report of even date

For and on behalf of the Board of Directors

For B S R & Co. LLP
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S Balakrishna Kamath
(Chief Financial Officer)

Jinesh Meghani
(Company Secretary)

Place: Mumbai
Date : April 26, 2019

Place: Mumbai
Date : April 26, 2019

Notes forming part of the Standalone Financial Statements

1. CORPORATE INFORMATION

Tata Capital Housing Finance Limited (the "Company") is a wholly owned subsidiary of Tata Capital Limited and a Systemically Important Non Deposit Accepting Housing Finance Company ("HFC"), holding a Certificate of Registration from the National Housing Bank ("NHB") dated April 2, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2018 with effective transition date as April 1, 2017. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP" or "previous GAAP").

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no 3.

The Company is regulated by the National Housing Bank ('NHB'). The NHB periodically issues/amends directions, regulations and/or guidance (collectively "Regulatory Framework") covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the Company in preparing its financial statements. The financial statements for the current and previous year may need to undergo changes in measurement and / or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.

The financial statements have been authorised for issue by the Board of Directors on April 26, 2019.

ii. Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Amounts in the financial statements are presented in Indian Rupees in Lakh.

iii. Basis of preparation and presentation

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 as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

Measurement of fair values:

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.

Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering the following measurement methods:

Items	**Measurement basis**
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date

b) Level 2: inputs are other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date.

Valuation model and framework used for fair value measurement and disclosure of financial instrument:

Refer note 36A and 36B.

iv. Use of estimates and judgements

The preparation of financial statements requires the management of the Company to make judgements, assumptions and estimates that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed as applicable in the respective notes to accounts. Accounting estimates could change from period to period. Future results could differ from these estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effect are disclosed in the notes to the financial statements.

Judgements:

Information about judgements made in applying accounting policies that have most significant effect on the amount recognised in the financial statements is included in the following note:

- Note ix - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation of uncertainties:

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2019 are included in the following notes:

- Note x - impairment test of non-financial assets: key assumption underlying recoverable amounts.

- Note x - useful life of property, plant, equipment and intangibles.
- Note xvii – recognition of deferred tax assets: availability of future taxable profit against which carry forward deferred tax asset can be set off.
- Notes xx – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 35 – measurement of defined benefit obligations: key actuarial assumptions.
- Note 36C – determination of the fair value of financial instruments with significant unobservable inputs.
- Note 37 A (iii) – impairment of financial instruments: assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit loss (ECL).
- Note 37 A (iii) – impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

v. Interest

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.

Interest income and expense are recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

The calculation of the EIR includes all fees paid or received that are incremental and directly attributable to the acquisition or issue of a financial asset or liability.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the Interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

vi. Income from services and distribution of financial products

Fees for financial advisory services are accounted as and when the service is rendered provided there is reasonable certainty of its ultimate realisation.

vii. Dividend income

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the Company's right to receive dividend is established.

viii. Leases

Leases are classified as operating lease where significant portion of risks and reward of ownership of assets acquired under lease is retained by the lessor. Leases of assets under which substantially all of the risks and rewards of ownership are effectively retained by the lessee are classified as finance lease.

Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return. The principal amount received reduces the net investment in the lease and interest is recognised as revenue.

Lease rentals under operating leases (excluding amount for services such as insurance and maintenance) are recognised on a straight-line basis over the lease term, except for increase in line with expected inflationary cost.

ix. Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet on trade date when the Company becomes a party to the contractual provisions of the instrument. Loan is recorded upon remittance of the funds.

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 measured 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:

a) 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 profit or loss on initial recognition (i.e. day 1 profit or loss);

b) 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.

a) Financial assets

Classification

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

1) amortised cost;

2) fair value through other comprehensive income (FVTOCI); or

3) fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial asset is recognised on trade date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortised cost and Financial asset measured at fair value through other comprehensive income is presented at gross carrying value in the Financial statements. Unamortised transaction cost and incomes and impairment allowance on Financial asset is shown separately under the heading "Other non-financial asset", “Other non-financial liability" and "Provisions" respectively.

Assessment of Business model

An assessment of the applicable business model 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 together to achieve a particular business objective. The Company’s business model does not depend on management’s intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company could have more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company’s business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

1) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity’s key management personnel and board of directors;

2) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed;

3) how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

4) At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business model/(s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

Based on the assessment of the business models, the Company has identified the three following choices of classification of financial assets:

a) Financial assets that are held within a business model whose objective is to collect the contractual cash flows ("Asset held to collect contractual cash-flows"), and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost;

b) Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, ("Contractual cash flows of Asset collected through hold and sell model") and that have contractual cash flows that are SPPI, are measured at FVTOCI.

c) All other financial assets (e.g. managed on a fair value basis or held for sale) and equity investments are measured at FVTPL.

Financial asset at amortised cost

Amortised cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. 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). Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or commodity prices and are related to a basic lending arrangement, do give rise to 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.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as "Contractual cash flows of Asset collected through hold and sell model and SPPI", such financial assets are classified to be measured at FVTOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealised gain/loss is recorded in other comprehensive income (OCI). Where such a similar product is not originated in the month of reporting, the closest product origination is used as a proxy. Upon sale of the financial asset, actual gain/loss realised is recorded in the Statement of Profit and Loss and the unrealised gain/losses is recorded in OCI are recycled to the Statement of Profit and Loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortized cost or FVTOCI, is classified as at FVTPL. In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). Financial assets included within the

FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Investments in equity and mutual fund

Investment in equity and mutual fund are classified as FVTPL and measured at fair value with all changes recognised in the Statement of Profit and Loss. Upon initial recognition, the Company, on an instrument-by-instrument basis, may elect to classify equity instruments other than held for trading either as FVTOCI or FVTPL. Such election is subsequently irrevocable. If FVTOCI is elected, all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the gains or losses from OCI to the Statement of Profit and Loss, even upon sale of investment. However, the Company may transfer the cumulative gain or loss within other equity upon realisation.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment of Financial Asset

Impairment approach

The Company is required to recognise expected credit losses (ECLs) based on forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is applicable on equity investments.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognised for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVTOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

1. Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1. The Company has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets.

2. Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

3. Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. ECL is recognised on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied.

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

1. Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.
2. Qualitative test: Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring. High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress.
3. Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met.

The definition of default for the purpose of determining ECLs has been aligned to the National Housing Bank definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due. The Company continues to incrementally provide for the asset post initial recognition in Stage 3, based on its estimate of the recovery.

In line with the above policy, the Company has thus fully provided for/ written off the entire receivables in the current financial year as per table below:

Product	**Overdue criteria**
Home Loans	15 months and above
Loan against property	15 months and above
Construction Finance	15 months and above

The measurement of all expected credit losses for financial assets held at the reporting date are based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

Inputs, assumptions and estimation techniques used for estimating ECL:

Refer note 37 A (iii)

Impairment of Trade receivable

Impairment allowance on trade receivables is made on the basis of life time credit loss method, in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Modification and De-recognition of financial assets

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1) the rights to receive cash flows from the asset have expired, or

2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Write-off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

Presentation of ECL allowance for financial asset:

Type of Financial asset	Disclosure
Financial asset measured at amortised cost	shown separately under the head "provisions" and not as a deduction from the gross carrying amount of the assets
Financial assets measured at FVTOCI	
Loan commitments and financial	shown separately under the head

guarantee contracts	“provisions”

Where a financial instrument includes both a drawn and an undrawn component and the Company cannot identify the ECL on the loan commitment separately from those on the drawn component, the Company presents a combined loss allowance for both components under “provisions”.

Financial liability, Equity and Compound Financial Instruments

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

A financial liability is 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 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 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.

Classification

The Company classifies its financial liability as "Financial liability measured at amortised cost" except for those classified as financial liabilities measured at fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that is attributable to the acquisition of the financial liability. Cost equates the fair value on acquisition. Company may irrevocably designate a financial liability that meet the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

De-recognition 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 profit or loss.

Equity

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. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (e.g. cumulative compulsorily convertible preference shares CCCPS) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument in to variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost.

b) Derivative Financial Instruments

The Company uses derivative financial instrument such as foreign currency forward cover contract to mitigate foreign exchange rate risk. Derivatives are initially recognised at fair value as on the date of entering into a derivative contract and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognised in profit or loss immediately since the derivative is not designated as a hedging instrument. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

c) Cash, Cash equivalents and bank balances

Cash, Cash equivalents and bank balances include fixed deposits, margin money deposits, and earmarked balances with banks are carried at amortised cost. 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.

x. Property, plant and equipment

a. Tangible

Tangible property, plant and equipment (PPE) acquired by the Company are reported at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost includes any cost attributable for bringing an asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for their intended use. 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.

b. Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c. Intangible

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 the acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred.

d. Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

e. Depreciation and Amortisation

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible property, plant and equipment deployed for own use has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Buildings, Computer Equipment networking assets, Plant & Machinery and Vehicles, in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc. 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. Depreciation for additions to/deductions from owned assets is calculated pro rata to the remaining period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased.

Purchased software / licenses are amortised over the estimated useful life during which the benefits are expected to accrue, while Goodwill if any is tested for impairment at each Balance Sheet date. 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.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life
Leasehold Improvements	As per lease period
Furniture and Fixtures	10 years
Computer Equipment	4 years
Office Equipment	5 years
Vehicles	4 years
Software Licenses	1 to 10 years
Buildings	25 years
Plant & Machinery	10 years

f. Investment property

Properties held to earn rentals and/or capital appreciation are classified as Investment properties and measured and reported at cost, including transaction costs. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

g. Impairment of assets

Upon an observed trigger or at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property 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 cost 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 so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

h. De-recognition of property, plant and equipment and intangible asset

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 PPE 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. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss.

xi. **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.

xii. Employee Benefits

Defined Employee benefits include provident fund, superannuation fund, employee state insurance scheme.

Defined contribution benefits includes gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the Employee's Provident Scheme, 1952 is recognised as an expense in the year in which it is determined.

The Company's contribution to superannuation fund 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 and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement 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 OCI. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

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

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year 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. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Share based payment transaction

The stock options of the Parent Company are granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The amount recognised as expense is based on the estimate of the number of options for which the related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. For share-based options with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the 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 arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as an expense in respect of such grant is transferred to the general reserve within other equity, which a free reserve in nature.

xiii. Securities premium account

The Company records premium:

1. On issuance of new equity shares above par value;

2. On conversion of CCCPS into equity shares above par value.

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

xiv. Foreign currencies transactions

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

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.

xv. Operating Segments

The Company is engaged in the business of providing loans for purchase, construction, repairs and renovation etc., of houses/ flats to individuals and corporate bodies and has it's operations within India. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors.

xvi. Earnings per share

Basic earnings per share has been computed by adding back the dividend on CCCPS along with dividend distribution tax (DDT) to the net income and dividing the same by the weighted average number of shares outstanding during the year including potential weighted average number of equity shares that could arise on conversion of preference shares. Partly paid up equity share is included as fully paid equivalent 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

xvii. Taxation

Income Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss, other comprehensive income or directly in equity when they relate to items that are recognized in the respective line items.

Current Tax

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

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

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. Deferred tax assets are recognised 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 realised 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.

xix. Goods and Services Input Tax Credit

Goods and Services Input tax credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits.

xx. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

(i) an entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) 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:

(i) 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

(ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

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 are not recognised in the financial statements

xxi. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amount of contracts remaining to be executed on capital account and not provided for;

b) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

c) other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

d) commitments under Loan agreement to disburse Loans

xxii. 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 adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

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.

xxiii. Dividend payable (including dividend distribution tax)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders.

xxiv. Standard issued and applicable from April 1, 2019:

Ind AS 116 Leases:

The new standard has impact on accounting treatment of an asset taken on lease by the Company. The Company has to measure a right-of-use of asset similar to other non-financial asset such as property, plant and equipment and lease liability similar to other financial liability. As a consequence, the Company will recognise the depreciation of right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows applying Ind AS 7, Statement of Cash Flows. Under Ind AS 17, for operating lease, the Company is required to recognise the lease payment as an expense on a straight-line basis unless another systematic basis is representative of the time pattern of the user's benefit.

The Company is evaluating the following list of policies, choices, exemptions and practical expedients:

Area	**policy to be adopted**
Definition of lease term:	Grandfather its previous assessment of which existing contracts are, or contain, leases on date of initial application (April 1, 2019). The definition of lease under the new standard will only be applied prospectively (including modifications to existing contracts).
Recognition exemption – short term leases:	avail exemption on short term leases on transition and subsequently
Recognition exemption – leases of low value items:	avail exemption on leases of low value items on transition and subsequently. Low value items may be considered as items with a value of less than or equal to INR 5 lacs
Transition approach:	elected to apply modified retrospective method for all leases. This means that - Right of use asset (ROU) would be measured as if standard had always been applied but using incremental borrowing date on - April 1, 2019 - Lease liability would be measured on 1 April 2019 as the present value of the remaining lease payments and using incremental borrowing rate on April 1, 2019 - Standard would be applied on April 1, 2019 and equity adjustment (difference between the ROU asset and lease liability computed above) would be recognised on April 1, 2019 - Comparative period would not be restated - Disclosures to be made as applicable
Discount rates	elected to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

Leases with a short remaining term	elected to account for leases for which the lease term ends within 12 months of date of initial application (April 1, 2019) as short-term leases
Initial direct costs	elected to exclude initial direct costs from measurement of right of use asset on date of initial application (April 1, 2019)
Use of hindsight	elected to use hindsight in estimating lease term if the contract contains options to extend or terminate the lease

xxv. FIRST TIME ADOPTION OF IND AS (read with note 2(i))

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2018, with a transition date of April 01, 2017. The financial statements for the year ended March 31, 2019 are the first financial statements, the Company has prepared under Ind AS. For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for the year ended March 31, 2018 and the opening Ind AS Balance Sheet as at April 1, 2017, the date of transition to Ind AS and also as at March 31, 2018.

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as in Note 3. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). Note 3 explains the adjustments made by the Company in restating its financial statements prepared under previous GAAP, including the Statement of Profit and ;Loss account for the year ended March 31, 2018 and the Balance Sheet as at April 1, 2017 and as at March 31, 2018.

3. EXPLANATION OF TRANSITION TO IND AS

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

In accordance with the notification issued by the MCA, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2018. Previous period have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("IGAAP") to Ind AS of Shareholders' equity as at March 31, 2018 and April 1, 2017 and of the comprehensive net income for the year ended March 31, 2018..

This note explains the principal adjustments made by the Company in restating its IGAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018 and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance.

Reconciliations between IGAAP and Ind AS

(i) Equity reconciliation **(Rs. in lakh)**

	Particulars	As at March 31, 2018	As at April 1, 2017
	Equity as reported under IGAAP	177,270	135,446
	Adjusted for Ind AS transition:		
a	Reclassification of Cumulative Compulsorily Convertible Preference shares (CCCPS) to Borrowings	(112,500)	(82,400)
b	Dividend accrued on CCCPS and dividend distribution tax thereon	(59)	-
c	Impairment allowance on Financial Instruments measured at amortised cost	(8,740)	(7,657)
d	Impact of EIR method on Financial Instruments measured at amortised cost	(10,645)	(7,753)
e	Impact of EIR method on other financial assets	(15)	(11)
f	Net Fair value gain/(loss) on Investment measured at FVTPL	23	6
g	Net Deferred tax asset/(liability) on above adjustments	6,702	5,332
	Equity under Ind AS	**52,037**	**42,963**

(ii) Total Comprehensive income reconciliation **(Rs. in lakh)**

Particulars	For the year ended March 31, 2018
Net profit as reported under IGAAP	21,420
Add /(Less) :	
Impairment allowance on Financial Instruments measured at amortised cost	(1,083)
Impact of EIR method on Financial Instruments measured at amortised cost	(2,892)
Impact of EIR method on other financial assets	(4)
Dividend accrued on CCCPS and dividend distribution tax thereon	(9,755)
Net Fair value gain/(loss) on Investment measured at FVTPL	17
Amortisation of Option cost for Equity settled ESOP's	(279)
Remeasurement of defined benefit obligation	(50)
Net changes in fair values of time value of cash flow hedges	-
Current tax adjustment	17
Net Deferred tax asset/(liability) on above adjustments	1,370
Net profit under Ind AS	**8,761**
Net changes in fair values of time value of cash flow hedges	
Remeasurement of defined benefit obligation	50
Income tax relating to items that will not be reclassified to profit or loss	(17)
Total Comprehensive income under Ind AS	**8,794**

(iii) Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statements of Cash Flows as reported under the Previous GAAP.

(iv) Exemption applied

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of property, plant & equipment, capital work in progress and investment property measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017

3. (v) EXPLANATION OF TRANSITION TO IND AS

Note: Explanation to IND AS adjustments:

a. Fair valuation of investments

Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and expected realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2018. Retained earnings has decreased by Rs. 23 lakh as at 31 March 31, 2018 (April 01, 2017 - Rs. 6 lakh). Consequent to the above, the total equity as at March 31, 2018 decreased by Rs. 23 lakh (April 01, 2017 Rs. 6 lakh) and profit and other comprehensive income for the year ended March 31, 2018 decreased by Rs. 17 lakh.

b. Fair valuation of security deposits

Under IGAAP, interest free security deposit given to landlord for premises rented, is recorded as an asset. Under IndAS, the security deposit is discounted based on the internal cost of borrowings.The difference between the present value of the security deposit and the actual value of the security deposit is recorded as prepaid rent. Interest income is recorded on the security deposit as per IndAS 109 and correspondingly prepaid rent is amortised over the life of the security deposit as per IndAS 17. Interest income net of rent expense recognised in the Statement of Profit and Loss for the year ended March 31, 2018 is Rs. 4 lakh.

c. Impairment allowance on Financial Instruments at Amortised cost and trade receivables

Under IGAAP, the provisioning for standard loan assets (assets with days past due (dpd) less than or equal to 89 days) is provided at rates ranging from 0.25% to 1% (0.4% to 1% as on March 31, 2017) as prescribed by NHB norms. For NPA assets (assets with dpd equal to 90 days or more as on March 31, 2018 and March 31, 2017 respectively), the minimum provisioning is made as per the NHB norms and additional provisioning is made as per management judgement and estimates. As per Ind AS 109, the company is required to apply expected credit loss model for stage 1 assets (dpd less than or equal to 29 days), stage 2 assets (dpd equal to 30 days and less than 89 days) and stage 3 assets (dpd equal to 90 days or more) based on assessment of level of credit risk and recognise the impairment allowance on loans. Under IGAAP, the provisioning for trade receivables is made based on the assessment of the recovery from the receivables based on management judgement and estimates. Under IndAS 109, based on the past trend of the write off's against the receivables, a provision is made at a rate of average write off's over the past years as compared to the revenue recognised. Such provision is in addition to provision made based on actual expected losses under IGAAP. As a result, the impairment allowance increased by Rs. 8,740 lakh as at March 31, 2018 (April 01, 2017 Rs. 7,657 lakh). Consequently, the total equity as at March 31, 2018 decreased by Rs. 8,740 lakh (April 01, 2017 Rs. 7,657 lakh) and profit for the year ended March 31, 2018 decreased by Rs. 1,083 lakh.

d. Remeasurement of defined benefit obligation

Gain/Loss on remeasurement of defined benefit obligation is recognised as part of the gratuity cost in the Statement of Profit and Loss under IGAAP. Under IndAS, such gain/loss is recognised under other comprehensive income statement along with consequent current tax charge. Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 50 lakh for the period ended as at 31 March 31, 2018 and corresponding other comprensive income has increased by Rs. 50 lakh.

e. Investment property

Under the previous GAAP, there was no concept of investment properties. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

f. Employee share based payment adjustments

The grant date fair value of equity settled share-based payment options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the options. The amount recognised as expense is based on the estimate of the number of options for which the related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 279 lakh for the period ended as at March 31, 2018 and a corresponding ESOP outstanding reserve is created of Rs. 279 lakh.

g. Interest as per effective interest rate on financial assets measured at amortised cost

Under IGAAP, processing fees is booked upfront and direct sourcing cost is amortised over the contractual tenure. Under IndAS, such income and expenses are amortised over the behavioural tenure. As a result, the interest income decreased by Rs. 10,645 lakh as at March 31, 2018 (April 01, 2017 Rs. 7,753 crore). Consequently, the total equity as at March 31, 2018 decreased by Rs. 10,645 lakh (April 01, 2017 Rs. 7,753 lakh) and profit for the year ended March 31, 2018 decreased by Rs. 2,892 lakh.

The unamortised processing fees is recorded as a liability and correspondingly equity is decreased. The unamortised direct sourcing agency cost is decreased and accordingly the equity is reduced. Consequently, the total equity as at March 31, 2018 decreased by Rs. 10,645 lakh (April 01, 2017 Rs. 7,753 lakh) and corresponding unamortised processing fees increased by Rs. 8,447 lakh and unamortised direct sourcing agency cost decreased by Rs. 2,198 lakhas to March 31, 2018.

h. Reclassification of Compulsorily Convertible Cumulative Preference shares (CCCPS) to Borrowings

Compulsorily Convertible Cumulative Preference shares (CCCPS) forms part of the Share Capital under IGAAP. As per IndAS 32, since the terms of conversion of the CCCPS on the date of issuance does not mandate fixed number of instruments at a fixed rate, such instrument are classified as a liability and interest cost is accrued at the rate of dividend applicable along with dividend distribution tax (DDT). Equity has decreased by Rs. 1,12,500 lakh as on March 31, 2018 (April 01. 2017 Rs. 82,400 lakh) with a corresponding increase in borrowings. Interest cost on account of dividend on CCCPS along with DDT has increased in the Statement of Profit and Loss Account for the year ended March 31, 2018 by Rs. 9,755 lakh. Liability for dividend accrued on CCCPS along with DDT has increased as on March 31, 2018 by Rs. 59 lakh.

i. Amortisation of Option cost for Equity settled ESOP's

Under IGAAP, the ESOPs of the holding company given to employees of the company is recorded at intrinsic value. Under Ind AS, the option fair value cost is amortised over the vesting period in the statement of profit and loss account and a corresponding liability for ESOP outstanding is created. As a result, the manpower cost has increased by Rs. 279 lakh for the year ended March 31, 2018. Consequently profit for the year ended March 31, 2018 decreased by Rs. 279 lakh.

j. Other Comprehensive Income

Gain/Loss on remeasurement of defined benefit obligation is recognised as part of the gratuity cost in the Statement of Profit and Loss under IGAAP. Under IndAS, such gain/loss is recognised under other comprehensive income statement along with consequent current tax charge.Employee cost recorded in the Statement of Profit and Loss has increased by Rs. 50 lakh for the period ended March 31, 2018 and corresponding other comprensive income has increased by Rs. 50 lakh. Accordingly the current tax has decreased in the statement of profit and loss account by Rs. 17 lakh and increased in the statement of other comprehensive income.

k. Tax effects of adjustments

Deferred tax asset/liability have been recognised on the adjustments made on transition to Ind AS. Deferred tax asset has increased by Rs. 6,702 lakh as at March 31, 2018 (April 01, 2017 - Rs. 5,332 lakh). Consequent to the above, the total equity as at March 31, 2018 increased by Rs. 6,702 lakh (April 01, 2017 Rs. 5,332 lakh) and profit and other comprehensive income for the year ended March 31, 2018 decreased by Rs. 1,370 lakh respectively.

(vi) Reconciliation of Balance Sheet as at March 31, 2018

(Rs. in lakh)

Particulars	Note	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents		6,952	-	6,952
(b) Bank balances other than (a) above		26	-	26
(c) Derivative financial instruments		-	-	-
(d) Receivables				
(i) Trade receivables		396	-	396
(ii) Other receivables		-	-	-
(e) Loans		2,043,987	-	2,043,987
(f) Investments	3(v)(a)	258	23	281
(g) Other financial assets		798	(628)	170
Total financial assets		**2,052,417**	**(605)**	**2,051,812**
(2) Non-financial assets				
(a) Current tax assets (Net)		80	-	80
(b) Deferred tax assets (Net)	3(v)(k)	4,190	6,702	10,892
(c) Investment Property	3(v)(e)	-	416	416
(d) Property, plant and equipment	3(v)(e)	1,897	(416)	1,481
(e) Capital work-in-progress		174	-	174
(f) Intangible assets under development		725	-	725
(g) Goodwill		-	-	-
(h) Other intangible assets		-	-	-
(i) Other non-financial assets	3(v)(g)	7,396	(2,156)	5,240
Total non-financial assets		**14,462**	**4,546**	**19,008**
Total Assets		**2,066,879**	**3,941**	**2,070,820**

Particulars	Note	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Derivative financial instruments		-	-	-
(b) Payables				
(i) Trade payables				
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		4,913	-	4,913
(c) Debt Securities		427,420	(282)	427,138
(d) Borrowings (Other than debt securities)	3(v)(h)	1,332,175	112,311	1,444,486
(e) Deposits		-	-	-
(f) Subordinated liabilities		64,870	(100)	64,770
(g) Other financial liabilities	3(v)(h)	28,097	58	28,155
Total financial liabilities		**1,857,475**	**111,987**	**1,969,462**
(2) Non-Financial liabilities				
(a) Current tax liabilities (Net)		2,613	-	2,613
(b) Provisions	3(v)(c)	25,454	8,740	34,194
(c) Other non-financial liabilities	3(v)(g)	4,065	8,449	12,514
Total non-financial liabilities		**32,132**	**17,189**	**49,321**
(3) Equity				
(a) Share capital	3(v)(h)	137,833	(112,500)	25,333
(b) Other equity	3(v)	39,439	(12,735)	26,704
Total equity		**177,272**	**(125,235)**	**52,037**
Total Liabilities and Equity		**2,066,879**	**3,941**	**2,070,820**

(vii) Reconciliation of Balance Sheet as at April 1, 2017

(Rs. in lakh)

Particulars	Note	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
(1) Financial assets				
(a) Cash and cash equivalents		8,318	-	8,318
(b) Bank balances other than (a) above		-	-	-
(c) Derivative financial instruments		-	-	-
(d) Receivables				
(i) Trade receivables		5	-	5
(ii) Other receivables		-	-	-
(e) Loans		1,700,371	-	1,700,371
(f) Investments	3(v)(a)	245	6	251
(g) Other financial assets		1,245	(998)	247
Total financial assets		**1,710,184**	**(992)**	**1,709,192**
(2) Non-financial assets				
(a) Current tax assets (Net)		309	-	309
(b) Deferred tax assets (Net)	3(v)(k)	1,753	5,332	7,085
(c) Investment Property	3(v)(e)	-	273	273
(d) Property, plant and equipment	3(v)(e)	1,397	(273)	1,124
(e) Capital work-in-progress		137	-	137
(f) Intangible assets under development		326	-	326
(g) Goodwill		-	-	-
(h) Other intangible assets		-	-	-
(i) Other non-financial assets	3(v)(g)	6,456	(1,533)	4,923
Total non-financial assets		**10,378**	**3,799**	**14,177**
Total Assets		**1,720,562**	**2,807**	**1,723,369**

Particulars	Note	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial liabilities				
(a) Derivative financial instruments		-	-	-
(b) Payables				
(i) Trade payables				
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3,769	-	3,769
(c) Debt Securities		505,260	(491)	504,769
(d) Borrowings (Other than debt securities)	3(v)(h)	950,647	82,036	1,032,683
(e) Deposits		-	-	-
(f) Subordinated liabilities		64,870	(191)	64,679
(g) Other financial liabilities		36,555	-	36,555
Total financial liabilities		**1,561,101**	**81,354**	**1,642,455**
(2) Non-Financial liabilities				
(a) Current tax liabilities (Net)		1,571	-	1,571
(b) Provisions	3(v)(c)	16,993	7,657	24,650
(c) Other non-financial liabilities	3(v)(g)	5,449	6,281	11,730
Total non-financial liabilities		**24,013**	**13,938**	**37,951**
(3) Equity				
(a) Share capital	3(v)(h)	107,733	(82,400)	25,333
(b) Other equity	3(v)	27,715	(10,085)	17,630
Total equity		**135,448**	**(92,485)**	**42,963**
Total Liabilities and Equity		**1,720,562**	**2,807**	**1,723,369**

(viii) Reconciliation of profit or loss for the year ended March 31, 2018

(Rs. in lakh)

	Particulars	Note	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
I	**Revenue from operations**				
(i)	Interest Income	3(v)(g)	188,469	(2,892)	185,577
(iv)	Fees and commission Income		3,442	-	3,442
(v)	Net gain on fair value changes	3(v)(a)	193	17	210
II	**Other income (to be specified)**		3,472	-	3,472
III	**Total Income (I+II)**		**195,576**	**(2,875)**	**192,701**
IV	**Expenses**				
(i)	Finance costs	3(v)(h)	125,410	9,755	135,165
(v)	Impairment on financial instruments	3(v)(c)	12,832	1,083	13,915
(vi)	Employee benefits expense	3(v)(d,f)	11,415	330	11,745
(vii)	Depreciation and amortisation and impairment		418	-	418
(viii)	Other expenses	3(v)(b)	12,567	4	12,571
	Total expenses (IV)		**162,643**	**11,172**	**173,814**
VII	**Profit/(loss) before tax (V-VI)**		**32,933**	**(14,046)**	**18,887**
VIII	**Tax expense**				
	(1) Current tax	3(v)(j)	13,950	(17)	13,933
	(2) Deferred tax	3(v)(k)	(2,437)	(1,370)	(3,807)
	Net tax expense		11,513	(1,387)	10,126
XIII	**Profit for the period (IX+XII)**		**21,420**	**(12,659)**	**8,761**
XIV	**Other Comprehensive Income**				
	(i) Items that will not be reclassified subsequently to statement of profit and loss				
	- Remeasurement of defined employee benefit plans	3(v)(d,j)	-	50	50
	(ii) Income tax relating to items that will not be reclassified to profit or loss	3(v)(j)	-	(17)	(17)
	Total Other Comprehensive Income/(Losses)		**-**	**33**	**33**
XV	**Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit/(Loss) and Other Comprehensive Income for the period)**		**21,420**	**(12,626)**	**8,794**

4. CASH AND CASH EQUIVALENTS

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Cash on Hand	4	73	67
(b) Cheques on Hand	251	2,430	1,746
(c) Balances with banks			
- in current accounts	13,021	4,449	6,505
Total	**13,276**	**6,952**	**8,318**

4.1 Of the above, the balances that meet the definition of Cash and Cash Equivalents as per Ind AS 7 Cash Flow Statements is Rs. 13,276 lakh (as at March 31, 2018, Rs. 6,952 lakh and April 1, 2017 Rs. 8,318 lakh)

5. OTHER BALANCES WITH BANKS

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) Balances with banks			
- In deposit accounts (Refer note below)	51,708	26	-
Total	**51,708**	**26**	**-**

5.1 Balance with banks in deposit accounts comprises deposits that have an original maturity exceeding 1 month at balance sheet date.

6. TRADE RECEIVABLES

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) Receivables considered good - Secured	-	-	-
(ii) Receivables considered good - Unsecured	462	396	5
(iii) Receivables which have significant increase in Credit Risk	46	-	-
	508	396	5
Less: Allowance for impairment loss	(46)	-	-
Total	**462**	**396**	**5**

6.1 Trade receivables include amounts due from the related parties Rs. 9 lakh (as at March 31, 2018 Rs. 6 lakh, as at April 1, 2017 Nil).

7. LOANS

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
(I) Term loans			
(a) Housing Loans	2,047,095	1,598,876	1,389,580
(b) Non Housing Loans	598,857	439,915	304,342
(c) Retained portion of assigned loans	3,345	5,130	6,383
(d) Loan to TCL Employee Welfare Trust	57	66	66
Total - I	**2,649,354**	**2,043,987**	**1,700,371**
(II)			
(a) Secured by tangible assets	2,645,756	2,042,431	1,699,869
(b) Secured by intangible assets	-	-	-
(c) Covered by bank / government guarantees	-	-	-
(d) Unsecured	3,598	1,556	502
Total - II	**2,649,354**	**2,043,987**	**1,700,371**
(III)			
Loans in India			
(a) Public sector	-	-	-
(b) Others	2,649,354	2,043,987	1,700,371
Total - III	**2,649,354**	**2,043,987**	**1,700,371**
(IV)			
Secured	2,563,570	1,962,004	1,642,066
Unsecured	3,542	1,526	492
Significant increase in credit risk (SICR)	58,336	55,656	42,266
Credit impaired	23,906	24,801	15,547
Total - IV	**2,649,354**	**2,043,987**	**1,700,371**

8. INVESTMENTS

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investments carried at fair value through profit or loss			
Mutual funds (unquoted) (in lieu of leave encashment)	369	281	251
Total	**369**	**281**	**251**

8.1 Scrip-wise details of Investments:

(Rs. in lakh)

Particulars	Face value Per Unit	No. of Units	As at March 31, 2019	No. of Units	As at March 31, 2018
Investment in Others					
Unquoted :					
Investment in Mutual Fund					
Tata Money Market Fund	1,000	12,597	369	10,300	281
Total			**369**		**281**

(Rs. in lakh)

Particulars	Face value Per Unit	No. of Units	As at April 1, 2017
Investment in Others			
Unquoted :			
Investment in Mutual Fund			
Tata Money Market Fund	1,000	9,848	251
Total			**251**

8.2 Investments

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Value of Investments			
(i) Gross value of Investments	369	281	251
(a) In India	369	281	251
(b) Outside India	-	-	-
(ii) Provisions for Depreciation	-	-	-
(a) In India	-	-	-
(b) Outside India	-	-	-
(iii) Net value of Investments	369	281	251
(a) In India	369	281	251
(b) Outside India	-	-	-
Movement of provisions held towards depreciation on investments			
(i) Opening balance	-	-	-
(ii) Add: Provisions made during the year	-	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	-	-
(iv) Closing balance	-	-	-

9. OTHER FINANCIAL ASSETS

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Security deposits	338	170	247
Total	**338**	**170**	**247**

10. DEFERRED TAX ASSET

The major components of deferred tax assets and liabilities as at March 31, 2019 are as follows:

(Rs. in lakh)

Particulars	Opening Balance	Recognised / reversed through profit and loss	Change in Tax Rate	Closing Balance
Deferred Tax Assets :-				
(a) Impairment loss allowance - stage III	5,007	(673)	49	4,383
(b) Impairment loss allowance - stage I & II	6,027	435	59	6,521
(c) Employee benefits	89	41	1	131
(d) Deferred income	3,684	1,607	36	5,327
(e) Other deferred tax assets	52	2	0	54
(f) Depreciation on property, plant & equipment	33	(11)	1	23
Deferred Tax Liabilities :-				
(a) Deduction u/s 36(1)(viii)	(3,992)	(396)	(39)	(4,426)
(b) Fair value measurement of investments	(8)	(2)	(0)	(10)
Net deferred tax asset	**10,892**	**1,004**	**106**	**12,001**

The major components of deferred tax assets and liabilities as at March 31, 2018 are as follows:

(Rs. in lakh)

Particulars	Opening Balance	Recognised / reversed through profit and loss	Closing Balance
Deferred Tax Assets :-			
(a) Impairment loss allowance - stage III	2,714	2,293	5,007
(b) Impairment loss allowance - stage I & II	5,217	810	6,027
(c) Employee benefits	75	14	89
(d) Deferred income	2,683	1,001	3,684
(e) Other deferred tax assets	22	30	52
(f) Depreciation on property, plant & equipment	31	2	33
Deferred Tax Liabilities :-			
(a) Deduction u/s 36(1)(viii)	(3,655)	(337)	(3,992)
(b) Fair value measurement of investments	(2)	(6)	(8)
Net deferred tax asset	**7,085**	**3,807**	**10,892**

The major components of deferred tax assets and liabilities as at April 1, 2017 are as follows:

(Rs. in lakh)

Particulars	Opening Balance	Recognised / reclassified directly in equity	Closing Balance
Deferred Tax Assets :-			
(a) Impairment loss allowance - stage III	2,165	549	2,714
(b) Impairment loss allowance - stage I & II	3,115	2,102	5,217
(c) Employee benefits	75	-	75
(d) Deferred income	-	2,683	2,683
(e) Other deferred tax assets	22	-	22
(f) Depreciation on property, plant & equipment	31	-	31
Deferred Tax Liabilities :-			
(a) Deduction u/s 36(1)(viii)	(3,655)	-	(3,655)
(b) Fair value measurement of investments	-	(2)	(2)
Net deferred tax asset	**1,753**	**5,332**	**7,085**

Gross deferred tax assets and liabilities are as follows:

(Rs. in lakh)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Deferred Tax Assets :-			
(a) Impairment loss allowance - stage III	4,383	5,007	2,714
(b) Impairment loss allowance - stage I & II	6,521	6,027	5,217
(c) Employee benefits	131	89	75
(d) Deferred income	5,327	3,684	2,683
(e) Other deferred tax assets	54	52	22
(f) Depreciation on property, plant & equipment	23	33	31
Deferred Tax Liabilities :-			
(a) Deduction u/s 36(1)(viii)	(4,426)	(3,992)	(3,655)
(b) Fair value of investments	(10)	(8)	(2)
Net deferred tax asset	**12,001**	**10,892**	**7,085**

10.1 INCOME TAXES

A. The income tax expense consist of the following:

(Rs. in lakh)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax:		
Current tax expense for the period	8,797	13,011
Current tax expense / (benefit) pertaining to prior years	-	922
	8,797	**13,933**
Deferred tax benefit		
Origination and reversal of temporary differences	(1,003)	(3,807)
Change in tax rates	(106)	-
	(1,109)	**(3,807)**
Total income tax expense recognised in the period	**7,688**	**10,126**

B. Amounts recognised in OCI

(Rs. in lakh)

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	(76)	27	(49)	50	(17)	33
Total	**(76)**	**27**	**(49)**	**50**	**(17)**	**33**

11. PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY

(Rs. in lakh)

Particulars	Gross Block					Accumulated depreciation and amortisation				Net Carrying Value
	Opening balance as at April 1, 2018	Additions/ Adjustments	Deletions	Written off during the year	Closing balance as at March 31, 2019	Opening balance as at April 1, 2018	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2019	As at March 31, 2019
Buildings	248	-	-	-	248	11	11	-	22	226
	(248)	-	-	-	*(248)*	-	*(11)*	-	*(11)*	*(237)*
Leasehold Improvements	493	176	8	-	661	102	119	8	213	448
	(303)	*(190)*	-	-	*(493)*	-	*(102)*	-	*(102)*	*(391)*
Furniture & Fixtures	174	82	2	-	254	44	53	2	95	159
	(87)	*(87)*	-	-	*(174)*	-	*(44)*	-	*(44)*	*(130)*
Computer Equipment	578	382	-	-	960	141	236	-	377	583
	(205)	*(373)*	-	-	*(578)*	-	*(141)*	-	*(141)*	*(437)*
Office Equipment	224	74	1	-	297	71	80	1	150	147
	(155)	*(69)*	-	-	*(224)*	-	*(71)*	-	*(71)*	*(153)*
Plant & Machinery	123	54	1	-	176	15	20	-	35	141
	(73)	*(50)*	-	-	*(123)*	-	*(15)*	-	*(15)*	*(108)*
Vehicles	41	135	20	-	156	16	28	11	33	123
	(53)	-	*(12)*	-	*(41)*	-	*(18)*	*(2)*	*(16)*	*(25)*
PROPERTY, PLANT AND EQUIPMENT - TOTAL	**1,881**	**903**	**32**	**-**	**2,752**	**400**	**547**	**22**	**925**	**1,827**
	(1,124)	*(769)*	*(12)*	-	*(1,881)*	-	*(402)*	*(2)*	*(400)*	*(1,481)*
Software	-	739	-	-	739	-	25	-	25	714
	-	-	-	-	-	-	-	-	-	-
INTANGIBLE ASSETS - TOTAL	**-**	**739**	**-**	**-**	**739**	**-**	**25**	**-**	**25**	**714**
	-	-	-	-	-	-	-	-	-	-
Total	**1,881**	**1,642**	**32**	**-**	**3,491**	**400**	**572**	**22**	**950**	**2,541**
	(1,124)	*(769)*	*(12)*	-	*(1,881)*	-	*(402)*	*(2)*	*(400)*	*(1,481)*
Investment Property #	432	-	-	-	432	16	19	-	35	397
	(273)	*(159)*	-	-	*(432)*	-	*(16)*	-	*(16)*	*(416)*
Capital work-in-progress										66
										(174)
Intangible Assets under Development										9
										(725)
PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY										**3,013**
										(2,796)

Note : Figures in bracket relate to March 31, 2018.

Fair value of investment property as on March 31, 2019 Rs. 694 lakh. Pursuant to Ind AS transition, the Company has carried out valuation of investment property as March 31, 2019 and the same is applicable to March 31, 2018 and April 01, 2017. The fair value of the property has been assessed based on the market rate for a similar property in the locality.

12. OTHER NON-FINANCIAL ASSETS (UNSECURED - CONSIDERED GOOD)

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Capital advances	34	7	1
(b) Prepaid Expenses	429	484	100
(c) Gratuity Asset (Net)	81	35	69
(d) Balances with government authorities	310	272	10
(e) Unamortised loan sourcing costs	6,123	4,182	4,646
(f) Other advances	144	260	97
Total	**7,121**	**5,240**	**4,923**

13. TRADE PAYABLES

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Others			
(i) Accrued expenses	5,862	4,388	2,744
(ii) Payable to Related Parties	-	-	235
(iii) Payable to Dealers/Vendors	496	356	576
(iv) Others	131	169	214
Total	**6,489**	**4,913**	**3,769**

Note - The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

13.1 Total outstanding dues of micro enterprises and small enterprises

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Amounts outstanding but not due as at year end	-	-	-
(b) Amounts due but unpaid as at year end	-	-	-
(c) Amounts paid after appointed date during the year	-	-	-
(d) Amount of interest accrued and unpaid as at year end	-	-	-
(e) The amount of further interest due and payable even in the succeeding year	-	-	-
Total	**-**	**-**	**-**

14. DEBT SECURITIES

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Secured - In India			
Privately Placed Non-Convertible Debentures (Refer note 14.1 and 14.2 below)	393,162	427,138	504,769
Privately Placed Non-Convertible Debentures - ZCB [Net of unamortised discount of Rs. 241 lakh (as at March 31, 2018 : Nil and as at April 1, 2017: Nil)] (Refer note 14.1 and 14.3)	8,759	-	-
Total	**401,921**	**427,138**	**504,769**

Note: The Company has not defaulted in the repayment of Debt Securities and interest for the year ended March 31, 2019.

14.1 Privately Placed Non-Convertible Debentures are secured by pari passu charge on the specific immovable property, specified receivables arising out of loan and to the extent of shortfall in asset cover by a pari passu charge on the current assets of the Company.

14.2 Particulars of Privately placed Secured Non-Convertible Debentures.

Description of Secured Redeemable Non Convertible Debentures	Issue Date	Redemption Date	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL NCD "J" FY 2016-17	30-Jun-16	30-Jun-26	100	1,000	100	1,000	100	1,000
TCHFL NCD "AU" FY 2015-16 Option I	30-Mar-16	30-Mar-26	150	1,500	150	1,500	150	1,500
TCHFL NCD "AM" FY 2015-16 - Option I	06-Nov-15	06-Nov-25	350	3,500	350	3,500	350	3,500
TCHFL NCD "AG" FY 2015-16	08-Oct-15	08-Oct-25	75	750	75	750	75	750
TCHFL NCD "AE" FY 2015-16	31-Aug-15	29-Aug-25	200	2,000	200	2,000	200	2,000
TCHFL NCD"O" FY 2015-16	16-Jun-15	16-Jun-25	200	2,000	200	2,000	200	2,000
TCHFL NCD V FY 2014-15	23-Jan-15	23-Jan-25	1,500	15,000	1,500	15,000	1,500	15,000
TCHFL NCD R FY 2014-15	09-Dec-14	09-Dec-24	2,000	20,000	2,000	20,000	2,000	20,000
TCHFL NCD "AP" FY 2015-16 - Option II	12-Jan-16	12-Jan-24	150	1,500	150	1,500	150	1,500
TCHFL NCD "E" FY 2016-17	04-May-16	04-May-23	200	2,000	200	2,000	200	2,000
TCHFL NCD U FY 2012-13	12-Mar-13	10-Mar-23	100	1,000	100	1,000	100	1,000
TCHFL NCD R FY 2012-13	18-Jan-13	18-Jan-23	150	1,500	150	1,500	150	1,500
TCHFL NCD "AP" FY 2015-16 - Option I	12-Jan-16	12-Jan-23	150	1,500	150	1,500	150	1,500
TCHFL NCD Q FY 2012-13	28-Dec-12	28-Dec-22	100	1,000	100	1,000	100	1,000
TCHFL NCD "X" FY 2015-16	29-Jul-15	29-Jul-22	750	7,500	750	7,500	750	7,500
TCHFL NCD G FY 2012-13	18-May-12	18-May-22	100	1,000	100	1,000	100	1,000
TCHFL NCD "C" FY 2018-19	07-Dec-18	13-Apr-22	993	9,930	-	-	-	-
TCHFL C Series FY 18-19 Reissue	09-Jan-19	13-Apr-22	700	7,000	-	-	-	-
TCHFL NCD "W" FY 2016-17	28-Dec-16	28-Dec-21	4,080	40,800	4,080	40,800	4,080	40,800
TCHFL NCD "T" FY 2016-17	15-Sep-16	15-Sep-21	100	1,000	100	1,000	100	1,000
TCHFL NCD "K" FY 2016-17	05-Jul-16	05-Jul-21	200	2,000	200	2,000	200	2,000
TCHFL NCD "A" FY 2016-17	12-Apr-16	12-Apr-21	1,200	12,000	1,200	12,000	1,200	12,000
TCHFL NCD "AS" FY 2015-16	22-Jan-16	22-Jan-21	200	2,000	200	2,000	200	2,000
TCHFL NCD "AM" FY 2015-16 - Option II	06-Nov-15	06-Nov-20	50	500	50	500	50	500
TCHFL NCD "AI" FY 2015-16	16-Oct-15	16-Oct-20	500	5,000	500	5,000	500	5,000
TCHFL NCD "AH" FY 2015-16	14-Oct-15	14-Oct-20	200	2,000	200	2,000	200	2,000
TCHFL NCD "I" FY 2017-18	31-Aug-17	31-Aug-20	3,500	35,000	3,500	35,000	-	-
TCHFL NCD "AB" FY 2015-16	20-Aug-15	20-Aug-20	100	1,000	100	1,000	100	1,000
TCHFL NCD "AA" FY 2015-16	17-Aug-15	17-Aug-20	1,000	10,000	1,000	10,000	1,000	10,000
TCHFL NCD "Z" FY 2015-16	07-Aug-15	07-Aug-20	300	3,000	300	3,000	300	3,000
TCHFL NCD"T" FY 2015-16 - Option I	09-Jul-15	09-Jul-20	100	1,000	100	1,000	100	1,000
TCHFL NCD "E" FY 2017-18	07-Jun-17	30-Jun-20	50	500	50	500	-	-
TCHFL NCD "D" FY 2018-19	19-Mar-19	26-Jun-20	750	7,500	-	-	-	-
TCHFL NCD "F" FY 2017-18	14-Jun-17	15-Jun-20	550	5,500	550	5,500	-	-
TCHFL NCD "C" FY 2017-18	20-Apr-17	29-Apr-20	50	500	50	500	-	-
TCHFL NCD "Y" FY 2016-17	17-Mar-17	17-Mar-20	3,000	30,000	3,000	30,000	3,000	30,000
TCHFL NCD Z FY 2014-15	12-Feb-15	12-Feb-20	100	1,000	100	1,000	100	1,000
TCHFL NCD "X" FY 2016-17	10-Feb-17	07-Feb-20	514	5,140	514	5,140	514	5,140
TCHFL NCD "G" FY 2016-17 Option -II	10-Jun-16	23-Dec-19	130	1,300	130	1,300	130	1,300
TCHFL NCD G FY 2014-15	22-Oct-14	22-Oct-19	550	5,500	550	5,500	550	5,500
TCHFL NCD K FY 2012-13	03-Oct-12	03-Oct-19	100	1,000	100	1,000	100	1,000
TCHFL NCD "B" FY 2018-19	20-Jul-18	30-Sep-19	5,700	57,000	-	-	-	-
TCHFL NCD "R" FY 2016-17	30-Aug-16	30-Aug-19	250	2,500	250	2,500	250	2,500
TCHFL NCD D FY 2014-15 - Option-II	22-Aug-14	22-Aug-19	100	1,000	100	1,000	100	1,000
TCHFL NCD "P" FY 2016-17	08-Aug-16	08-Aug-19	250	2,500	250	2,500	250	2,500
TCHFL NCD "N" FY 2016-17	29-Jul-16	29-Jul-19	100	1,000	100	1,000	100	1,000
TCHFL NCD B FY 2014-15 - Option-II	22-Jul-14	22-Jul-19	100	1,000	100	1,000	100	1,000
TCHFL NCD "H" FY 2017-18	21-Jul-17	19-Jul-19	1,250	12,500	1,250	12,500	-	-
TCHFL NCD "M" FY 2016-17	14-Jul-16	12-Jul-19	100	1,000	100	1,000	100	1,000
TCHFL NCD "G" FY 2017-18	13-Jul-17	12-Jul-19	1,000	10,000	1,000	10,000	-	-
TCHFL NCD "G" FY 2016-17 Option I	10-Jun-16	24-Jun-19	20	200	20	200	20	200
TCHFL NCD "H" FY 2016-17	14-Jun-16	14-Jun-19	50	500	50	500	50	500
TCHFL NCD A FY 2014-15 - Option-II	13-Jun-14	13-Jun-19	100	1,000	100	1,000	100	1,000
TCHFL NCD "D" FY 2017-18	30-May-17	30-May-19	250	2,500	250	2,500	-	-
TCHFL NCD "AT" FY 2015-16	02-Mar-16	16-May-19	220	2,200	220	2,200	220	2,200
TCHFL NCD "AU" FY 2015-16 Option II	30-Mar-16	18-Apr-19	100	1,000	100	1,000	100	1,000
TCHFL NCD "B" FY 2016-17	18-Apr-16	18-Apr-19	150	1,500	150	1,500	150	1,500
TCHFL NCD "B" FY 2017-18	17-Apr-17	17-Apr-19	1,750	17,500	1,750	17,500	-	-
TCHFL NCD "A" FY 2017-18	05-Apr-17	05-Apr-19	2,550	25,500	2,550	25,500	-	-
TCHFL NCD N FY 2013-14	20-Jan-14	18-Jan-19	-	-	50	500	50	500
Description of Secured Redeemable Non Convertible Debentures	**Issue Date**	**Redemption Date**	**As at March 31, 2019**		**As at March 31, 2018**		**As at April 1, 2017**	
			No. of NCDs	**Rs. In Lakh**	**No. of NCDs**	**Rs. In Lakh**	**No. of NCDs**	**Rs. In Lakh**

TCHFL NCD "AQ" FY 2015-16	18-Jan-16	18-Jan-19	-	-	1,000	10,000	1,000	10,000
TCHFL NCD "AR" FY 2015-16	20-Jan-16	18-Jan-19	-	-	100	1,000	100	1,000
TCHFL NCD"P" FY 2015-16 - Option III	24-Jun-15	07-Jan-19	-	-	50	500	50	500
TCHFL - Series G - FY 2011-12	18-Nov-11	16-Nov-18	-	-	100	1,000	100	1,000
TCHFL NCD "V" FY 2016-17	17-Nov-16	16-Nov-18	-	-	250	2,500	250	2,500
TCHFL NCD "AL" FY 2015-16	02-Nov-15	02-Nov-18	-	-	120	1,200	120	1,200
TCHFL NCD "AK" FY 2015-16	26-Oct-15	26-Oct-18	-	-	130	1,300	130	1,300
TCHFL NCD "S" FY 2016-17	31-Aug-16	31-Aug-18	-	-	250	2,500	250	2,500
TCHFL NCD "AC" FY 2015-16- Option I	24-Aug-15	24-Aug-18	-	-	50	500	50	500
TCHFL NCD "Y" FY 2015-16 - Option I	31-Jul-15	21-Aug-18	-	-	217	2,170	217	2,170
TCHFL NCD "AC" FY 2015-16 - Option II	24-Aug-15	20-Aug-18	-	-	350	3,500	350	3,500
TCHFL NCD "AD" FY 2015-16	26-Aug-15	16-Aug-18	-	-	158	1,580	158	1,580
TCHFL NCD "Q" FY 2016-17	18-Aug-16	16-Aug-18	-	-	1,300	13,000	1,300	13,000
TCHFL NCD "O" FY 2016-17	02-Aug-16	02-Aug-18	-	-	1,000	10,000	1,000	10,000
TCHFL NCD "V" FY 2015-16	16-Jul-15	26-Jul-18	-	-	440	4,400	440	4,400
TCHFL NCD "Y" FY 2015-16 Option - II	31-Jul-15	23-Jul-18	-	-	260	2,600	260	2,600
TCHFL NCD "W" FY 2015-16	24-Jul-15	19-Jul-18	-	-	200	2,000	200	2,000
TCHFL NCD "K" FY 2015-16 - Option IV	01-Jun-15	20-Jun-18	-	-	250	2,500	250	2,500
TCHFL NCD"P" FY 2015-16 - Option II	24-Jun-15	19-Jun-18	-	-	200	2,000	200	2,000
TCHFL NCD"P" FY 2015-16 - Option I	24-Jun-15	18-Jun-18	-	-	115	1,150	115	1,150
TCHFL NCD "N" FY 2015-16 - Option I	12-Jun-15	12-Jun-18	-	-	471	4,710	471	4,710
TCHFL NCD L" FY 2015-16	04-Jun-15	04-Jun-18	-	-	100	1,000	100	1,000
TCHFL NCD "K" FY 2015-16 - Option I	01-Jun-15	01-Jun-18	-	-	2,600	26,000	2,600	26,000
TCHFL NCD "K" FY 2015-16 - Option III	01-Jun-15	29-May-18	-	-	350	3,500	350	3,500
TCHFL NCD "F" FY 2016-17	11-May-16	11-May-18	-	-	150	1,500	150	1,500
TCHFL NCD "F" FY 2015-16	27-Apr-15	27-Apr-18	-	-	210	2,100	210	2,100
TCHFL NCD C FY 2013-14	23-Apr-13	23-Apr-18	-	-	100	1,000	100	1,000
TCHFL NCD "AE" FY 2014-15	26-Mar-15	10-Apr-18	-	-	340	3,400	340	3,400
TCHFL NCD "A" FY 2015-16 - Option-lll	10-Apr-15	10-Apr-18	-	-	552	5,520	552	5,520
TCHFL NCD "C" FY 2015-16 - Option-lll	17-Apr-15	10-Apr-18	-	-	90	900	90	900
TCHFL NCD "U" FY 2016-17	10-Oct-16	28-Mar-18	-	-	-	-	4,000	40,000
TCHFL NCD "C" FY 2016-17	22-Apr-16	20-Mar-18	-	-	-	-	950	9,500
TCHFL NCD "D" FY 2016-17	29-Apr-16	20-Mar-18	-	-	-	-	600	6,000
TCHFL NCD "I" FY 2016-17	15-Jun-16	15-Mar-18	-	-	-	-	250	2,500
TCHFL NCD "AD" FY 2014-15 - Option-II	16-Mar-15	12-Mar-18	-	-	-	-	50	500
TCHFL NCD AC FY 2014-15 - Option-II	10-Mar-15	09-Mar-18	-	-	-	-	600	6,000
TCHFL NCD W FY 2014-15-Option-I	27-Jan-15	14-Feb-18	-	-	-	-	80	800
TCHFL NCD AA FY 2014-15 - Option-I	16-Feb-15	12-Feb-18	-	-	-	-	75	750
TCHFL NCD Y FY 2014-15	04-Feb-15	02-Feb-18	-	-	-	-	150	1,500
TCHFL NCD U FY 2014-15	20-Jan-15	24-Jan-18	-	-	-	-	190	1,900
TCHFL NCD T FY 2014-15	14-Jan-15	10-Jan-18	-	-	-	-	162	1,620
TCHFL NCD "L" FY 2016-17	07-Jul-16	08-Jan-18	-	-	-	-	300	3,000
TCHFL NCD "K" FY 2015-16 - Option II	01-Jun-15	02-Jan-18	-	-	-	-	114	1,140
TCHFL NCD "AO" FY 2015-16	23-Dec-15	22-Dec-17	-	-	-	-	200	2,000
TCHFL NCD "AN" FY 2015-16	07-Dec-15	07-Dec-17	-	-	-	-	150	1,500
TCHFL NCD M FY 2014-15-Option-II	14-Nov-14	24-Nov-17	-	-	-	-	150	1,500
TCHFL NCD O FY 2014-15	20-Nov-14	22-Nov-17	-	-	-	-	180	1,800
TCHFL NCD N FY 2014-15	18-Nov-14	21-Nov-17	-	-	-	-	70	700
TCHFL NCD J FY 2014-15 - Option-II	07-Nov-14	13-Nov-17	-	-	-	-	120	1,200
TCHFL NCD K FY 2014-15	11-Nov-14	01-Nov-17	-	-	-	-	100	1,000
TCHFL NCD "AJ" FY 2015-16	21-Oct-15	18-Oct-17	-	-	-	-	100	1,000
TCHFL NCD D FY 2014-15 - Option-I	22-Aug-14	22-Aug-17	-	-	-	-	600	6,000
TCHFL NCD C FY 2014-15 - Option-II	07-Aug-14	07-Aug-17	-	-	-	-	200	2,000
TCHFL NCD B FY 2014-15 - Option-I	22-Jul-14	21-Jul-17	-	-	-	-	100	1,000
TCHFL NCD "U" FY 2015-16	14-Jul-15	14-Jul-17	-	-	-	-	500	5,000
TCHFL NCD"S" FY 2015-16 - Option II	07-Jul-15	07-Jul-17	-	-	-	-	50	500
TCHFL NCD "R" FY 2015-16	03-Jul-15	28-Jun-17	-	-	-	-	130	1,300
TCHFL NCD"S" FY 2015-16 - Option I	07-Jul-15	23-Jun-17	-	-	-	-	250	2,500
TCHFL NCD "Q" FY 2015-16 Option -II	30-Jun-15	23-Jun-17	-	-	-	-	180	1,800
TCHFL NCD "J" FY 2015-16 Option - II	28-May-15	20-Jun-17	-	-	-	-	219	2,190
TCHFL NCD "Q" FY 2015-16 Option -I	30-Jun-15	20-Jun-17	-	-	-	-	180	1,800
TCHFL NCD A FY 2014-15 - Option-III	13-Jun-14	13-Jun-17	-	-	-	-	250	2,500
TCHFL NCD "N" FY 2015-16 - Option II	12-Jun-15	07-Jun-17	-	-	-	-	240	2,400
TCHFL NCD "E" FY 2015-16 Option - III	23-Apr-15	01-Jun-17	-	-	-	-	600	6,000
TCHFL NCD "I" FY 2015-16 - Option I	13-May-15	24-May-17	-	-	-	-	220	2,200
TCHFL NCD "G" FY 2015-16 Option - III	06-May-15	04-May-17	-	-	-	-	167	1,670
TCHFL NCD A FY 2014-15 - Option-I	13-Jun-14	02-May-17	-	-	-	-	600	6,000
TCHFL NCD "H" FY 2015-16	08-May-15	02-May-17	-	-	-	-	400	4,000
TCHFL NCD "I" FY 2015-16 - Option II	13-May-15	27-Apr-17	-	-	-	-	90	900
TCHFL NCD "C" FY 2015-16 - Option - ll	17-Apr-15	27-Apr-17	-	-	-	-	870	8,700
TCHFL NCD "J" FY 2015-16 Option - I	28-May-15	27-Apr-17	-	-	-	-	150	1,500
TCHFL NCD "A" FY 2015-16 - Option-V	10-Apr-15	26-Apr-17	-	-	-	-	700	7,000
TCHFL NCD "A" FY 2015-16 - Option-Vl	10-Apr-15	25-Apr-17	-	-	-	-	1,135	11,350
TCHFL NCD "E" FY 2015-16 Option - II	23-Apr-15	25-Apr-17	-	-	-	-	236	2,360
TCHFL NCD "G" FY 2015-16 Option - I	06-May-15	25-Apr-17	-	-	-	-	51	510
TCHFL NCD "A" FY 2015-16 - Option-ll	10-Apr-15	24-Apr-17	-	-	-	-	180	1,800
TCHFL NCD "D" FY 2015-16 Option - ll	21-Apr-15	21-Apr-17	-	-	-	-	160	1,600
TCHFL NCD "A" FY 2015-16 - Option-lV	10-Apr-15	20-Apr-17	-	-	-	-	545	5,450
TCHFL NCD "A" FY 2015-16 - Option-I	10-Apr-15	19-Apr-17	-	-	-	-	50	500
Description of Secured Redeemable Non Convertible Debentures	**Issue Date**	**Redemption Date**	**As at March 31, 2019**		**As at March 31, 2018**		**As at April 1, 2017**	
			No. of NCDs	**Rs. In Lakh**	**No. of NCDs**	**Rs. In Lakh**	**No. of NCDs**	**Rs. In Lakh**
TCHFL NCD "G" FY 2015-16 Option - II	06-May-15	18-Apr-17	-	-	-	-	88	880
TCHFL NCD "AD" FY 2014-15 - Option-I	16-Mar-15	17-Apr-17	-	-	-	-	90	900
TCHFL NCD "B" FY 2015-16	15-Apr-15	13-Apr-17	-	-	-	-	117	1,170

TCHFL NCD AB FY 2014-15	05-Mar-15	10-Apr-17	-	-	-	-	100	1,000
TCHFL NCD "C" FY 2015-16 - Option - I	17-Apr-15	03-Apr-17	-	-	-	-	45	450
TCHFL NCD "D" FY 2015-16 Option - I	21-Apr-15	03-Apr-17	-	-	-	-	180	1,800
TCHFL NCD "E" FY 2015-16 Option - I	23-Apr-15	03-Apr-17	-	-	-	-	470	4,700
Total				**393,320**		**427,420**		**505,260**
Add: Unamortised premium				79				
Total				**79**		**-**		**-**
Less: Unamortised borrowing cost				(237)		(282)		(491)
Total				**(237)**		**(282)**		**(491)**
Privately Placed Non-Convertible Debentures				**393,162**		**427,138**		**504,769**

Note: Coupon rate of above outstanding as on March 31, 2019 varies from 7.40% to 10.10% (as on March 31, 2018 7.40% to 10.25%, as on April 1, 2017 7.59% to 10.25%).

14.3 Particulars of Privately placed Secured Non-Convertible Debentures - ZCB.

Description of Secured Redeemable Non Convertible Debentures - ZCB	**Issue Date**	**Redemption Date**	**As at March 31, 2019**		**As at March 31, 2018**		**As at April 1, 2017**	
			No. of NCDs	**Rs. In Lakh**	**No. of NCDs**	**Rs. In Lakh**	**No. of NCDs**	**Rs. In Lakh**
TCHFL NCD "A" FY 2018-19	30-May-18	30-Jul-19	900	9,000	-	-	-	-
Total				**9,000**		**-**		**-**
Less: Unamortised discount				(241)				
Total				**(241)**		**-**		**-**
Privately Placed Non-Convertible Debentures - ZCB				**8,759**		**-**		**-**

Note: Coupon rate of above outstanding as on March 31, 2019 varies from 8.60% to 8.60% (as on March 31, 2018 Nil, as on April 1, 2017 Nil).

15. BORROWINGS (OTHER THAN DEBT SECURITIES)

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
(a) Term loans			
Secured - In India			
(i) From Banks (Refer note 15.1 and 15.2 below)	696,533	158,410	179,130
(ii) From National Housing Bank (Refer notes 15.3)	584,659	567,375	348,285
Secured - Outside India			
From Banks (Refer note 15.1 and 15.2 below)	51,048	-	-
Unsecured - In India			
From Banks	84,999	125,000	65,000
(b) Loans repayable on demand			
Secured - In India			
From Banks			
(i) Cash credit (Refer note 15.5 below)	78,112	121,120	10,066
(ii) Working capital demand loan (Refer note 15.5 below)	171,000	20,000	7,000
(iii) Bank Overdraft (Refer note 15.5 below)	29,453	36,739	30,140
(c) Loan from related parties			
Unsecured - In India			
(i) 1,272,000,000 (as at March 31, 2018: 1,125,000,000 shares and April 1, 2017 824,000,000 shares) Compulsorily Convertible Cumulative Preference shares of Rs.10 each fully paid up (Refer note 15.7 below)	127,200	112,500	82,400
(ii) Inter corporate deposits from related parties (Refer note 15.6 below)	20,118	-	10,000
(d) Other loans			
Unsecured - In India			
Commercial paper (Refer note 15.4 below) [Net of unamortised discount of Rs. 6,884 lakh (as at March 31, 2018 : Rs. 5,127 lakh and as at April 1, 2017 : Rs. 4,009 lakh)]	250,572	303,342	300,662
Total	**2,093,694**	**1,444,486**	**1,032,683**

Note: The Company has not defaulted in the repayment of Borrowings and interest for the year ended March 31, 2019.

15.1 Loans and advances from banks are secured by pari passu charge on the book debt of the Company.

15.2 Loans and advances from bank are repayable at maturity ranging between 3 month to 5 years (as at March 31, 2018: 3 month to 5 years) from the date of loan taken. Rate of Interest payable on Term Loans varies between 8.30% to 9.15% (as at March 31, 2018 7.35% to 8.90%, as at April 1, 2017 8.05% to 9.15%).

15.3 Loan from National Housing Bank is secured by way of hypothecation of book debt and guarantee / Letter of comfort from Tata Capital Limited and is repayable in 28-60 (Previous year 28-60) quarterly installments. Rate of Interest payable on Term loan varies between 4.61% to 9.80% (as at March 31, 2018 4.61% to 9.25%, as at April 1, 2017 6.12% to 9.25%).

15.4 Discount on Commercial Paper varies between 7.56% to 9.10% (as at March 31, 2018 6.79% to 7.98%, as at April 1, 2017 6.68% to 8.62%).

15.5 Rate of Interest payable on Cash Credit / Over Draft & Working Capital Demand Loan varies between 8.25% to 8.95% (as at March 31, 2018 7.60% to 9.10%, as at April 1, 2017 8.00% to 9.55%).

15.6 Rate of Interest payable on Inter Corporate Deposit as at March 31, 2019 8.84% (as at March 31, 2018 8.50%, as at April 1, 2017 8.61%).

15.7 During the year ended March 31, 2019, the Company has issued 555,000,000, 8.50% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value Rs. 10/- each aggregating Rs. 55,500 lakh, which are mandatorily convertible into equity shares after the completion of 9 years from the date of allotment. The CCCPS holders have a right to receive dividend, prior to the equity shareholders. The dividend proposed by the Board of Directors on the CCCPS is subject to the approval of the shareholders at an Annual General Meeting, except in case of interim dividend. In the event of liquidation, the Preference Shareholders will carry a preferential right over the holder of equity shares for payment of dividend and for payment of capital, in proportion to their shareholding.

The CCCPS holders have an option to convert all or any part of the holding into equity shares at any time prior to the completion of 9 years. Conversion of CCCPS into equity shares will be based on the fair value to be determined by an independent valuer closer to the conversion date. In the year in which CCCPS are converted to equity shares, the dividend on such CCCPS, if declared by the Board, shall be paid on pro-rata basis. On February 1, 2019, the Company has converted CCCPS aggregating Rs. 40,800 lakh of face value of Rs. 10/- each into Equity Shares of Rs. 5,638 lakh at a premium of Rs. 35,162 lakh. The Board had not declared dividend on the CCCPS prior to conversion to equity shares.

Tranche wise due date details for Compulsorily Convertible Cumulative Preference Shares ("CCCPS")

(Rs. in Lakh)

Allotment Date	Conversion Date	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
		No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
26-Mar-19	26-Mar-28	270,000,000	27,000	-	-	-	-
28-Dec-18	28-Dec-27	150,000,000	15,000	-	-	-	-
05-Sep-18	05-Sep-27	50,000,000	5,000	-	-	-	-
01-Aug-18	01-Aug-27	85,000,000	8,500	-	-	-	-
21-Mar-18	21-Mar-27	190,000,000	19,000	190,000,000	19,000	-	-
31-Jul-17	31-Jul-26	111,000,000	11,100	111,000,000	11,100	-	-
22-Nov-16	22-Nov-25	100,000,000	10,000	100,000,000	10,000	100,000,000	10,000
30-Sep-16	30-Sep-25	35,000,000	3,500	35,000,000	3,500	35,000,000	3,500
30-Jun-16	30-Jun-25	30,000,000	3,000	30,000,000	3,000	30,000,000	3,000
23-Mar-16	23-Mar-25	100,000,000	10,000	100,000,000	10,000	100,000,000	10,000
30-Nov-15	30-Nov-24	57,000,000	5,700	57,000,000	5,700	57,000,000	5,700
25-May-15	25-May-24	78,000,000	7,800	78,000,000	7,800	78,000,000	7,800
30-Apr-15	30-Apr-24	10,000,000	1,000	10,000,000	1,000	10,000,000	1,000
31-Mar-15	31-Mar-24	6,000,000	600	6,000,000	600	6,000,000	600
31-Mar-15	31-Mar-24	-	-	14,000,000	1,400	14,000,000	1,400
30-Jan-15	30-Jan-24	-	-	30,000,000	3,000	30,000,000	3,000
28-Nov-14	28-Nov-23	-	-	25,000,000	2,500	25,000,000	2,500
28-Nov-14	28-Nov-23	-	-	10,000,000	1,000	10,000,000	1,000
29-Sep-14	29-Sep-23	-	-	10,000,000	1,000	10,000,000	1,000
28-Aug-14	28-Aug-23	-	-	15,000,000	1,500	15,000,000	1,500
30-Jun-14	30-Jun-23	-	-	20,000,000	2,000	20,000,000	2,000
29-May-14	29-May-23	-	-	30,000,000	3,000	30,000,000	3,000
26-Mar-14	26-Mar-23	-	-	20,000,000	2,000	20,000,000	2,000
06-Feb-14	06-Feb-23	-	-	29,000,000	2,900	29,000,000	2,900
02-Dec-13	02-Dec-22	-	-	20,000,000	2,000	20,000,000	2,000
20-Sep-13	20-Sep-22	-	-	20,000,000	2,000	20,000,000	2,000
08-Aug-13	08-Aug-22	-	-	20,000,000	2,000	20,000,000	2,000
30-Jul-13	30-Jul-22	-	-	20,000,000	2,000	20,000,000	2,000
28-Jun-13	28-Jun-22	-	-	10,000,000	1,000	10,000,000	1,000
04-Jun-13	04-Jun-22	-	-	10,000,000	1,000	10,000,000	1,000
28-Mar-13	28-Mar-22	-	-	25,000,000	2,500	25,000,000	2,500
04-Jan-13	04-Jan-22	-	-	30,000,000	3,000	30,000,000	3,000
03-Dec-12	03-Dec-21	-	-	24,000,000	2,400	24,000,000	2,400
12-Nov-12	12-Nov-21	-	-	26,000,000	2,600	26,000,000	2,600
Total		**1,272,000,000**	**127,200**	**1,125,000,000**	**112,500**	**824,000,000**	**82,400**

15.8 The CCCPS holders may, at any time prior to the aforesaid period of conversion, make such request to convert all or any part of its holding into Equity Shares.

a) During the year ended March 31, 2019, the Company has declared and paid, a final dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 49 lakh and dividend distribution tax thereon of Rs. 10 lakh.

b) During the year ended March 31, 2019, the Company has declared and paid, an interim dividend for financial year 2018-19 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 7,354 lakh and dividend distribution tax thereon of Rs. 1,512 lakh.

c) During the year ended March 31, 2018, the Company has declared and paid, an interim dividend for financial year 2017-18 on Compulsorily Convertible Cumulative Preference Shares aggregating to Rs. 8,047 lakh and dividend distribution tax thereon of Rs. 1,638 lakh.

16. SUBORDINATED LIABILITIES

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost			
Unsecured - In India			
Debentures			
Non-Convertible Subordinated Debentures (Refer note 16.1 below)	62,283	64,770	64,679
Total	**62,283**	**64,770**	**64,679**

Note: The Company has not defaulted in the repayment of Subordinated Liabilities and interest for the year ended March 31, 2019.

16.1 Particulars of Unsecured Redeemable Non-Convertible Subordinated Debentures

Description of Unsecured Redeemable Non Convertible Subordinated Debentures	Issue Date	Redemption Date	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Tier II Bond A Series FY 2016-17	04-Aug-16	04-Aug-26	2,000	20,000	2,000	20,000	2,000	20,000
TCHFL Tier II Bond H Series FY 2015-16	15-Mar-16	13-Mar-26	200	2,000	200	2,000	200	2,000
TCHFL Tier II Bond G Series FY 2015-16	17-Dec-15	17-Dec-25	250	2,500	250	2,500	250	2,500
TCHFL Tier II Bond F Series FY 2015-16	15-Dec-15	15-Dec-25	250	2,500	250	2,500	250	2,500
TCHFL Tier II Bond E Series FY 2015-16	04-Nov-15	04-Nov-25	300	3,000	300	3,000	300	3,000
TCHFL Tier II Bond D Series FY 2015-16	21-Sep-15	19-Sep-25	150	1,500	150	1,500	150	1,500
TCHFL Tier II Bond C Series FY 2015-16	16-Sep-15	16-Sep-25	100	1,000	100	1,000	100	1,000
TCHFL Tier II Bond B Series FY 2015-16	22-Jul-15	22-Jul-25	350	3,500	350	3,500	350	3,500
TCHFL TIER-II BOND A SERIES FY 2015-16	28-Apr-15	28-Apr-25	400	4,000	400	4,000	400	4,000
TCHFL Tier II Bond A Series FY 2014-15	26-Sep-14	26-Sep-24	480	4,800	480	4,800	480	4,800
TCHFL Tier II Bond E Series FY 2013-14	18-Mar-14	18-Mar-24	4	40	4	40	4	40
TCHFL Tier II Bond D Series FY 2013-14	10-Jan-14	10-Jan-24	77	770	77	770	77	770
TCHFL Tier II Bond C Series FY 2013-14	20-May-13	19-May-23	10	100	10	100	10	100
TCHFL Tier II Bonds B FY-2013-14	23-Apr-13	23-Apr-23	21	210	21	210	21	210
TCHFL Tier II Bonds A FY-2013-14	15-Apr-13	15-Apr-23	250	2,500	250	2,500	250	2,500
TCHFL Tier II Bonds E FY-2012-13	28-Mar-13	28-Mar-23	150	1,500	150	1,500	150	1,500
TCHFL Tier II Bonds D FY-2012-13	22-Aug-12	22-Aug-22	330	3,300	330	3,300	330	3,300
TCHFL Tier II Bonds C FY-2012-13	30-May-12	30-May-22	300	3,000	300	3,000	300	3,000
TCHFL Tier II Bonds B FY-2012-13	30-May-12	30-May-22	3	30	3	30	3	30
TCHFL Tier II Bonds A FY-2012-13	10-May-12	10-May-22	10	100	10	100	10	100
TCHFL Tier II Bonds F FY-2011-12	12-Mar-12	12-Mar-22	102	1,020	102	1,020	102	1,020
TCHFL Tier II Bonds E FY-2011-12	25-Jan-12	25-Jan-22	135	1,350	135	1,350	135	1,350
TCHFL Tier II Bonds D FY-2011-12	04-Nov-11	04-Nov-21	101	1,010	101	1,010	101	1,010
TCHFL Tier II Bonds C FY-2011-12	28-Oct-11	28-Oct-21	11	110	11	110	11	110
TCHFL Tier II Bonds B FY-2011-12	29-Sep-11	29-Sep-21	253	2,530	253	2,530	253	2,530
TCHFL Tier II Bonds A FY-2011-12	29-Jul-11	25-Sep-18	-	-	250	2,500	250	2,500
Total				**62,370**		**64,870**		**64,870**
Less: Unamortised borrowing cost				(87)		(100)		(191)
Total				**(87)**		**(100)**		**(191)**
Non-Convertible Subordinated Debentures				**62,283**		**64,770**		**64,679**

Note: Coupon rate of above outstanding as on March 31, 2019 varies from 8.92% to 10.25% (as on March 31, 2018 8.92% to 10.25%, as on April 1, 2017 8.92% to 10.25%).

17. OTHER FINANCIAL LIABILITIES

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Payable for capital expenditure	128	10	10
(b) Advances from customers	179	594	148
(c) Accrued employee benefit expense	2,379	935	1,009
(d) Amounts payable - assigned loans	944	2,543	3,916
(e) Interest accrued but not due on borrowings	20,214	24,073	31,472
Total	**23,844**	**28,155**	**36,555**

18. PROVISIONS

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Provision for compensated absences	375	257	216
(b) Provision for long-term service award	26	54	47
(c) Impairment loss allowance			
- Stage I & II	18,657	17,412	15,070
- Stage III	13,871	16,471	9,317
Total	**32,929**	**34,194**	**24,650**

19. OTHER NON-FINANCIAL LIABILITIES

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Statutory dues	1,071	966	509
(b) Income received in advance	14,549	11,083	10,736
(c) Others	355	465	485
Total	**15,975**	**12,514**	**11,730**

20. SHARE CAPITAL

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
AUTHORISED			
2,500,000,000 (as at March 31, 2018: 2,500,000,000 shares and as at April 1, 2017 : 2,500,000,000 shares) Equity shares of Rs.10 each	250,000	250,000	250,000
2,000,000,000 (as at March 31, 2018: 2,000,000,000 shares and as at April 1, 2017 : 2,000,000,000 shares) Preference shares of Rs.10 each	200,000	200,000	200,000
	450,000	450,000	450,000
ISSUED, SUBSCRIBED & PAID UP			
309,710,300 (as at March 31, 2018: 253,333,332 shares and as at April 1, 2017 : 253,333,332 shares) Equity shares of Rs.10 each fully paid up	30,971	25,333	25,333
Total	**30,971**	**25,333**	**25,333**

20.1 Reconciliation of number of shares outstanding

Particulars	No. of shares	Rs in lakh
Equity Shares, Face Value Rs. 10 fully paid up		
Opening balance as on April 01, 2017	253,333,332	25,333
Additions during the year	-	-
Closing Balance as on March 31, 2018	253,333,332	25,333
Additions during the year	56,376,968	5,638
Closing Balance as on March 31, 2019	**309,710,300**	**30,971**

20.2 Rights, preferences and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

20.3 Investment by Tata Capital Limited (Holding company). The entire share capital is held by Tata Capital Limited and its nominees.

Name of company	Particulars of issue	No. of shares	Rs in lakh
Tata Capital Limited (Holding Company)			
Equity Shares	Opening Balance as on April	253,333,332	25,333
	Closing Balance as on March	253,333,332	25,333
	Additions during the year	56,376,968	5,638
	Closing Balance as on	**309,710,300**	**30,971**

20.4 There are no shares in the preceding 5 years allotted as fully paid up without payment being received in cash / bonus shares / bought back.

20.5 There are no shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment.

21. OTHER EQUITY

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Securities Premium Account (Refer note 15.7 above)	37,429	2,267	2,267
(b) Special Reserve Account (Refer note 21.1 and 21.2 below)	17,811	15,019	10,735
(c) Surplus in Statement of Profit and Loss	11,362	9,105	4,628
(d) Other Comprehensive Income	(16)	33	-
(e) Share options outstanding account	179	201	-
(f) General Reserve	158	79	-
Total	**66,923**	**26,704**	**17,630**

21.1 As required by Section 29C of National Housing Bank Act 1987,and Section 36 (1) (viii) of the Income Tax Act,1961, the Company has transferred an amount of Rs.2,792 Lakh (FY 2017-18 Rs. 4,284 Lakh) to Special Reserve.

In accordance with the National Housing Bank circular no. NHB(ND)/ DRS/ Pol.Circular.61/ 2013-14 dated April 7,2014 following disclosure is made.

(Rs. in lakh)

Particulars		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balance at the beginning of the year				
	a) Statutory Reserve as per Section 29C of National Housing Bank Act, 1987	3,489	2,944	2,944
	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 NHB Act, 1987	11,530	7,791	7,791
	Total (A)	**15,019**	**10,735**	**10,735**
Addition / Appropriation / withdrawal during the year				
Add:	a) Amount transferred u/s 29C of the NHB Act,1987	1,660	545	-
	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 NHB Act, 1987	1,132	3,739	-
Less:	a) Amount appropriated from the Statutory Reserve u/s 29 C of the NHB Act 1987		-	-
	b) Amount withdrawn from the Special Reserve u/s 36 (1) (viii) of Income Tax Act,1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987		-	-
	Total (B)	**2,792**	**4,284**	**-**
Balance at the end of the year				
	a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	5,149	3,489	2,944
	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	12,662	11,530	7,791
	Total (A+B)	**17,811**	**15,019**	**10,735**

21.2 The Company has transferred an amount of Rs.1,132 Lakh (FY 2017-18 Rs.3,739 Lakh) to Special Reserve Account in terms of section 36(1)(viii) of the Income Tax Act, 1961, which has also been considered as a transfer of profit to a reserve fund for the purpose of compliance with section 29 C (i) of the National Housing Bank Act 1987 (The Company is required to transfer at least 20% of net profits every year to a reserve).

21.3 OTHER EQUITY

(Rs. in lakh)

PARTICULARS	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
(a) Securities Premium Account						
Opening Balance		2,267		2,267		2,267
Add : Premium on issue of equity shares (Refer note 15.7 above)	35,162		-		-	
Less : Share issue expenses written-off	-	35,162	-	-	-	-
Closing Balance		**37,429**		**2,267**		**2,267**
(b) Special Reserve Account						
Opening Balance		15,019		10,735		5,535
Add: Transfer from Surplus in the Statement of Profit and Loss (Refer note 21.1 & 21.2 above)		2,792		4,284		5,200
Closing Balance		**17,811**		**15,019**		**10,735**
(c) Surplus in Statement of Profit and Loss						
Opening Balance		**9,105**		**4,628**		**10,080**
Add: Profit for the year		5,049		8,761		9,859
Amount available for Appropriations		**14,154**		**13,389**		**9,828**
Less : Appropriations						
- Transfer to Special Reserve Account	(2,792)	(2,792)	(4,284)	(4,284)	(5,200)	(5,200)
Closing Balance		**11,362**		**9,105**		**4,628**
(d) Other Comprehensive Income						
Opening Balance		33		-		-
Add: Remeasurement of defined employee benefit plans transferred to Statement of Profit and Loss		(76)		50		-
Less: Income tax relating to items that will not be reclassified to profit or loss		27		(17)		-
Closing Balance		**(16)**		**33**		**-**
(e) Share options outstanding account						
Opening Balance		201		-		
Addition during the period (net)		(22)		201		
Closing Balance		**179**		**201**		**-**
(f) General Reserve						
Opening Balance		79		-		
Addition / (deduction) during the period (net)		79		79		
Closing Balance		**158**		**79**		**-**
TOTAL		**66,923**		**26,704**		**17,630**

21.4 Nature and Purpose of Reserves as per Para 79 of Ind AS 1

Sr. No.	Particulars	Nature and purpose of Reserves
1	Securities Premium Account	Premium received upon issuance of equity shares
2	Special Reserve Account/Statutory Reserve	As prescribed by Section 29C of National Housing Bank Act 1987,and Section 36 (1) (viii) of the Income Tax Act,1961
3	Surplus in profit and loss account	Created out of accretion of profits
4	General Reserve	Created upon completion of the vesting period of employees stock option or upon forfeiture of options granted
5	Share Options Outstanding Account	Created upon grant of options to employees
6	Other Comprehensive Income	Created on account of items measured through other comprehensive income

22. INTEREST INCOME

(Rs. in lakh)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest on loans (measured at amortised cost)	232,946	185,576
(b) Interest Income on deposits with Banks (measured at amortised cost)	67	1
Total	**233,013**	**185,577**

23. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(Rs. in lakh)

PARTICULARS		For the year ended March 31, 2019	For the year ended March 31, 2018
(A)	Net Gain / (loss) on financial instruments at fair value through profit or loss	-	-
(i)	On trading portfolio		
	- Investments	-	-
	- Derivatives	-	-
	- Others	-	-
(ii)	On financial instruments designated at fair value through profit or loss	-	-
(B)	Others	2,467	210
(C)	Total Net gain/(loss) on fair value changes	**2,467**	**210**
(D)	Fair value changes :		
	-Realised	2,470	192
	-Unrealised	(3)	18
	Total Net gain/(loss) on fair value changes (Refer note below)	**2,467**	**210**

24. OTHER INCOME

(Rs. in lakh)

PARTICULARS		For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	Branch advertisement income	5,073	3,363
(b)	Net gain / (loss) on derecognition of property, plant & equipment	2	-
(c)	Miscellaneous Income	165	109
Total		**5,240**	**3,472**

25. FINANCE COSTS

(Rs. in lakh)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
Amortised cost		
(a) Interest on borrowings	104,463	58,736
(b) Interest on debt securities	32,791	41,765
(c) Interest on subordinated liabilities	5,989	6,199
(d) Dividend on Compulsorily Convertible Cumulative Preference Shares (including dividend distribution tax thereon) (refer note 15.8 above)	8,999	9,755
(e) Discounting Charges		
(i) On commercial paper	24,624	18,710
(ii) On debentures	585	-
Total	**177,451**	**135,165**

26. EMPLOYEE BENEFIT EXPENSES

(Rs. in lakh)

PARTICULARS	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries, wages and bonus	15,207	10,368
(b) Contribution to provident and other fund (refer note 26.1 below)	908	407
(c) Staff welfare expenses	654	559
(d) Expenses related to post-employment defined benefit plans	140	132
(e) Share based payments to employees	58	279
Total	**16,967**	**11,745**

26.1 The Supreme Court of India in its judgement in the case of THE REGIONAL PROVIDENT FUND COMMISSIONER (II) WEST BENGAL v/s VIVEKANANDA VIDYAMANDIR AND OTHERS on February 28, 2019 has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board is to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Company has made an estimate of the liability and as a matter of caution, the Company has made a provision Rs 390 lakh for the year ended March 31, 2019. The Company would record any further effect in its financial statements, in the period in which it receives additional clarity on the said subject.

27. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Rs. in lakh)

PARTICULARS	For the year ended March 31, 2019		For the Year Ended March 31, 2018	
(a) Loans - at amortised cost				
(i) Impairment allowance - stage III (net of recoveries)		18,919		11,573
(ii) Write off - Loans	21,519		4,418	
Less : Reversal of Impairment allowance on write off - Loans	(21,519)	-	(4,418)	-
(iii) Impairment allowance - stage I & II		1,245		2,342
(b) Trade receivables		46		-
Total		**20,210**		**13,915**

28. OTHER EXPENSES

(Rs. in lakh)

PARTICULARS	For the year ended March 31, 2019	For the Year Ended March 31, 2018
(a) Advertisements and publicity	287	332
(b) Brand Equity and Business Promotion	682	543
(c) Corporate social responsibility cost (Refer Note No 28.3 below)	642	450
(d) Donations	530	-
(d) Incentive / commission/ brokerage	30	18
(e) Information technology expenses	2,234	2,762
(f) Insurance charges	366	207
(g) Legal and professional fees	2,120	1,120
(h) Loan processing fees	2,176	2,011
(i) Printing and stationery	252	154
(j) Power and fuel	153	117
(k) Repairs and maintenance	42	17
(l) Rent	1,835	1,443
(m) Rates and taxes	12	17
(n) Stamp charges	7	16
(o) Service providers' charges	2,073	1,586
(p) Training and recruitment	252	266
(q) Telephone, telex and leased line	116	129
(r) Travelling and conveyance	943	609
(s) Foreign currency translation loss	375	-
(t) Directors remuneration	64	58
(u) Audit Fees (Refer Note No 28.1 below)	43	48
(v) Other expenses	813	669
Total	**16,046**	**12,571**

28.1 Auditors Remuneration (including out of pocket expenses and excluding taxes) as below.

(Rs. in lakh)

Particulars	For the year ended March 31, 2019	For the Year Ended March 31, 2018
Audit Fees	35	40
Tax Audit Fees	4	4
Other Services	4	4
Total	**43**	**48**

28.2 Expenditure in foreign currency

(Rs. in lakh)

Particulars	For the year ended March 31, 2019	For the Year Ended March 31, 2018
Legal and professional fees	93	119
Information Technology Expenses	18	610
Training and recruitment	12	-
Total	**123**	**729**

28.3 Corporate social responsibility expenses

(a) Gross amount required to be spent by the company during the year was Rs. 642 Lakh (FY 2017-18: Rs. 450 lakh).
(b) Amount spent and paid during the year on:

(Rs. in lakh)

Particulars	For the year ended March 31, 2019	For the Year Ended March 31, 2018
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than above (i)	642	450

29 Contingent Liabilities and Commitments (to the extent not provided for):

(a) Contingent Liabilities Rs. Nil (as at March 31, 2018 Rs. Nil, as at April 1, 2017 Rs. Nil).

(b) Capital Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for (net off advances given).

- Tangible: Rs. 260 Lakh (as at March 31, 2018 Rs. 435 Lakh, as at April 1, 2017 Rs. 348 Lakh)
- Intangible: Rs. 20 Lakh (as at March 31, 2018 Rs. 21 Lakh, as at April 1, 2017 Rs. 311 Lakh)

(c) Undrawn Commitment given to Borrowers

- As on March 31, 2019 Rs. 2,98,894 lakh (as at March 31, 2018: Rs. 2,69,346 lakh, as at April 1, 2017 Rs. 2,38,427 Lakh)

30 Disclosure as required by Indian Accounting Standard (Ind AS) – 24 on "Related Party Disclosures" notified under the Companies (Indian Accounting Standard) Rules, 2015:

A. List of related parties and relationship:

Ultimate holding Company	Tata Sons Private Limited (formerly Tata Sons Limited)
Holding Company	Tata Capital Limited
Subsidiaries of Holding Company	TC Travel and Services Limited (Ceased to be related party wef October 30, 2017) Tata Capital Pte. Limited Tata Capital Growth Fund I Tata Capital Special Situation Fund Tata Capital Healthcare Fund I Tata Capital Innovations Fund Tata Capital Growth Fund II (w.e.f. 28.09.2018) Tata Capital Growth II General Partners LLP (w.e.f.20.09.2018) Tata Capital Markets Pte. Ltd. Tata Capital Advisors Pte. Ltd. Tata Capital Plc Tata Capital General Partners LLP Tata Capital Healthcare General Partners LLP Tata Opportunities General Partners LLP Tata Securities Limited Tata Capital Financial Services Limited Tata Cleantech Capital Limited Tata Capital Forex Limited (Ceased to be related party wef October 30, 2017)
Subsidiaries of ultimate holding company (with which the company had transactions)	Tata Consultancy Services Limited Infiniti Retail Limited Tata Teleservices Maharashtra Limited Tata Teleservices Limited
Other Related Parties (with which the company had transactions)	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) Concorde Motors (India) Limited Nelco Limited Roots Corpotation Ltd Tata AIA Life Insurance Company Limited Tata AIG General Insurance Company Limited Tata Communications Limited Tata Motors Finance Limited Titan Company Ltd Voltas Limited Tata Capital Limited Employees Provident Fund Tata Capital Limited Superannuation Scheme
Key Management Personnel	Mr. R. Vaithianathan (Ceased to be Managing Director w.e.f. 21st May 2018) Mr. Anil Kaul (Managing Director w.e.f. 18th July 2018) Mr. Rajiv Sabharwal (Director) Mr. Ankur Verma (Director) Mr. Mehernosh B. Kapadia (Director) Ms. Anuradha E. Thakur (Director) Mr. Govind Sankaranarayan (Ceased to be Director w.e.f. 24th August 2018) Mr. Janki Ballabh (Ceased to be Director w.e.f. 23rd October 2017) Mr. Shailesh H Rajadhyaksha (Ceased to be Director w.e.f. 1st December 2017) Mr. S. Balakrishna Kamath (Chief Financial Officer) Mr. Jinesh Meghani (Company Secretary)

B. **Transactions carried out with related parties referred in "A" above:**

(Rs. in Lakh)

Sr. No.	Party Name	Nature of transaction	2018-19	2017-18	2016-17
1	Tata Sons Private Limited (formerly Tata Sons Limited)	a) Expenses			
		- Brand equity and business promotion	682	543	
		- Legal and professional fees	-	-	
		- Staff Welfare *	1	0	
		- Training Expenses *	1	0	
		b) Balance payable	682	543	495
2	Tata Capital Limited	a) Amount raised by issue of Compulsorily Convertible Cumulative Preference Shares	55,500	30,100	
		b) Inter-Corporate Deposit accepted / repaid			
		- Inter-Corporate Deposit received during year	478,207	205,185	
		- Inter-Corporate Deposit repaid during year	458,089	215,185	
		c) Interest expense on			
		-Inter-Corporate Deposit	1,394	611	
		-Debentures	-	-	
		d) Reimbursement of expenses to TCL	7	8	
		e) Service providers charges	1,179	1,037	
		f) Interim dividend paid on Preference Shares	7,403	8,047	
		g) Receipt of Security Deposit	-	3	
		h) Repayment of Security Deposit	-	3	
		i) Guest house income *	0	-	
		i) Balance Outstanding			
		- Expenses Payable	94	120	127
		- Borrowings (Inter-Corporate Deposit)	20,118	-	10,000
		- Borrowings (Compulsorily Convertible Cumulative Preference Shares)	127,200	112,500	82,400
3	Tata Capital Financial Services Limited	a) Transfer from			
		-Fixed Assets	11	14	
		-Salary *	-	0	
		b) Transfer to			
		-Fixed Assets / CWIP *	-	0	
		c) Expenses			
		-Reimbursement of expenses		53	
		-Rent expenses	1,076	1,057	
		-Guest house expenses	27	15	
		-Loan sourcing fee	15	1	
		d) Income			
		-Loan sourcing fee	-	1	
		-Rent recovery	70	23	
		-Guest House Recovery	7	9	
		-Reimbursement of expenses		-	
		e) Balance payable	205	141	235
4	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)	a) Expenses			
		- Service provider charges	1,865	1,448	
		b) Balance payable	-	-	73
5	TC Travel and Services Limited	a) Expenses			
		- Travel related services	-	135	
6	Tata Consultancy Services Limited	a) Expenses			
		- Information technology expenses	1,549	2,040	
		- Advertisements and publicity	200	-	
		b) Balance payable	884	647	1,178
7	Tata AIA Life Insurance Company Limited	a) Expenses			
		- Insurance Expense for Employees	12	12	
		b) Advance given	27	11	-
8	Tata AIG General Insurance Company Limited	a) Expenses			
		- Insurance expenses	4	1	
		b) Advertisement Income	-	80	
		c) Advance given	-	1	1
9	Infiniti Retail Limited	a) Fixed Asset purchased	2	1	
		b) Gift Expenses *	-	0	
		c) Advance given *	1	0	0

10	Tata Cleantech Capital Limited	a) Reimbursement of Expenses * b) Guest House Income* c) Outstanding Receivable*	- - -	0 0 -	 0
11	Tata Teleservices Limited	a) Telephone, telex and leased line b) Advance given *	17 -	18 0	 -
12	Tata Teleservices Maharashtra Limited	a) Telephone, telex and leased line	7	27	
13	Tata Capital Forex Limited	a) Travelling and conveyance *	-	0	
14	Key Management Personnel	a) Remuneration to KMP - Short Term Employee Benefits - Post Employment Benefits - Share based payemnts (No. of Shares (i) Options granted (ii) Options exercised - Director sitting fees - Director commission b) Home Loans given - Disbursement made against home loans - Repayment received against home loans - Outstanding amount of home loans	 458 202 6,35,000 25,000 31 27 161 5 369	 252 21 4,50,307 4,50,307 23 30 21 3 213	 4,30,307 4,30,307 195
15	Concorde Motors (India) Limited	a) Fixed asset purchased	11	-	
16	Nelco Limited	a) Information technology expenses *	0	-	
17	Roots Corpotation Ltd	a) Training expenses *	0	-	
18	Tata Communications Limited	a) Information technology expenses	26	21	
19	Tata Motors Finance Limited	a) Rent expenses	2	1	
20	Titan Company Ltd	a) Staff welfare b) Advance given	5 39	9 4	
21	Voltas Limited	a) Fixed asset purchased b) Repairs and maintenance expenses c) Advance given *	5 6 0	8 7 -	
22	Tata Capital Limited Employees Provident Fund Trust	a) Contribution towards Provident Fund	810	642	
23	Tata Capital Limited Superannuation Scheme	a) Contribution towards Superannuation Fund	14	20	

*Less than Rs.50,000/-

31 Earnings per Share (EPS):

Particulars		2018-19	2017-18
Profit after tax	Rs. in Lakh	5,049	8,761
Add: Preference dividend (including dividend distribution tax)	Rs. in Lakh	8,911	9,744
Profit after tax attributable to parent company	Rs. in Lakh	13,960	18,505
Weighted average number of Equity shares used in computing Basic / Diluted EPS	Nos	54,12,12,806	42,43,69,996
Face value of equity shares	Rupees	10	10
Earnings per share (Basic and Diluted)	Rupees	**2.58**	**4.36**

32 Lease Payments

The company avails time to time cancellable long term leases for office premises. The total of future minimum lease payment that the company is committed to make is:

(Rs. in Lakh)

Lease Payments	2018-19	2017-18
-Within one year	284	-
-Later than one year and not later than five years	971	-
-Later than five years	-	-

The amount charged towards lease rental as part of Rent expenditure is Rs. 1,835 Lakh (FY 2017-18 Rs.1,443 Lakh)

33 Movement in Impairment loss allowance - Stage I & II (provisions against standard assets) during the year is as under:

(Rs. in Lakh)

Particulars	2018-19	2017-18
Opening Balance	17,412	15,070
Additions during the year	1,245	2,342
Utilised during the year	-	-
Closing Balance	**18,657**	**17,412**

34. Share based payment

A. Description of share based payments:

Particulars	ESOP 2011	ESOP 2013	ESOP 2016	ESOP 2017	ESOP 2018
i. Vesting requirements	**1/3rd at the end of each 12, 24 and 36 months from the date of grant**	**1/3rd at the end of each 12, 24 and 36 months from the date of grant**	**100% at the end of 12 months from the date of grant**	**100% at the end of 12 months from the date of grant**	**20% at the end of each 12 and 24 months and 30% at the end of each 36 and 48 months from the date of grant**
ii. Maximum term of option	**6 years**	**6 years**	**2 years**	**2 years**	**7 years**
iii. Method of settlement	**Equity Settled**	**Equity Settled**	**Equity Settled**	**Equity Settled**	**Equity Settled**
iv. Modifications to share based payment plans	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**
iv. Any other details as disclosed in the audited Ind AS financial statements	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**

B. Summary of share based payments

31 March 2019

Particulars	ESOP 2011	ESOP 2013	ESOP 2016	ESOP 2017	ESOP 2018	Total
Outstanding balance at the beginning of the period	**-**	**106,805**	**-**	**2,460,000**	**-**	2,566,805
Options granted	-	-	-	-	1,020,000	1,020,000
Options forfeited	-	53,958	-	670,000	-	723,958
Options exercised	-	19,445	-	296,500	-	315,945
Options expired	-	-	-	-	-	-
Options lapsed	-	-	-	-	-	-
Options outstanding at the end of the period	**-**	**33,402**	**-**	**1,493,500**	**1,020,000**	**2,546,902**
Options exercisable at the end of the period	-	33,402	-	1,493,500	-	1,526,902
For share options exercised:						
Weighted average exercise price at date of exercise						32.88
Money realized by exercise of options						10,389,225
For share options outstanding						
Range of exercise prices	17.77	25.00	30.00	33.40	50.60	
Average remaining contractual life of options	-	0.33	-	0.00	6.51	2.61

31 March 2018

Particulars	ESOP 2011	ESOP 2013	ESOP 2016	ESOP 2017	ESOP 2018	Total
Outstanding balance at the beginning of the period	**50,555**	**188,291**	**1,715,000**	**3,340,000**	**-**	5,293,846
Options granted	-	-	-	-	-	-
Options forfeited	-	73,638	-	945,000	-	1,018,638
Options exercised	50,555	59,515	539,014	-	-	649,084
Options expired	-	-	1,175,986	-	-	1,175,986
Options lapsed	-	-	-	-	-	-
Options outstanding at the end of the period	**-**	**55,138**	**-**	**2,395,000**	**-**	**2,450,138**
Options exercisable at the end of the period	-	55,138	-	2,395,000	-	2,450,138
For share options exercised:						
Weighted average exercise price at date of exercise						28.59
Money realized by exercise of options						18,556,657
For share options outstanding						
Range of exercise prices	17.77	25.00	30.00	33.40	50.60	
Average remaining contractual life of options	-	-	-	1.00	-	-

1 April 2017

Particulars	ESOP 2011	ESOP 2013	ESOP 2016	ESOP 2017	ESOP 2018	Total
Outstanding balance at the beginning of the period	**112,222**	**215,791**	**2,175,000**	**-**	**-**	2,503,013
Options granted	-	-	-	3,280,000	-	3,280,000
Options forfeited	12,500	47,500	505,000	-	-	565,000
Options exercised	49,167	-	-	-	-	49,167
Options expired						-
Options lapsed						-
Options outstanding at the end of the period	**50,555**	**168,291**	**1,670,000**	**3,280,000**	**-**	**5,168,846**
Options exercisable at the end of the period	50,555	168,291	1,670,000	-	-	1,888,846
For share options exercised:						
Weighted average exercise price at date of exercise						17.77
Money realized by exercise of options						873,698
For share options outstanding						
Range of exercise prices	17.77	25.00	30.00	33.40	50.60	
Average remaining contractual life of options	0.42	-	1.00	1.00	-	-

C. Valuation of stock options

Particulars	ESOP 2011	ESOP 2013	ESOP 2016	ESOP 2017	ESOP 2018
Share price:	**17.77**	**25**	**30**	**33.4**	**50.6**
Exercise Price:	**17.77**	**25**	**30**	**33.4**	**50.6**
Expected Volatility:	0.49	0.37	0.38	0.35	0.38
Contractual Option Life (years):	3.00	3.00	2.00	2.00	7.00
Expected dividends:	-	-	-	-	-
Risk free interest rate:	8.00%	8.00%	8.00%	6.57%	8.04%
Vesting Dates					
	33.33% vesting on August 31, 2012	33.33% vesting on July 29, 2014	100% vesting on March 31, 2017	100% vesting on April 2, 2018	20% vesting on September 30, 2019
	66.67% vesting on August 31, 2013	66.67% vesting on July 29, 2015	-	-	40% vesting on September 30, 2020
	100% vesting on August 31, 2014	100% vesting on July 29, 2016	-	-	70% vesting on September 30, 2021
	-	-	-	-	100% vesting on September 30, 2022
Valuation of incremental fair value on modification	N.A.	N.A.	N.A.	N.A.	N.A.

D) Options granted and inputs used for measurement of fair value of options, for the key managerial employees and other senior employees

The Company is required to present the following terms of the ESOPs, for the key managerial employees and other employees

As at March 31, 2019

Particulars	ESOP 2011	ESOP 2013	ESOP 2016	ESOP 2017	ESOP 2018	Total
Fair value at grant date	17.77	25.00	30.00	33.40	50.60	
Share price at grant date	17.77	25.00	30.00	33.40	50.60	
Exercise price	17.77	25.00	30.00	33.40	50.60	
Expected volatility (weighted average volatility)	0.49	0.37	0.38	0.35	0.38	
Expected life (expected weighted average life)	0.00	0.33	0.00	0.00	6.51	
Expected dividends	0.00	0.00	0.00	0.00	0.00	
Risk-free interest rate (based on government bonds)	8.00%	8.00%	8.00%	6.57%	8.04%	
Key managerial employees						
Mr. Anil Kaul, Managing Director						
Options granted	-	-	-	-	600,000	600,000
Options exercised	-	-	-	-	-	-
Mr. S. Balakrishna Kamath, Chief Financial Officer						
Options granted	-	-	10,000	10,000	-	20,000
Options exercised	-	-	10,000	10,000	-	20,000
Mr. Jinesh Meghani, Company Secretary						
Options granted	-	-	5,000	10,000	-	15,000
Options exercised	-	-	5,000	-	-	5,000

As at March 31, 2018

Particulars	ESOP 2011	ESOP 2011	ESOP 2011	ESOP 2011	ESOP 2011	Total
Fair value at grant date	17.77	25.00	30.00	33.40	50.60	
Share price at grant date	17.77	25.00	30.00	33.40	50.60	
Exercise price	17.77	25.00	30.00	33.40	50.60	
Expected volatility (weighted average volatility)	0.49	0.37	0.38	0.35	0.38	
Expected life (expected weighted average life)	0.00	0.86	0.00	1.00	0.00	
Expected dividends	0.00	0.00	0.00	0.00	0.00	
Risk-free interest rate (based on government bonds)	8.00%	8.00%	8.00%	6.57%	8.04%	
Key managerial employees						
Mr. R. Vaithianathan, Managing Director						
Options granted	110,000	-	10,000	10,000	-	130,000
Options exercised	110,000	-	10,000	10,000	-	130,000
Mr. S. Balakrishna Kamath, Chief Financial Officer and Company Secretary						
Options granted	-	-	10,000	10,000	-	20,000
Options exercised	-	-	10,000	10,000	-	20,000

As at 1 April 2017

Particulars	ESOP 2011	ESOP 2011	ESOP 2011	ESOP 2011	ESOP 2011	Total
Fair value at grant date	17.77	25.00	30.00	33.40	50.60	
Share price at grant date	17.77	25.00	30.00	33.40	50.60	
Exercise price	17.77	25.00	30.00	33.40	50.60	
Expected volatility (weighted average volatility)	0.49	0.37	0.38	0.35	0.38	
Expected life (expected weighted average life)	0.42	1.35	1.00	2.00	0.00	
Expected dividends	0.00	0.00	0.00	0.00	0.00	
Risk-free interest rate (based on government bonds)	8.00%	8.00%	8.00%	6.57%	8.04%	
Key managerial employees						
Mr. R. Vaithianathan, Managing Director						
Options granted	110,000	-	10,000	10,000	-	130,000
Options exercised	110,000	-	10,000	10,000	-	130,000
Mr. S. Balakrishna Kamath, Chief Financial Officer and Company Secretary						
Options granted	-	-	10,000	10,000	-	20,000
Options exercised	-	-	10,000	10,000	-	20,000

E) Amount recognised in P&L. (Refer note no 26)

35. Employee benefit expenses

A. Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of payroll costs to fund the benefits. The contributions as specified under the law are paid to the provident fund set up as a Trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the employee provident scheme, 1952 is recognised as an expense in the year in which it is determined.

The Company recognised a charge of Rs. 504 Lakh (FY 2017-18 Rs.386 Lakh) towards provident fund and family pension fund contribution and Rs.14 Lakh (FY 2017-18 Rs.21 Lakh) towards contribution to superannuation fund in the Statement of Profit and Loss during the current year.

B. Defined benefit plan

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount), (Included as part of contribution to provided fund, superannuation fund and other funds as referred in Note 26 of Employee Benefit Expenses). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. Commitments are actuarially determined at year-end. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. On adoption of the Indian Accounting Standard (Ind AS 19) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are recognised in other comprehensive income.

The Company offers the following employee benefit schemes to its employees:

i. Gratuity
ii. Post-employment medical benefits
iii. Other defined benefit plans

The following table sets out the funded / unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

Movement in net defined benefit (asset) liability

a) Reconciliation of balances of Defined Benefit Obligations. **(Rs. in lakh)**

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Defined Obligations at the beginning of the year	721	-	597	
Current service cost	148	-	137	-
Interest cost	46	-	43	-
Plan participant's contributions		-		-
Exchange (gain) / loss		-		-
Benefits paid	-	-	-	-
Past service cost		-		-
Amalgamations / Acquisitions	11	-	34	-
Liabilities assumed on transfer of employees		-		-
Settlement cost / (credit)	-	-	-	-
Curtailment cost / (credit)	-	-	-	-
Plan amendments	-	-	-	-
Change in secured pensioner value		-		-
		-		-
Due to company ceasing to be a subsidiary				
Due to company becoming subsidiary				
Actuarial (Gains)/ Losses on obligations		-		-
arising from:				
		-		-
a. Due to change in financial assumptions	105		(10)	
		-		-
b. Due to change in experience adjustments	22		(34)	
c. Due to experience adjustments	(61)	-	-	-
Others (please specify below)		-		-
Benefits paid directly by the Company	(258)	-	(45)	-
Defined Obligations at the end of the year	**734**	**-**	**721**	**-**

b) Reconciliation of balances of Fair Value of Plan Assets **(Rs. in lakh)**

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded
As on 31 March 2019				
Fair Value at the beginning of the year	**756**	**-**	666	
Expected return on plan assets	(9)	-	6	-
Actuarial gain / (loss) on plan assets		-		-
Exchange gain/(loss)		-		-
Employer contributions	-	-	-	-
Plan participant's contributions		-		-
Benefits paid	-	-	-	-
Amalgamations / Acquisitions	11	-	34	-
Assets transferred on transfer of employees		-		-
Adjustment on plan settlement				
Change in secured pensioner value	-	-	-	-
Others (please specify below)		-		-
Interest Income on Plan Assets	58	-	50	-
		-		-
Due to company ceasing to be a subsidiary		-		-
Fair Value of Plan Assets at the end of the year	**815**	**-**	**756**	**-**

c) Funded status **(Rs. in lakh)**

Particulars	Year ended March 31, 2019		Year ended March 31, 2018		As at April 1, 2017	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Deficit of plan assets over obligations						
Surplus of plan assets over obligations	81		**35**		**69**	
Unrecognised asset due to asset ceiling						
Total	81	-	35	-	69	-

d) Categories of plan assets **(Rs. in lakh)**

Particulars	Year ended March 31, 2019		Year ended March 31, 2018		As at April 1, 2017	
	Total Funded	Total Unfunded	Total Funded	Total Unfunded	Total Funded	Total Unfunded
Corporate bonds	351	-	325	-	273	-
Equity shares	85	-	91	-	107	-
Government securities	371	-	332	-	220	-
Insurer managed funds		-		-		-
PSU bonds		-		-		-
Equity mutual funds		-		-		-
Bank balances		-		-		-
Cash	7	-	8	-	67	-
Equities		-		-		-
Special deposit scheme		-		-		-
Index linked gilt		-		-		-
Secured pensions		-		-		-
Others (please specify)	-	-	-	-	-	-
Total	**815**	**-**	**756**	**-**	**666**	**-**

e) Amount recognised in Balance sheet **(Rs. in lakh)**

Particulars	Year ended March 31, 2019 Total Funded	Year ended March 31, 2019 Total Unfunded	Year ended March 31, 2018 Total Funded	Year ended March 31, 2018 Total Unfunded	As at April 1, 2017 Total Funded	As at April 1, 2017 Total Unfunded
Present value of the defined benefit obligation	734	-	721	-	597	-
Fair value of plan assets	815	-	756	-	666	-
Unrecognised asset due to asset ceiling						
Unrecognised past service costs						
Net asset / (liability) recognised in the Balance Sheet	**81**	**-**	**35**	**-**	**69**	**-**

f) Amount recognised in Statement of Profit and Loss **(Rs. in lakh)**

Particulars	Year ended March 31, 2019 Total Funded	Year ended March 31, 2019 Total Unfunded	Year ended March 31, 2018 Total Funded	Year ended March 31, 2018 Total Unfunded
Current Service Cost	148	-	137	-
Past Service cost	-	-	-	-
Interest Cost (net)	(9)	-	(5)	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Received from intra-group company on transfer of employees				
Expected return on plan assets				
Actuarial loss/(gain) recognised during the year				
Others (please specify)				
Expenses for the year	**140**	**-**	**132**	**-**

g) Amount recognised in OCI **(Rs. in lakh)**

Particulars	Year ended March 31, 2019 Total Funded	Year ended March 31, 2019 Total Unfunded	Year ended March 31, 2018 Total Funded	Year ended March 31, 2018 Total Unfunded
a. Due to change in financial assumptions	**105**	**-**	**(10)**	**-**
b. Due to change in experience adjustments	**22**	**-**	**(34)**	**-**
c. Due to experience adjustments	**(61)**	**-**	**-**	**-**
d. (Return) on plan assets (excl. interest income)	9	-	(6)	-
e. Change in Asset Ceiling				
Total remeasurements in OCI	**76**	**-**	**(50)**	**-**
Total defined benefit cost recognized in P&L and OCI	**216**	**-**	**81**	**-**

h) Expected cash flows for the following year

(Rs. in lakh)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Expected total benefit payments	**1,293**	**546**
Year 1	**73**	**192**
Year 2	**75**	**11**
Year 3	**89**	**15**
Year 4	**97**	**22**
Year 5	**127**	**28**
Next 5 years	**832**	**278**

i) Major Actuarial Assumptions

(Rs. in lakh)

Particulars	**Year ended March 31, 2019**	**Year ended March 31, 2018**	**As at April 1, 2017**
Discount Rate (%)	7.20%	7.70%	7.50%
Salary Escalation/ Inflation (%)	Non CRE : 8.25% CRE and J Grade : 6%	7.5% for fist 5 years and 6% thereafter	7.5% for fist 5 years and 6% thereafter
Expected Return on Plan assets (%)	8.00%	8.00%	8.00%
Mortality Table	**Indian assured lives Mortality (2006-08) (modified) Ult.**	**Indian assured lives Mortality (2006-08) (modified) Ult.**	**Indian assured lives Mortality (2006-08) (modified) Ult.**
Withdrawal (rate of employee turnover)	CRE and J Grade : 40% Non CRE : Service Rate Less than 5 years 25% More than 5 years 10%	0-2 years 10%, 3-4 years 5%, 5-9 years 2.5%, 10 years and more 1%	0-2 years 10%, 3-4 years 5%, 5-9 years 2.5%, 10 years and more 1%
Retirement Age	**60 years**	**60 years**	**60 years**
Estimate of amount of contribution in the immediate next year	73	192	

The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components

i) Sensitivity analysis

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

	March 31, 2019		**March 31, 2018**	
Particulars	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (1% movement)	(0.5)	0.6	(0.8)	0.9
Future salary growth (1% movement)	0.6	(0.5)	1.0	(0.8)
Others (Withdrawal rate 5% movement)	(0.5)	0.8	(0.0)	0.2

j) Provision for leave encashment

	March 31, 2019		**March 31, 2018**		**April 1, 2017**	
Particulars	**Non current**	**Current**	**Non current**	**Current**	**Non current**	**Current**
Liability for compensated absences	242	123	193	56	172	38

Experience adjustments	**Defined benefit obligation**	**Plan assets**	**Surplus/ (deficit)**	**Experience adjustments on plan liabilities**	**Experience adjustments on plan assets**
Funded					
2018-19	734	815	81	(22)	(9)
2017-18	721	756	35	34	6
2016-17	597	666	69	(53)	25
Unfunded					
2018-19	-	-	-	-	-
2017-18	-	-	-	-	-
2016-17	-	-	-	-	-

Each year an Asset - Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study.

36. Fair values of financial instruments

See accounting policy in Note 2(iii).

A. Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date

b) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

c) Level 3 inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments. Valuation techniques include net present value and discounted cash flow models, income approach, comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free returns, benchmark interest rates and credit spreads used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models to determine the fair value of financial instruments, such as forward rate agreement, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed equity securities. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values.

For more complex instruments, the Company uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and may be derived from market prices or rates or estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments, determination of expected volatilities and correlations and selection of appropriate discount rates.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counterparty where appropriate. Model inputs and values are calibrated against historical data, where possible, against current or recent observed transactions in different instruments. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management uses judgement to select the most appropriate point in the range.

Discounting of the cash flows of financial asset/ financial liability for computing the fair value of such instrument: the future contractual cash flows of instrument over the remaining contractual life of the instrument are discounted using comparable rate of lending/borrowing as applicable to financial asset/ financial liability in the month of reporting for a similar class of instruments.

Derivatives held for risk management :
The Company enters into structured derivatives to mitigate the currency exchange risk and interest rate risk on account of fluctuation in the foreign exchange rates and floating rates towards the principal and interest repayments of external commercial borrowing. Some of these instruments are valued using models with significant unobservable inputs, principally expected long-term volatilities and expected correlations between different underlyings.

36. Fair values of financial instruments

See accounting policy in Note 2(iii).

B. Valuation framework

The Company has a established a policy for the measurement of fair values addressing the requirement to independently verify the results of all significant fair value measurements. Specific controls include:
1) verification of observable pricing basis actual market transactions;
2) re-performance of model valuations;
3) a review and approval process for new models and changes to models
4) annual calibration and back-testing of models against observed market transactions;
5) analysis and investigation of significant annual valuation movements; and
6) review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous year.

When third party information, such as valuation agency report is used to measure fair value, the Company assesses the documents and evidence used to support the conclusion that the valuations meet the requirements of Ind AS. This includes:
1) understanding how the fair value has been arrived at, the extent to which it represents actual market transactions and whether it represents a quoted price in an active market for an identical instrument;
2) when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
3) if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

Significant valuation issues are reported to the Audit Committee.

36. Fair values of financial instruments

C. The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(i) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at March 31, 2019 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying Value
Financial Assets:						
Cash and cash equivalents	-	-	-	-	13,276	13,276
Other balances with banks	-	-	-	-	51,708	51,708
Derivative financial instruments					347	347
Trade receivables	-	-	-	-	462	462
Loans	-	-	-	-	2,649,354	2,649,354
Investments	369	-	-	-	-	369
Other financial assets	-	-	-	-	338	338
Total	**369**	**-**	**-**	**-**	**2,715,485**	**2,715,854**
Financial Liabilities:						
Derivative financial instruments					372	372
Trade and other payables	-	-	-	-	6,489	6,489
Borrowings	-	-	-	-	2,557,898	2,557,898
Other financial liabilities	-	-	-	-	23,844	23,844
Total	**-**	**-**	**-**	**-**	**2,588,603**	**2,588,603**

The carrying value of financial instruments by categories as at March 31, 2018 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying Value
Financial Assets:						
Cash and cash equivalents	-	-	-	-	6,952	6,952
Other balances with banks	-	-	-	-	26	26
Derivative financial instruments					-	-
Trade receivables	-	-	-	-	396	396
Loans	-	-	-	-	2,043,987	2,043,987
Investments	281	-	-	-	-	281
Other financial assets	-	-	-	-	170	170
Total	**281**	**-**	**-**	**-**	**2,051,531**	**2,051,812**
Financial Liabilities:						
Derivative financial instruments					-	-
Trade and other payables	-	-	-	-	4,913	4,913
Borrowings	-	-	-	-	1,936,394	1,936,394
Other financial liabilities	-	-	-	-	28,155	28,155
Total	**-**	**-**	**-**	**-**	**1,969,462**	**1,969,462**

The carrying value of financial instruments by categories as at April 1, 2017 is as follows:

Particulars	Fair value through Profit or Loss	Fair Value through Other Comprehensive Income	Derivative instruments in hedging relationship	Derivative instruments not in hedging relationship	Amortised cost	Total Carrying Value
Financial Assets:						
Cash and cash equivalents	-	-	-	-	8,318	8,318
Other balances with banks	-	-	-	-	-	-
Derivative financial instruments					-	-
Trade receivables	-	-	-	-	5	5
Loans	-	-	-	-	1,700,371	1,700,371
Investments	251	-	-	-	-	251
Other financial assets	-	-	-	-	247	247
Total	**251**	**-**	**-**	**-**	**1,708,941**	**1,709,192**
Financial Liabilities:						
Derivative financial instruments					-	-
Trade and other payables	-	-	-	-	3,769	3,769
Borrowings	-	-	-	-	1,602,131	1,602,131
Other financial liabilities	-	-	-	-	36,555	36,555
Total	**-**	**-**	**-**	**-**	**1,642,455**	**1,642,455**

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2019, March 31, 2018 and April 1, 2017 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For mutual funds, published net asset value (NAV) is used for the purpose of computation of fair value.

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.
a) Fair value is computed for financial asset carried at amortised cost by comparing the contracted internal rate of return with the weighted average coupon rate for the loans disbursed in the reporting month.
b) For all other financial assets and financial liabilities, the carrying value approximates the fair value of the instrument.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis :

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	369	-	369
Total	-	369	-	369

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	281	-	281
Total	-	281	-	281

As at April 1, 2017	Level 1	Level 2	Level 3	Total
Financial Assets:				
Mutual fund units	-	251	-	251
Total	-	251	-	251

The following table summarises disclosure of fair value of financial assets and liabilities measured at amortised cost:

Measured at Level 3	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets at amortised cost:						
Loans	2,649,354	2,663,620	2,043,987	2,074,756	1,700,371	1,751,443
Total	**2,649,354**	**2,663,620**	**2,043,987**	**2,074,756**	**1,700,371**	**1,751,443**
Financial Liabilities at amortised cost:						
Borrowings	2,557,898	2,551,222	1,936,394	1,915,321	1,602,131	1,596,404
Total	**2,557,898**	**2,551,222**	**1,936,394**	**1,915,321**	**1,602,131**	**1,596,404**

The following table summarises valuation techniques used to determine fair value, fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationship to fair value

Financial instruments	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017				
Loans	2,663,620	2,074,756	1,751,443	Level 3	Discounted cash flows	NA	NA
Financial Assets at amortised cost	**2,663,620**	**2,074,756**	**1,751,443**				

Financial instruments	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017				
Borrowings	2,551,222	1,915,321	1,596,404	Level 3	Discounted cash flows	NA	NA
Financial Liabilities at amortised cost	**2,551,222**	**1,915,321**	**1,596,404**				

37 Financial risk review

This note presents information about the Company's exposure to financial risks and its management of capital.

For information on the financial risk management framework, see Note 38

A. Credit risk

For the definition of credit risk and information on how credit risk is mitigated by the Company, see Note 38.

i. Credit quality analysis

The following table sets out information about the credit quality of financial assets measured at amortised cost and fair value through other comprehensive income. The amounts in the table represent gross carrying amounts for financial assets, impairment allowance and net carrying amounts for financial assets.

Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in Note 2(ix).

37. Financial risk review(continued)

A. **Credit risk**

Loans by Division

i. Credit quality analysis continued

1) **Loan exposure by Financing division**

(Rs. in lakh)

PARTICULARS	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 1, 2017**
	Amortised Cost	**Amortised Cost**	**Amortised Cost**
Loans by division			
(i) Housing	2,047,095	1,598,876	1,389,580
(ii) Non Housing	602,202	445,045	310,725
Gross carrying amount	**2,649,297**	**2,043,921**	**1,700,305**
Less : Impairment loss allowance	32,528	33,883	24,387
Net Carrying amount	**2,616,769**	**2,010,038**	**1,675,918**

Note : Gross Carrying amount does not include Loan commitments Rs. 2,98,894 lakh (As on March 31, 2018: Rs. 2,69,346 lakh | As on April 1, 2017: Rs. 2,38,427 lakh)

2) **Days past due based method implemented by Company for credit quality analysis of Loans**

The table below shows the credit quality and the maximum exposure to credit risk based on the days past due and year-end stage classification of Loans. The amounts presented are gross of impairment allowances.

(Rs. in lakh)

a)

Outstanding Gross Loans	As at March 31, 2019				March 31, 2018				April 1, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due												
Zero overdue	2,379,035		586	2,379,621	1,734,223		59	1,734,282	1,356,781		155	1,356,936
1-29 days	188,021		229	188,250	229,241		20	229,261	285,711		978	286,689
30-59 days		24,271	7	24,278		24,193	29	24,222		23,305	193	23,498
60-89 days		34,065	70	34,135		31,463	182	31,645		18,961	529	19,490
90 or more days			23,014	23,014			24,511	24,511			13,692	13,692
Total	**2,567,056**	**58,336**	**23,906**	**2,649,297**	**1,963,464**	**55,656**	**24,801**	**2,043,921**	**1,642,492**	**42,266**	**15,547**	**1,700,305**

Note : Gross Carrying amount does not include Loan commitments Rs. 2,98,894 lakh (As on March 31, 2018: Rs. 2,69,346 lakh | As on April 1, 2017: Rs. 2,38,427 lakh)

(Rs. in lakh)

3)

Impairment allowance on Loans	As at March 31, 2019				March 31, 2018				April 1, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due												
Zero overdue	9,165		515	9,680	8,402		50	8,452	7,814		65	7,879
1-29 days	1,013		111	1,124	1,189		19	1,208	1,524		467	1,991
30-59 days		2,789	3	2,792		2,638	24	2,662		2,622	85	2,707
60-89 days		5,690	30	5,720		5,183	132	5,315		3,110	252	3,362
90 or more days			13,212	13,212			16,246	16,246			8,448	8,448
Total	**10,178**	**8,479**	**13,871**	**32,528**	**9,591**	**7,822**	**16,471**	**33,883**	**9,338**	**5,732**	**9,317**	**24,387**

Note : Include impairment allowance on Loan commitments Rs. 1,231 lakh (As on March 31, 2018: Rs. 1,621 lakh | As on April 1, 2017: Rs. 941 lakh)

37. Financial risk review(continued)

A. **Credit risk**

Loans by Division

i. Credit quality analysis continued

(Rs. in lakh)

As at March 31, 2019		Asset group	Days past due	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	0	2,379,035	0.39%	9,165	2,369,870
			1-29	188,021	0.54%	1,013	187,008
			Total	2,567,056	0.40%	10,178	2,556,877
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans	30-59	24,271	11.49%	2,789	21,482
			60-89	34,065	16.70%	5,690	28,375
			Total	58,336	14.53%	8,479	49,857
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	0	586	87.88%	515	71
			1-29	229	48.47%	111	118
			30-59	7	42.86%	3	4
			60-89	70	42.86%	30	40
			90 days and above	23,014	57.41%	13,212	9,802
			Total	23,906	58.02%	13,871	10,035
			Total	**2,649,297**	**1.23%**	**32,528**	**2,616,769**

(Rs. in lakh)

March 31, 2018		Asset group	Days past due	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	0	1,734,223	0.48%	8,402	1,725,821
			1-29	229,241	0.52%	1,189	228,052
			Total	1,963,464	0.49%	9,591	1,953,873
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans	30-59	24,193	10.90%	2,638	21,555
			60-89	31,463	16.47%	5,183	26,280
			Total	55,656	14.05%	7,822	47,835
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	0	59	84.75%	50	9
			1-29	20	95.00%	19	1
			30-59	29	82.76%	24	5
			60-89	182	72.53%	132	50
			90 days and above	24,511	66.28%	16,246	8,265
			Total	24,801	66.41%	16,471	8,330
			Total	**2,043,921**	**1.66%**	**33,883**	**2,010,038**

(Rs. in lakh)

April 1, 2017		Asset group	Days past due	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	0	1,356,781	0.58%	7,814	1,348,967
			1-29	285,711	0.53%	1,524	284,187
			Total	1,642,492	0.57%	9,338	1,633,154
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	Loans	30-59	23,305	11.25%	2,622	20,683
			60-89	18,961	16.40%	3,110	15,851
			Total	42,266	13.56%	5,732	36,534
	Financial assets for which credit risk has increased significantly and credit-impaired	Loans	0	155	41.94%	65	90
			1-29	978	47.75%	467	511
			30-59	193	44.04%	85	108
			60-89	529	47.64%	252	277
			90 days and above	13,692	61.70%	8,448	5,244
			Total	15,547	59.93%	9,317	6,230
			Total	**1,700,305**	**1.43%**	**24,387**	**1,675,918**

Note 1 : Gross Carrying amount does not include Loan commitments Rs. 2,98,894 lakh (As on March 31, 2018: Rs. 2,69,346 lakh | As on April 1, 2017: Rs. 2,38,427 lakh).

Note 2 : Include impairment allowance on Loan commitments Rs. 1,231 lakh (As on March 31, 2018: Rs. 1,621 lakh | As on April 1, 2017: Rs. 941 lakh).

37. Financial risk review(continued)

A. **Credit risk**

i. Credit quality analysis continued

Derivative Financial Instruments

The Company enters into derivatives contract for risk management purposes. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(Rs. in lakh)

Derivatives held for Risk management purposes	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Foreign Exchange Forward contracts	64,112	347	-	-	-	-	-	-	-
Interest rate swap	51,615	-	372	-	-	-	-	-	-
Total	115,727	347	372	-	-	-	-	-	-

Derivatives held for risk management purposes:

The Company is exposed to foreign currency risk related to external commercial borrowings and the primary risk of change in the floating interest rate and payment in foreign currency towards principal and interest at future date is managed by entering into a interest rate swap and foreign exchange forward rate purchase agreement respectively.

The Corporation’s risk management strategy and how it is applied to manage risk is explained in Note 38.

The Interest rate swap and foreign exchange forward currency agreements are entered to fully hedge the risk on account of change in interest rate and foreign exchange fluctuations on account of the external commercial borrowings.

37. Financial risk review(continued)

A. **Credit risk**

ii Collateral held and other credit enhancements

The Company holds collateral and other credit enhancements against certain of its credit exposures

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

The main types of collateral obtained are as follows:

For housing loans, mortgage against residential property is obtained. For loan against property, mortgage against residential and commercial property is obtained. For Construction finance, additionally mortgage over residential and commercial project is obtained.

The table show the maximum exposure to credit risk by class of financial asset.

(Rs. in lakh)

Particulars	**Category of collateral available**	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 1, 2017**
Financial assets				
Loans				
Housing Loans	Mortgages over residential properties	2,047,095	1,598,876	1,389,580
Non housing loan	Charges over: i) real estate properties (including residential and commercial), ii) land iii) Under construction flat	602,202	445,045	310,725
Total		**2,649,297**	**2,043,921**	**1,700,305**

Assets obtained by taking possession of collateral

The Company's collection policy is to pursue timely realisation of the collateral in an orderly manner.The Company upon a customer account becoming delinquent, undertakes the process to physically repossess properties with the help of legal proceeding to recover funds and settle outstanding debt. Any surplus funds if any received are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non–current assets held for sale. Asset in the form of real estate property received upon final settlement of the loan is recorded as non-current assets held for sale.

Management monitors the market value of collateral as per the Credit monitoring process and will request additional collateral in accordance with the underlying agreement as applicable.

37. Financial risk review(continued)

A. **Credit risk**

ii Collateral held and other credit enhancements (continued)

The table show the value of the credit impaired asset and the value of the collateral available.

(Rs. in lakh)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Credit Impaired	Security held	Credit Impaired	Security held	Credit Impaired	Security held
Loans						
Housing Loans	18,633	59,255	18,990	53,547	11,249	56,010
Non housing loan	5,271	24,057	5,862	10,041	4,304	13,417
Total	**23,904**	**83,312**	**24,852**	**63,588**	**15,553**	**69,427**

37. Financial risk review(continued)

A. Credit risk

iii Amounts arising from ECL

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to lending is, as follows:

(Rs. in lakh)

a)

Particulars	**As at March 31, 2019**				**As at March 31, 2018**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**1,963,464**	**55,656**	**24,801**	**2,043,921**	**1,642,492**	**42,266**	**15,547**	**1,700,305**
New assets originated or purchased	1,071,375	-	-	1,071,375	845,886	-	-	845,886
Assets derecognised or repaid (excluding write offs)	(424,442)	(8,293)	(1,214)	(433,948)	(482,095)	(7,358)	(1,146)	(490,599)
Transfers to Stage 1	15,956	(17,552)	(2,114)	(3,710)	13,821	(13,503)	(2,483)	(2,165)
Transfers to Stage 2	(43,307)	39,401	(444)	(4,350)	(43,202)	40,233	(1,467)	(4,436)
Transfers to Stage 3	(14,902)	(9,530)	22,728	(1,705)	(13,438)	(5,982)	18,736	(684)
Amounts written off *	(1,088)	(1,346)	(19,851)	(22,285)	-	-	(4,385)	(4,385)
Gross carrying amount closing balance	**2,567,056**	**58,336**	**23,906**	**2,649,297**	**1,963,464**	**55,656**	**24,801**	**2,043,921**

(Rs. in lakh)

b)

Particulars	**As at March 31, 2019**				**As at March 31, 2018**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	**9,591**	**7,822**	**16,471**	**33,883**	**9,338**	**5,732**	**9,317**	**24,387**
New assets originated or purchased	3,735	-	-	3,735	6,096	-	-	6,096
Assets derecognised or repaid (excluding write offs)	(2,141)	(1,173)	(685)	(3,999)	(3,636)	(1,002)	(655)	(5,292)
Transfers to Stage 1	66	(2,382)	(1,102)	(3,418)	57	(1,812)	(1,287)	(3,043)
Transfers to Stage 2	(488)	5,862	(231)	5,142	(694)	5,789	(713)	4,382
Transfers to Stage 3	(581)	(1,439)	13,279	11,258	(1,571)	(884)	13,565	11,109
Amounts written off *	(3)	(210)	(13,860)	(14,073)	-	-	(3,756)	(3,756)
ECL allowance - closing balance	**10,178**	**8,479**	**13,871**	**32,528**	**9,591**	**7,822**	**16,471**	**33,883**

* The above amount written off is subject to the enforcement of the security.

37. Financial risk review(continued)

A. **Credit risk**

iii Amounts arising from ECL

Modified financial assets

Exposure to modified financial assets

(Rs. in lakh)

PARTICULARS	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
	Amortised Cost	Amortised Cost	Amortised Cost
Loan exposure to modified financial assets			
(i) **Gross carrying amount**	2,972	738	1,357
(ii) Impairment allowance	656	736	631
(iii) Net carrying amount	**2,316**	**2**	**726**

37. Financial risk review(continued)

A. **Credit risk**

iii **Amounts arising from ECL**

Impairment allowance on financial asset is covered in note (ix)

Inputs, assumptions and estimation techniques used for estimating ECL

1) Inputs:

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, expert credit assessment and including forward looking information.

The Company allocates each exposure to a credit risk grade based on days past due, which is a quantitative factor that indicates the risk of default. Additional qualitative factors are applied such as fraudulent customer and reschedulement of loans. These factors are applied uniformly for each lending product. Additionally, the Company reviews the account with high risk and consider the same for classification as stage 2. The determination of the credit risk is for each product, considering the unique risk and rewards associated with it. The Company has observed varied level of risk across various buckets within each stage and a significant increase in risk in stage 2.

The objective of the ECL assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime probability of default (PD) as at the reporting date; with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure and adjusted for changes on account of prepayments.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

Refer note 2(ix) in Significant accounting policies for definition of Stages of Asset

2) Assumptions:

The Company has applied following assumptions for determination of ECL.

1) "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs.
2) "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
3) "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company including loan commitments.
4) Definition of default: A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3.

5) Forward looking information

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables such as real GDP, domestic credit growth, money market interest rate etc. as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes. More weight is applied to pessimistic outcome consistently as a matter of prudence than optimistic outcome.

The below table indicates the macro economic variables used for determination of the One year probability of default and life time probability of default:

Marco economic parameters used*	Measurement metric (% change / value)	Scenarios	Base case ranges between				
			Year 1	Year 2	Year 3	Year 4	Year 5
a) Housing Price Index	Housing Price Index (change in % change)	Base	-0.40	-0.15	-0.14	-0.14	-0.13
		Optimistic	0.77	1.01	1.02	1.03	1.04
		Pessimistic	-1.57	-1.32	-1.31	-1.31	-1.30
b) Lending interest rate	Lending Interest Rate (%)	Base	9.60	9.00	9.10	9.30	9.89
		Optimistic	9.91	9.31	9.41	9.61	10.20
		Pessimistic	9.29	8.69	8.79	8.99	9.58
c) Average real wages	Average real wages (% change pa)	Base	4.40	4.80	5.20	5.60	2.17
		Optimistic	5.15	5.55	5.95	6.35	2.92
		Pessimistic	3.65	4.05	4.45	4.85	1.43
d) Housing Price	Housing Price Index (%	Base	0.06	0.05	0.05	0.04	0.03

Index	change)						
		Optimistic	-0.00	-0.01	-0.02	-0.03	-0.03
		Pessimistic	0.13	0.12	0.11	0.10	0.10

Note: The Company has applied more weights to the pessimistic case as compared to the Optimistic case while computing the probability of default.

6) Assessment of significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

3) Estimation techniques:

The Company has applied the following estimation technique for ECL model:

1) The Company has used historic default rates for calculating the 12-month PD and Lifetime PDs

2) Loss given default is calculated after considering outstanding at the time of default and adjusting for actual recoveries basis time value of money, absent availability of internal data we have used information to the extent available from Basel norms.

i) Credit risk monitoring techniques

Exposures are subject to ongoing monitoring, which may indicate that a significant increase in credit risk has occurred on an exposure. The monitoring typically involves use of the following data for Corporate and Retail exposures:

ii) Overdue status

iii) Restructuring, reschedulement of loans and requests for granting of forbearance

iv) Fraudulent customer

v) Marked as high risk by the Risk Management Committee

vi) Techniques for determining PD

Days past due are a primary input for the determination of the PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by product. For some portfolios, information published in Basel IRB (Basel internal rating based approach refers to set of credit measurement techniques proposed by the Basel committee on Bank Supervision (BCBS)) norms is also used.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors. Key macro-economic indicators includes but is not limited to;

a) Private consumption;

b) contribution to real GDP growth;

c) Housing Price Index;

d) Lending interest rate;

e) Average real wages;

f) Real agriculture;

g) Recorded unemployment;

h) Consumer prices;

i) Real GDP.

Based on advice from the external risk management experts, the Company considered variety of external actual and forecast information to formulate a ‘base case’ view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. Such forecasts are adjusted to estimate the PDs.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

A maximum of a 12-month PD or actual contractual tenure is considered for financial assets for which credit risk has not significantly increased. The Company measures ECL for stage 2 and stage 3 assets considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

The portfolio is subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

For portfolios in respect of which the Company has limited historical data, external benchmark information is used to supplement the internally available data.

vii) Techniques for determining LGD:

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates against defaulted counterparties. The LGD models consider the cash flow received, assets received in lieu of settlement of loan and collateral available for subsequent recovery that is integral to the financial asset. LGD estimates are calculated on a discounted cash flow basis using the internal rate of return as the discounting factor. Company has observed challenges in the resolution of defaulted accounts with ageing more than two years and accordingly a higher LGD estimate is applied assuming nil recoveries towards such accounts.

viii) Techniques for computation of EAD

a) EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on credit conversion factor prescribed by NHB for various loan commitments. For financial assets in stage 2, EAD is determined by estimating the possible exposure in future using linear amortisation techniques.

b) For undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Company if the holder of the commitment draws down the loan and the cash flows that the Company expects to receive if the loan is drawn down. Outstanding exposure for utilised limit as well as un-utilised limit post applying the credit conversion factor as prescribed under NHB guidelines, absent availability of information of past history of conversion of un-utilised limits into utilised limits is considered as exposure at default for non-fund-based facilities.

37. Financial risk review(continued)

A. **Credit risk**

Loans by Division

iv. Credit concentration by division under various stages:

1) **Loan exposure by division**

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

a)

Gross carrying amount of	As at March 31, 2019				March 31, 2018				April 1, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Division												
Housing	1,987,742	40,721	18,633	2,047,095	1,542,309	37,609	18,958	1,598,876	1,347,771	30,564	11,244	1,389,580
Non Housing	579,314	17,615	5,273	602,202	421,155	18,047	5,844	445,045	294,720	11,702	4,303	310,725
Total	**2,567,056**	**58,336**	**23,906**	**2,649,297**	**1,963,464**	**55,656**	**24,801**	**2,043,921**	**1,642,492**	**42,266**	**15,547**	**1,700,305**

Note : Gross Carrying amount does not include Loan commitments Rs. 2,98,894 lakh (As on March 31, 2018: Rs. 2,69,346 lakh | As on April 1, 2017: Rs. 2,38,427 lakh)

b

Impairment allowance on	As at March 31, 2019				March 31, 2018				April 1, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past due												
Housing	6,456	6,878	11,373	24,707	6,877	6,218	13,392	26,488	7,234	4,705	6,843	18,782
Non Housing	3,723	1,601	2,498	7,822	2,713	1,603	3,080	7,396	2,105	1,026	2,474	5,605
Total	**10,178**	**8,479**	**13,871**	**32,528**	**9,591**	**7,822**	**16,471**	**33,884**	**9,338**	**5,732**	**9,317**	**24,387**

Note : Include impairment allowance on Loan commitments Rs. 1,231 lakh (As on March 31, 2018: Rs. 1,621 lakh | As on April 1, 2017: Rs. 941 lakh)

37. Financial risk review(continued)

A. **Credit risk**

v.

PARTICULARS	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 1, 2017**
LOANS			
- Amortised Cost	2,649,354	2,043,987	1,700,371
Total - Gross Loans	**2,649,354**	**2,043,987**	**1,700,371**
Less: Un-Amortized DMA & Processing Fees	6,970	4,265	1,633
Total - Carrying Value of Loans	**2,642,384**	**2,039,722**	**1,698,738**
Less : Impairment Allowance	32,528	33,883	24,387
Total - Net Loans	**2,609,856**	**2,005,839**	**1,674,351**

37. Financial risk review(continued)

B. **Liquidity risk**

For the definition of liquidity risk and information on how liquidity risk is managed by the Company, see Note 38.

i. **Exposure to liquidity risk**

The Company has set tolerance limits in the light of the Company's business objectives, strategic direction and overall risk appetite. The tolerance limits reflects balance between profitability and managing liquidity risk and considers Company's current financial condition and funding capacity. The Company maintains liquidity buffer of unencumbered highly liquid assets (if required) to insure against liquidity stress events.

37. Financial risk review(continued)

B. **Liquidity risk**

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets:

As at March 31, 2019	Carrying amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type								
Derivative financial instruments	372	-	-	-	372	-	-	372
Trade payables	6,489	-	6,489	-	-	-	6,489	-
Debt securities	401,921	45,442	6,281	141,399	163,284	45,750	193,123	209,034
Borrowings	2,093,694	263,240	218,511	284,485	917,325	411,274	766,237	1,328,599
Subordinated liabilities	62,283	-	-	-	17,570	44,800	-	62,370
Other financial liabilities	23,844	6,471	4,360	12,523	490	-	23,354	490
	2,588,603	**315,153**	**235,641**	**438,408**	**1,099,041**	**501,824**	**989,202**	**1,600,864**
Financial asset by type								
Cash and cash equivalents	13,276	13,276	-	-	-	-	13,276	-
Balances with bank in deposit account	51,708	8,009	16,020	27,651	-	28	51,680	28
Derivative financial instruments	347	1	2	8	336	-	11	336
Receivables	462	-	462	-	-	-	462	-
Loans	2,649,354	31,083	63,927	320,334	725,995	1,508,014	415,345	2,234,009
Investments	369	-	-	-	-	369	-	369
Other Financial Assets	338	-	209	-	129	-	209	129
	2,715,854	**52,369**	**80,620**	**347,993**	**726,460**	**1,508,411**	**480,983**	**2,234,871**
Type of Borrowings								
Borrowings from Banks		193,212	140,317	161,975	916,725	284,674	495,504	1,201,399
Market Borrowings		115,471	84,476	263,909	180,854	90,550	463,856	271,404
Total Borrowings excluding CCCPS		**308,683**	**224,793**	**425,884**	**1,097,579**	**375,224**	**959,360**	**1,472,803**

37. Financial risk review(continued)

B. **Liquidity risk**

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets:

As at March 31, 2018	Carrying amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type								
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade payables	4,913	-	4,913	-	-	-	4,913	-
Debt securities	427,138	12,920	42,360	60,250	262,640	49,250	115,530	311,890
Borrowings	1,444,486	218,156	294,995	154,669	386,388	390,467	667,820	776,855
Subordinated liabilities	64,770	-	-	-	16,450	48,420	-	64,870
Other financial liabilities	28,155	8,865	6,148	12,929	213	-	27,942	213
	1,969,462	**239,942**	**348,416**	**227,848**	**665,691**	**488,137**	**816,205**	**1,153,828**
Financial asset by type								
Cash and cash equivalents	6,952	6,952	-	-	-	-	6,952	-
Balances with bank in deposit account	26	-	-	-	-	26	-	26
Derivative financial instruments	-	-	-	-	-	-	-	-
Receivables	396	-	396	-	-	-	396	-
Loans	2,043,987	28,373	25,710	125,814	548,928	1,315,162	179,897	1,864,090
Investments	281	-	-	-	-	281	-	281
Other Financial Assets	170	-	170	-	-	-	170	-
	2,051,812	**35,325**	**26,276**	**125,814**	**548,928**	**1,315,469**	**187,415**	**1,864,397**
Type of Borrowings								
Borrowings from Banks		177,373	67,920	119,156	360,987	303,367	364,449	664,354
Market Borrowings		53,704	269,435	95,763	279,090	97,670	418,902	376,760
Total Borrowings excluding CCCPS		**231,077**	**337,355**	**214,919**	**640,077**	**401,037**	**783,351**	**1,041,114**

37. Financial risk review(continued)

B. **Liquidity risk**

ii. Maturity analysis for financial liabilities and financial assets

The following tables set out the remaining contractual maturities of the Company's financial liabilities and financial assets:

As at April 1, 2017	Carrying amount	Less than 1 month	1–3 months	3 months –1 year	1–5 years	More than 5 years	upto 1 Year	more than 1 Year
Financial liability by type								
Derivative financial instruments	-	-	-	-	-	-	-	-
Trade payables	3,769	-	3,769	-	-	-	3,769	-
Debt securities	504,769	52,570	34,360	100,410	255,170	62,750	187,340	317,920
Borrowings	1,032,683	138,390	161,450	167,852	298,888	266,467	467,692	565,355
Subordinated liabilities	64,679	-	-	-	8,520	56,350	-	64,870
Other financial liabilities	36,555	14,209	10,414	11,841	92	-	36,464	92
	1,642,455	**205,169**	**209,993**	**280,103**	**562,670**	**385,567**	**695,265**	**948,237**
Financial asset by type								
Cash and cash equivalents	8,318	8,318	-	-	-	-	8,318	-
Balances with bank in deposit account	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Receivables	5	-	5	-	-	-	5	-
Loans	1,700,371	18,880	15,376	78,464	469,164	1,118,437	112,720	1,587,601
Investments	251	-	-	-	-	251	-	251
Other Financial Assets	247	-	247	-	-	-	247	-
	1,709,192	**27,198**	**15,628**	**78,464**	**469,164**	**1,118,688**	**121,290**	**1,587,852**
Type of Borrowings								
Borrowings from Banks		40,227	21,944	94,831	298,888	184,067	157,002	482,955
Market Borrowings		150,733	173,866	173,431	263,690	119,100	498,031	382,790
Total Borrowings excluding CCCPS		**190,960**	**195,810**	**268,262**	**562,578**	**303,167**	**655,032**	**865,745**

B. **Liquidity risk**

ii. Maturity analysis for financial liabilities and financial assets

The amounts in the table above have been compiled as follows.

Type of financial instrument	Basis on which amounts are compiled
Non-derivative financial liabilities and financial assets	Undiscounted cash flows, which include estimated interest payments.
Derivative financial liabilities and financial assets held for risk management purposes	The Derivative liability/asset amount represents the mark to market(MTM) gain/loss.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. The principal differences are as follows:

a) Unrecognised loan commitments are not all expected to be drawn down immediately; and

b) retail loans have an original contractual maturity of between 12 and 144 months but an average expected maturity of 84 months because customers take advantage of early repayment options.

As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Company maintains agreed lines of credit with other banks to maintain the liquidity requirements.

37. Financial risk review(continued)

B. Liquidity risk

ii. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have a actual contratual maturity of 12 months. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

(Rs. in lakh)

ASSETS	As at March 31, 2019			As at March 31, 2018			April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	13,276	-	**13,276**	6,952	-	**6,952**	8,318	-	**8,318**
Balances with bank in deposit account	51,680	28	**51,708**	-	26	**26**	-	-	**-**
Derivatives financial instruments	11	336	**347**	-	-	**-**	-	-	**-**
Trade Receivables	462	-	**462**	396	-	**396**	5	-	**5**
Loans	187,244	2,462,110	**2,649,354**	184,724	1,859,263	**2,043,987**	113,791	1,586,580	**1,700,371**
Investments	-	369	**369**	-	281	**281**	-	251	**251**
Other financial assets	209	129	**338**	170	-	**170**	247	-	**247**
Non-financial Assets									
Current tax assets (Net)	-	312	**312**	-	80	**80**	-	309	**309**
Deferred tax Assets (Net)	-	12,001	**12,001**	-	10,892	**10,892**	-	7,085	**7,085**
Investment property	-	397	**397**	-	416	**416**	-	273	**273**
Property, Plant and Equipment	-	2,541	**2,541**	-	1,481	**1,481**	-	1,124	**1,124**
Capital work-in-progress	-	66	**66**	-	174	**174**	-	137	**137**
Intangible assets under development	-	9	**9**	-	725	**725**	-	326	**326**
Other non-financial assets	3,015	4,106	**7,121**	2,565	2,675	**5,240**	1,824	3,099	**4,923**
Total Assets	**255,897**	**2,482,404**	**2,738,301**	**194,807**	**1,876,013**	**2,070,820**	**124,185**	**1,599,184**	**1,723,369**

LIABILITIES	As at March 31, 2019			As at March 31, 2018			April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities									
Derivative financial instruments	-	372	372	-	-	-	-	-	-
Trade Payables									
- Total outstanding dues of creditors other than micro enterprises and small enterprises	6,489	-	6,489	4,913	-	4,913	3,769	-	3,769
Debt Securities	193,051	208,870	401,921	115,447	311,691	427,138	187,118	317,651	504,769
Borrowings (Other than debt securities)	765,832	1,327,862	2,093,694	667,631	776,855	1,444,486	467,475	565,208	1,032,683
Subordinated liabilities	-	62,283	62,283	-	64,770	64,770	-	64,679	64,679
Other financial liabilities	23,354	490	23,844	27,942	213	28,155	36,463	92	36,555
Non-Financial Liabilities									
Current tax liabilities (Net)	2,900	-	2,900	2,613	-	2,613	1,571	-	1,571
Provisions	2,300	30,629	32,929	2,209	31,985	34,194	1,613	23,037	24,650
Other non-financial liabilities	9,508	6,467	15,975	7,924	4,590	12,514	8,273	3,457	11,730
Total liabilities	**1,003,434**	**1,636,973**	**2,640,407**	**828,679**	**1,190,104**	**2,018,783**	**706,283**	**974,123**	**1,680,406**

Net	**(747,537)**	**845,431**	**97,894**	**(633,872)**	**685,909**	**52,037**	**(582,098)**	**625,061**	**42,963**

37. Financial risk review(continued)

B. **Liquidity risk**

iii. Financial assets available to support future funding

The Company has assets which are not pledged as securities. Details of assets pledged/not pledged as securities are as follows:

(Rs. in lakh)

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
ASSETS	**Pledged**	**Not Pledged**	**Total**	**Pledged**	**Not Pledged**	**Total**	**Pledged**	**Not Pledged**	**Total**
Financial assets	**2,645,756**	**70,098**	**2,715,854**	**2,042,431**	**9,381**	**2,051,812**	**1,699,869**	**9,323**	**1,709,192**
Cash and cash equivalents		13,276	13,276		6,952	6,952		8,318	8,318
Balances with bank in deposit account		51,708	51,708		26	26		-	-
Derivatives financial instruments		347	347		-	-		-	-
Trade Receivables		462	462		396	396		5	5
Loans	2,645,756	3,598	2,649,354	2,042,431	1,556	2,043,987	1,699,869	502	1,700,371
Investments		369	369		281	281		251	251
Other financial assets		338	338		170	170		247	247
Non-financial Assets	**31**	**22,416**	**22,447**	**33**	**18,975**	**19,008**	**35**	**14,142**	**14,177**
Current tax asset		312	312		80	80		309	309
Deferred tax Assets (Net)		12,001	12,001		10,892	10,892		7,085	7,085
Investment property	31	366	397	33	383	416	35	238	273
Property, Plant and Equipment		2,541	2,541		1,481	1,481		1,124	1,124
Capital work-in-progress		66	66		174	174		137	137
Intangible assets under development		9	9		725	725		326	326
Other non-financial assets		7,121	7,121		5,240	5,240		4,923	4,923
Total Assets	**2,645,787**	**92,514**	**2,738,301**	**2,042,464**	**28,356**	**2,070,820**	**1,699,904**	**23,465**	**1,723,369**

iv. Financial assets pledged as collateral

The total financial assets recognised in the statement of financial position that had been pledged as collateral for liabilities as on March 31, 2019, March 31, 2018 and April 1, 2017 is shown in the preceding table.

Financial assets are pledged as collateral as part of the borrowings under terms that are usual and customary for such activities. In addition, as part of financial asset transactions, the Company has received collateral that it is permitted to sell in order to recover the customer dues and the same has not been considered for the purpose of computation of impairment allowance for credit impaired assets.

37. Financial risk review(continued)

C. Market risk

i For the definition of market risk and information on how the company manages the market risks of trading and non-trading portfolios, see Note 38(D).

The following table sets out the allocation of assets and liabilities to non-trading portfolios. The Company does not allocate the assets and liabilities to trading portfolios.

(Rs. in lakh)

Carrying amount	**Market risk measure**		
Assets subject to market risk	**As at March 31, 2019**	**As at March 31, 2018**	**As at April 1, 2017**
Cash and cash equivalents	13,276	6,952	8,318
Balances with bank in deposit account	51,708	26	-
Derivative financial instruments	347	-	-
Receivables	462	396	5
Loans	2,649,354	2,043,987	1,700,371
Investments	369	281	251
Other Financial Assets	338	170	247
Liabilities subject to market risk			
Derivative financial instruments	372	-	-
Trade payables	6,489	4,913	3,769
Debt securities issued	401,921	427,138	504,769
Borrowings	2,093,694	1,444,486	1,032,683
Subordinated liabilities	62,283	64,770	64,679
Other financial liabilities	23,844	28,155	36,555

37 Financial risk review(continued)

C. Market risk (continued)

ii Company carries out EAR model analysis for rate sensitive asset and liabilities.

Below table illustrates impact on 100 bps change on Rate sensitive asset and Rate sensitive liability.

As at March 31, 2019 (Rs. in lakh)

Rate sensitive	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate Sensitive Asset	2,613,071	13,065	(13,065)
Rate Sensitive Liabilities	1,948,154	9,741	(9,741)
Net Gap (Asset - liability)	664,916	3,325	(3,325)

As at March 31, 2018 (Rs. in lakh)

Rate sensitive	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate Sensitive Asset	2,081,027	10,405	(10,405)
Rate Sensitive Liabilities	1,073,175	5,366	(5,366)
Net Gap (Asset - liability)	1,007,851	5,039	(5,039)

As at April 1, 2017 (Rs. in lakh)

Rate sensitive	Less than 1 Year	@ 100bps change increase	@ 100bps change decrease
Rate Sensitive Asset	1,734,497	8,672	(8,672)
Rate Sensitive Liabilities	943,793	4,719	(4,719)
Net Gap (Asset - liability)	790,704	3,954	(3,954)

Exposure to foreign exchange fluctuation risk – Non-trading portfolios (continued)

The Company carries out assessment of impact on profitability due to change in the foreign exchange rate fluctuation towards external commercial borrowings.

As at March 31, 2019

Exposure (Amt in USD MN)	Foreign exchange rate sensitive	(Loss)/Gain impact Rs in lakh
75	100 paisa increase per USD	(750)
75	100 paisa decrease per USD	750

Foreign currency exposure as at March 31, 2018 and April 1, 2017 was Rs. Nil.

37. Financial risk review(continued)

D. Capital management

i Regulatory capital

The National Housing Bank (NHB) sets and monitors capital adequacy requirements for the Company from time to time.

The Company's regulatory capital consists of the sum of the following elements.

Tier 1 Capital includes:
1) ordinary share capital,
2) securities premium account,
3) retained earnings,
4) cumulative compulsorily convertible preference Shares (CCCPS),
5) debenture redemption reserve
6) perpetual debt
7) special reserve
8) retained earnings
9) general reserve

Tier 1 Capital does not include:
a) unrealised fair value gain booked for financial instruments measured at fair value through profit and loss statement; and
b) shares option outstanding account;
c) Remeasurement gain/loss of defined employee benefit plans
d) Fair value gain / (loss) on Financial Assets carried at FVTOCI

Following items are deducted from Tier I
a) Intangibles
b) Deferred revenue expenditure for raising borrowings
c) Deferred tax assets
d) Prepaid expenses and unamortised direct sourcing cost

Tier II capital includes
1) subordinated debt
2) impairment allowance provisioning for stage 1 and stage 2 financial assets to the extent the same does not exceed 1.25% of Risk weighted assets,
3) perpetual debt to the extent not eligible for Tier I

37. Financial risk review(continued)

D. Capital management

ii Regulatory capital

Amt. in lakh	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Ordinary share capital	30,971	25,333	25,333
Securities premium reserve	37,429	2,267	2,267
Retained earnings	11,316	9,081	4,622
cumulative compulsorily convertible preference Shares (CCCPS),	127,200	112,500	82,400
special reserve	17,811	15,019	10,735
general reserve	158	79	-
Less:			
-Deferred Revenue Expenditure	(1,894)	(1,055)	(1,146)
-Software	(714)	-	-
-Intangible assets under development	(9)	(725)	(326)
-Unamortised Loan Acquisition Cost	(6,123)	(4,182)	(4,646)
-Deferred Tax Asset	(12,001)	(10,892)	(7,085)
Tier I Capital	**204,144**	**147,426**	**112,154**
Subordinate Debt	54,862	59,876	56,077
Standard Asset provision	18,657	17,026	15,070
Tier II Capital	**73,519**	**76,902**	**71,147**
Tier I + Tier II Capital	**277,663**	**224,327**	**183,301**

The Company policy is to maintain a strong capital base to maintain investor, creditor and shareholder confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a stronger capital position.

The Company has complied with the minimum stipulated capital requirements for Tier I and Tier II.

37. Financial risk review(continued)

D. Capital management

iii Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Asset and Liability Management Committee (ALCO).

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer-term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

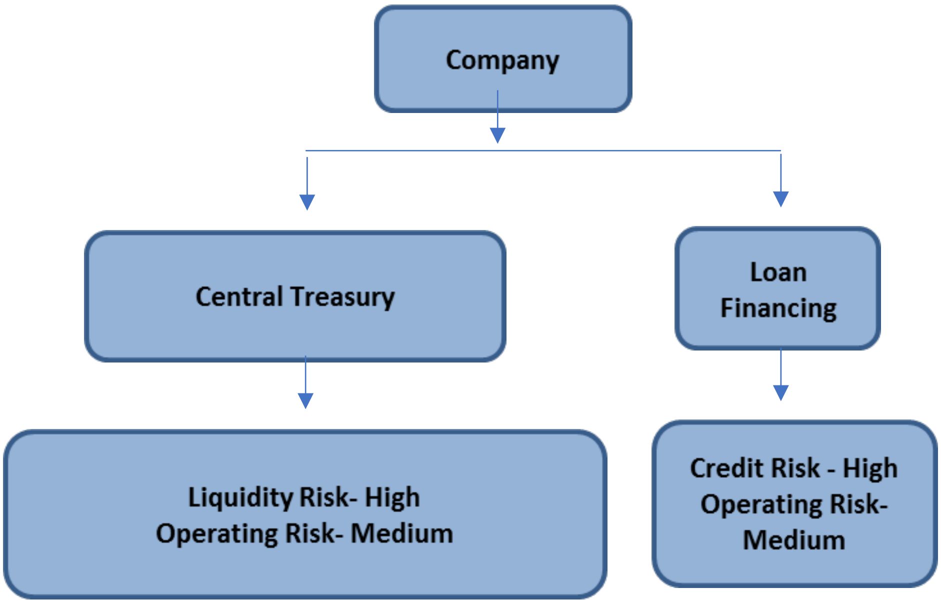
38. **Financial risk management**

A. Introduction and overview

Financial instruments of the Company have exposure to the following risks:

a) credit risk;
b) liquidity risk;
c) market risks; and
d) operational risk

The following chart provides a link between the Company's business units and the principal risks that they are exposed to. The significance of risk is assessed within the context of the Company as a whole and is measured based on allocation of the regulatory capital within the company.



Company's objectives, policies and processes for measuring and managing risk.

Risk management framework:

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established the Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements:

Risk	Exposure arising from	Measurement	Management
Credit risk	Financial assets measured at amortised cost. Trade receivables and derivative financial instruments	Ageing analysis	Diversification of credit limits
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Payable in foreign currency for purchase of Assets given on operating lease		
Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts.	

The Company's Credit risk and market risk management for lending business is carried out by the Credit and Risk management team and the liquidity and market risk management for the sources of funds is carried out by a central treasury department as per the policies approved by the board of directors. Company treasury identifies, evaluates and mitigates financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

B. 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 us. In its lending operations, the Company is principally exposed to credit risk.

Management of 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. 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.

The Company has additionally taken the following measures: -

1) Lower borrower group exposure limits
2) Establishment of a separate credit monitoring team to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required
3) Enhanced monitoring of retail product portfolios through periodic reviews.

For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure – e.g. individual obligor default risk, industry risk, market risk and sector risk.

Following type of risk are monitored by the Credit committee

a) Market risk:
The market risk in respect of changes in value in financial assets arising from changes in market credit spreads applied to loans are monitored by the Risk management committee.
b) Settlement risk:
The Company's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of a Company to honour its obligations to deliver cash, securities or other assets as contractually agreed. For certain types of transaction, the Company mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier.

Governance framework:

a) The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Managing Credit Committee, reporting to the Credit Committee, is responsible for managing the Company's credit risk, including the following: a) Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, setting and adherence to internal and regulatory threshold limits, and compliance with regulatory and statutory requirements;
b) Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Credit Committee, the Head of Credit, the Head of Risk or the Board of Directors, as appropriate. Review and assessment of credit risk is done by the Credit and Risk Team. Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned.
c) Renewals and reviews of facilities are subject to the same review process;
d) Limiting concentrations of exposure to counterparties, geographies and industries for loans and advances;
e) Developing and maintaining the Company's risk gradings to categorise exposures according to the degree of risk of default. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Risk Management Committee;
f) Developing and maintaining the Company's processes for measuring ECL:
This includes processes for:
    1) initial approval, regular validation and back-testing of the models used;
    2) incorporation of forward-looking information.
    3) Reviewing compliance of business units with agreed exposure limits to products, state and sector.
    4) Regular reports on the credit quality of product portfolios are provided to Credit Committee, which may require appropriate corrective action to be taken.
    5) These include reports containing estimates of ECL allowances.

6) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk

Each business unit is required to implement Company’s credit policies and procedures, with credit approval authorities delegated from the Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit-related matters to Credit Committee and Chief Risk officer. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subjects to approval of Credit Committee. Regular audits of business units and credit processes are undertaken by Internal Audit.

Credit Risk Assessment Methodology

Retail Portfolio

Our customers for retail loans are primarily middle and high-income, salaried and self-employed individuals.

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 and ability to repay, 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 CIBIL score verification, visits to offices and homes in the case of loans made to retail borrowers. Dedupe procedures are carried out for the fraud risk assessment.

We mine data on our 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 our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality.

Risk Management and Portfolio Review

We ensure effective monitoring of credit facilities through a risk-based asset review framework under which the frequency of asset review is higher for cases with higher outstanding balances. For both Corporate and Retail borrowers, the Credit Monitoring team verifies adherence to the terms of the credit approval prior to the commitment and disbursement of credit facilities. The Credit Monitoring team/Operations team monitors compliance with the terms and conditions for credit facilities prior to disbursement. It also reviews the completeness of documentation, creation of security and insurance policies for assets financed. The Credit Committee of the Company, apart from approving proposals, regularly reviews the credit quality of the portfolio and various sub-portfolios. A summary of the reviews carried out by the Credit Committee is submitted to the Board for its information.

C. Liquidity risk

‘Liquidity risk’ is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Company's Board of Directors sets the strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to ALCO. ALCO approves the liquidity policies and procedures. Central Treasury manages the liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the Company. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key elements of the Company's liquidity strategy are as follows.

1) Maintaining a diversified funding base consisting of market borrowings such as debentures and commercial papers and bank borrowings and maintaining contingency facilities such as unutilised bank lines of credit. Carrying a portfolio of highly liquid mutual funds.
2) Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Company's financial assets and financial liabilities, and the extent to which the assets are encumbered and so not available as potential collateral for obtaining funding.
3) Stress testing of the Company's liquidity position.
4) Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Company as a whole.
5) The liquidity requirements of business units and subsidiaries are met through loans from Central Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

The Central treasury monitors the ALM mismatches for all buckets on a periodic basis and addresses those gaps. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, significant adverse change in the industry scenarios, natural disasters or other catastrophes).

D. Market risks

'Market risk' is the risk that changes in market prices – e.g. interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Company's income or the value of its holdings of financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the solvency while optimising the return on risk.

a) Management of market risks

The Company monitors its exposure to market risks on account of non-trading portfolios. Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The Chief Market Risk officer is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation. The Company employs a range of tools to monitor and limit market risk exposures. These are discussed below, separately for non-trading portfolios.

b) Exposure to market risk – Non-trading portfolios

- **Interest rate risk**

Our core business is borrowing and lending as permitted by the Reserve Bank of India. These activities expose us 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. We monitor interest rate risk through above measures on a monthly basis. The interest rate risk limits are approved by the Board of Directors.

- **Foreign exchange risk**

The Company's risk management policies is to hold derivatives instruments such as foreign currency forward to mitigate the risk of foreign currency payments for payments and interest rate swap to mitigate the risk of fluctuation in the interest rate applicable towards external commercial borrowings. The Company has a policy to enter in to the derivative position to ensure that the risk on account of fluctuation in foreign exchange rates and interest rates on external commercial borrowings is fully mitigated by entering into foreign exchange forward cover and interest rate swap.

c) Equity price risk

Equity price risk is subject to regular monitoring by Company Market Risk, but is not currently significant in relation to the Company's overall results and financial position.

E. Operational risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Company's policy requires compliance with all applicable legal and regulatory requirements. The Board of Directors has delegated responsibility for operational risk to its Company's Operational Risk Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas:

1) requirements for appropriate segregation of duties, including the independent authorisation of transactions
2) requirements for the reconciliation and monitoring of transactions
3) compliance with regulatory and other legal requirements;
4) documentation of controls and procedures;
5) requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;

6) requirements for the reporting of operational losses and proposed remedial action; •• development of contingency plans;•• training and professional development;
7) ethical and business standards; and
8) risk mitigation, including insurance where this is cost-effective.

Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Group.

39. Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016.

39.1 Capital

(Rs. In Lakh)

Particulars		2018-19	2017-18	2017-18
		Ind AS	Ind AS	IGAAP *
(i)	CRAR (%)	16.23%	16.47%	17.22%
(ii)	CRAR – Tier I Capital (%)	11.94%	10.82%	12.10%
(iii)	CRAR – Tier II Capital (%)	4.30%	5.65%	5.12%
(iv)	Amount of subordinated debt raised as Tier- II Capital	-	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-	-

* Capital to Risk asset ratio as at March 31, 2018 has been calculated as per NHB Directions basis Financial statements prepared under IGAAP.

39.2 There were no unhedged foreign currency transactions during current year (FY 2017-18 Rs. Nil).

39.3 The Company has not done any Securitisation during the financial year. (FY 2017-18 Rs Nil).

39.4 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction is Rs. Nil (FY 2017-18 Rs Nil).

39.5 Details of Assignment transactions undertaken by HFCs:

(Rs. In Lakh)

Particulars		2018-19	2017-18
(i)	No. of accounts	Nil	521
(ii)	Aggregate value (net of provisions) of accounts sold *	Nil	19,254
(iii)	Aggregate consideration	Nil	19,254
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain / loss over net book value	Nil	Nil

39.6 The Company does not have purchase / sale transaction of non-performing financial asset (FY 2017-18 Rs Nil).

39.7 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as per NHB format
For the year 2018-19

(Rs. In Lakh)

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	193,212	115,471	-	31,083	-	-
Over One month to 2 months	61,500	63,542	-	31,953	-	-
Over 2 months unto 3 months	78,817	20,934	-	31,974	-	-
Over 3 months to 6 months	93,942	135,738	-	117,940	-	-
Over 6 months to 1 year	68,033	128,171	-	202,394	-	-
Over 1 year to 3 years	625,286	135,373	-	383,348	-	-
Over 3 years to 5 years	239,449	45,481	51,990	342,647	-	-
Over 5 to 7 years	101,874	69,550	-	268,016	-	-
Over 7 to 10 years	97,737	21,000	-	409,826	-	-
Over10 years	85,063	-	-	830,172	-	-
Total	**1,644,913**	**735,260**	**51,990**	**2,649,354**	**-**	**-**

Assets and liabilities bifurcation into various buckets is based on NHB guidelines.

For the year 2017-18

(Rs. In Lakh)

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	177,373	53,704	-	28,373	-	-
Over One month to 2 months	40,000	113,972	-	12,895	-	-
Over 2 months puts 3 months	27,920	155,463	-	12,815	-	-
Over 3 months to 6 months	48,916	49,541	-	40,160	-	-
Over 6 months to 1 year	70,240	46,222	-	85,654	-	-
Over 1 year to 3 years	263,640	193,340	-	314,024	-	-
Over 3 years to 5 years	97,347	85,750	-	234,904	-	-
Over 5 to 7 years	95,368	46,920	-	235,499	-	-
Over 7 to 10 years	111,599	50,750	-	359,544	-	-
Over10 years	96,400	-	-	720,119	-	-
Total	**1,028,802**	**795,662**	**-**	**2,043,987**	**-**	**-**

Assets and liabilities bifurcation into various buckets is based on NHB guidelines.

39.8 Exposure

39.8.1 Exposure to Real Estate Sector

(Rs. In Lakh)

Category		2018-19	2017-18
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:		
	(i) Individual housing loans up to Rs. 15 Lakh	401,651	338,230
	(ii) Other loans	2,299,570	1,857,209
(ii)	**Commercial Real Estate -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure includes non-fund based (NFB) limits.	249,174	122,822
(iii)	**Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total		**2,950,395**	**2,318,261**

Note : Exposure to Real Estate Sector Includes accrued interest and undrawn commitment given to borrowers.

39.8.2 Exposure to Capital Market

(Rs. In Lakh)

Particulars		2018-19	2017-18
(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;	-	-
(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 stockbrokers 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 (both registered and unregistered)	-	-
Total Exposure to Capital Market		**-**	**-**

39.8.3 No Parent Company products were financed during the year (FY 2017-18 Rs Nil).

39.8.4 The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the NHB prudential norms applicable to HFC (FY 2017-18 Rs Nil).

39.9 Miscellaneous

39.9.1 The Company has following Registrations effective as on March 31, 2019:

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
National Housing Bank	04.0073.09	02-Apr-09	-	Housing finance institution without permission to accept public deposits.

39.9.2 No penalties has been imposed on the Company during the year (FY 2017-18 Rs Nil).

39.9.3 No loans granted against the collateral gold jewellery by the company (FY 2017-18 Rs Nil).

39.9.4 Ratings assigned by credit rating agencies and migration of ratings during the year.

(i)	Rating Assigned to	Short Term Debt, Long Term Debt, Tier II Debt
(ii)	Date of Rating	ICRA- 26th October 2018, CRISIL- 27th March, 2019, India Rating- 22nd August 2018
(iii)	Rating Valid up to	Till the Date of reaffirmation
(iv)	Name of the Rating Agency	ICRA Limited (ICRA), CRISIL Limited (CRISIL), INDIA RATINGS
(v)	Rating of products	
	(a) Commercial Paper	CRISIL A1+, ICRA A1+ Stable
	(b) Secured NCDs	CRISIL AAA/ Stable, [ICRA] AAA/Stable, IND AAA/ Stable
	(c) Subordinated Debt	CRISIL AAA/ Stable, [ICRA] AAA/Stable, IND AAA/ Stable
	(d) Market Linked Debentures	CRISIL PP-MLD AAAr/Stable
	(e) Bank loan facilities	CRISIL AAA/ Stable, IND AAA/ Stable

During the year under review, rating agencies upgraded the ratings and re-affirmed/issued ratings to the Company as above

39.10 Additional Disclosures

39.10.1 Provisions and Contingencies

(Rs. In Lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		2018-19	2017-18
(i)	Provision made / (reversed) towards income tax	7,688	10,126
(ii)	Provision made / (reversed) towards NPA [Impairment allowance - stage III (net of recoveries)]	18,919	11,573
(iii)	Provision made / (reversed) for standard assets [Impairment allowance - stage I & II]	1,245	2,342
(iv)	Provision made / (reversed) for depreciation on fixed assets	590	418
(v)	Provision made / (reversed) for gratuity	216	82
(vi)	Provision made / (reversed) for leave encashment	283	166
(vii)	Provision made / (reversed) for long term service benefit	(28)	7

The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Indian Accounting Standard (Ind AS) 37 on ‘Provisions, Contingent Liabilities and Contingent Assets’, the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

39.10.2 The disclosure for drawdown of reserves during the year has been disclosed in Note no 3 Explanation of transition to IND AS.

39.10.3 The disclosure of the Concentration of Deposits taken is not applicable as the Company carries on the business of a housing finance institution without accepting public deposits (FY 2017-18 Rs Nil).

39.10.4 Concentration of Loans & Advances

(Rs. In Lakh)

Particulars	2018-19	2017-18
Total Loans & Advances to twenty largest borrowers #	136,393	85,786
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	5.14%	4.19%

Includes Loans & Advances and interest accrued thereon.

39.10.5 Concentration of all Exposure (including off-balance sheet exposure)

(Rs. In Lakh)

Particulars	2018-19	2017-18
Total Exposure to twenty largest borrowers / customers #	191,029	105,882
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	6.47%	4.57%

Includes Loans & Advances and interest accrued and undrawn exposure thereon.

39.10.6 Concentration of NPAs

(Rs. In Lakh)

Particulars	2018-19	2017-18
Total Exposure to top ten NPA accounts	4,173	3,530

39.10.7 Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	Percentage of NPAs to Total Advances in that sector
		2018-19	2017-18
A.	**Housing**	**0.91%**	**1.19%**
1.	Individuals	0.92%	1.26%
2.	Builders/Project	0.72%	0.49%
3.	Corporates	2.92%	4.00%
4.	Others (specify)	0.00%	0.00%
B.	**Non-Housing**	**0.88%**	**1.32%**
1.	Individuals	0.84%	1.02%
2.	Builders/Project	1.37%	0.00%
3.	Corporates	0.72%	5.09%
4.	Others (specify)	0.00%	0.00%

39.10.8 Movement of NPAs

(Rs. In Lakh)

Particulars		2018-19	2017-18
(I)	Net NPAs to Net Advances (%)	0.38%	0.41%
(II)	Movement of NPAs (Gross)		
a)	Opening balance	24,852	15,553
b)	Additions during the year	25,203	18,784
c)	Reductions during the year	(26,151)	(9,485)
d)	Closing balance	23,904	24,852
(III)	Movement of Net NPAs		
a)	Opening balance	8,380	6,236
b)	Additions during the year	9,439	5,180
c)	Reductions during the year	(7,786)	(3,036)
d)	Closing balance	10,033	8,380
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	16,472	9,316
b)	Additions during the year	13,286	13,605
c)	Reductions during the year	(15,887)	(6,449)
d)	Closing balance	13,871	16,472

Note: The movement of Gross NPA, Provisions for NPA and Net NPA presented above excludes NPA identified and regularized in the same financial year.

39.10.9 The company does not have overseas asset as at March 31st 2019 (as at March 31, 2018 : Nil).

39.10.10 The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable (FY 2017-18 : Nil).

39.11 Customers Complaints

Particulars		2018-19	2017-18
a)	No. of complaints pending at the beginning of the year	21	145
b)	No. of complaints received during the year	3747	6185
c)	No. of complaints redressed during the year	3634	6309
d)	No. of complaints pending at the end of the year	134	21

39.12 Derivative Instruments Exposures:

Derivative positions open as at March 31, 2019 (Previous Year : Nil) in the form of foreign currency forward exchange contract and interest rate swap are disclosed below. These transactions were undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and qualify or can be designated as hedging instruments. The accounting for these transactions is stated in note 2 (ix).

Forward exchange contracts (being derivative instrument), which are not intended for trading or speculation purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date at certain payables and receivables. Interest rate swap is entered to establish the fixed rate of interest payable towards the external commercial borrowing.

The Company does not hold any derivative instrument which are intended for trading or speculation as on the reporting date.

Outstanding foreign exchange forward contracts and interest rate swap entered into by the Company: -

Particulars	Buy / Sell	For the Year ended March 31, 2019		For the Year ended March 31, 2018	
		USD (Mio)	Rs. In lakh	USD (Mio)	Rs. In lakh
Foreign exchange forward contracts i.e. Notional principal of Swap Agreements (Foreign currency amount payable at future date *forward rate on such date * USD)	Buy	83.36	64,112	Nil	Nil
Interest rate swap contract i.e. Notional principal of Swap Agreements (Spot rate on date of transaction * External commercial borrowings in USD)	Buy	75.00	51,615	Nil	Nil
Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements (Closing rate - Spot Rate) * Fixed Asset cost in Euros	Buy	NA	NA	NA	NA
Collateral required by the NBFC upon entering into swaps	Buy	NA	NA	NA	NA
Concentration of credit risk arising from the swaps $	Buy	NA	NA	NA	NA
The fair value gain of the foreign exchange forward contract	Buy	NA	347	NA	NA
The fair value loss of the interest rate swap	Buy	NA	(372)	NA	NA

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument:,

b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;

c) The Company has put in place a reporting and monitoring mechanism for the risk associated with the derivative transaction;

d) Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;

e) The company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning and credit risk mitigation.

B. Quantitative Disclosure

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	64,112	51,615
(ii) Marked to Market Positions [1]		
(a) Assets (+)	347	-
(b) Liability (-)	-	(372)
(iii) Credit Exposure [2]	-	-
(iv) Unhedged Exposures	-	-

39.13 Housing and non-housing loans and provision in respect thereof on account of standard, sub standard, doubtful and loss assets are recorded in accordance with the guidelines on prudential norms as specified by National Housing Bank are as follows:

(Rs. in Lakh)

Category	Standard Assets		Sub-Standard Assets		Doubtful Assets		Loss Assets		Total	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Housing Loan										
Gross Portfolio	2,028,462	1,579,886	17,619	14,042	471	4,621	543	327	2,047,095	1,598,876
Provision	13,334	13,095	10,359	9,865	471	3,201	543	327	24,707	26,488
Net Portfolio	2,015,128	1,566,791	7,260	4,177	-	1,420	-	-	2,022,388	1,572,388
Non Housing Loan										
Gross Portfolio	596,931	439,183	4,975	4,033	296	1,829	-	-	602,202	445,045
Provision	5,323	4,316	2,202	1,945	296	1,134	-	-	7,821	7,395
Net Portfolio	591,608	434,867	2,773	2,088	-	695	-	-	594,381	437,650
Total										
Gross Portfolio	2,625,393	2,019,069	22,594	18,075	767	6,450	543	327	2,649,297	2,043,921
Provision	18,657	17,411	12,561	11,810	767	4,335	543	327	32,528	33,883
Net Portfolio	2,606,736	2,001,658	10,033	6,265	-	2,115	-	-	2,616,769	2,010,038

39.14 Categories of Doubtful Assets are as follows:

(Rs. in Lakh)

Category	Doubtful 1		Doubtful 2		Doubtful 3		Total	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Housing Loan								
Gross Portfolio	396	4,317	75	304		-	471	4,621
Provision	396	2,897	75	304		-	471	3,201
Net Portfolio	-	1,420	-	-	-	-	-	1,420
Non Housing Loan								
Gross Portfolio	293	1,756	3	73			296	1,829
Provision	293	1,061	3	73			296	1,134
Net Portfolio	-	695	-	-	-	-	-	695
Total								
Gross Portfolio	689	6,073	78	377	-	-	767	6,450
Provision	689	3,958	78	377	-	-	767	4,335
Net Portfolio	-	2,115	-	-	-	-	-	2,115

39.15 Loans granted by the company are secured against mortgage of property.

39.16 The company has reported frauds aggregating Rs. 1,556 Lakh (FY 2017-18: Rs.326) based on management reporting to risk committee and to the NHB through prescribed returns.

39.17 Asset Classification, NPA identification and Provisioning as per NHB Norms and Staging & Impairment allowance under Ind AS

1) Classification of Asset as Standard Asset under NHB norms:
An Asset having DPD equal to or less than 89 days and not classified as default as per Ind AS 109 is reported as standard asset as per NHB norms. Provisioning made on stage 1 and stage 2 assets under Ind AS 109 is reported as standard asset provisioning.

2) Classification of an Asset as NPA Asset under NHB norms:
An Asset having DPD equal to or more than 90 days and classified as default as per Ind AS 109 is reported as NPA asset as per NHB norms. Such asset based on DPD as per NHB norms is further classified and presented into substandard, doubtful and loss assets in compliance with the NHB norms. Provisioning made on stage 3 assets under Ind AS 109 is reported as NPA provisioning.

In terms of our report of even date

For B S R & Co. LLP
Chartered Accountants
Firms Registration No – 101248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Place: Mumbai
Date : April 26, 2019

For and on behalf of the Board of Directors

Rajiv Sabharwal
(Chairman)
(DIN No. : 00057333)

Mehernosh B. Kapadia
(Director)
(DIN No. : 00046612)

Anuradha E. Thakur
(Director)
(DIN No. : 06702919)

Ankur Verma
(Director)
(DIN No. : 07972892)

Anil Kaul
(Managing Director)
(DIN No. : 00644761)

S Balakrishna Kamath
(Chief Financial Officer)

Jinesh Meghani
(Company Secretary)

Place: Mumbai
Date : April 26, 2019