

**TATA CAPITAL HOUSING FINANCE
LIMITED**

Annual Report 2017-18

Corporate Information

Board of Directors	Mr. Rajiv Sabharwal Mr. Mehernosh B. Kapadia Ms. Anuradha E. Thakur Mr. Ankur Verma Mr. Govind Sankaranarayanan Mr. R. Vaithianathan
Chief Financial Officer and Company Secretary	Mr. S. Balakrishna Kamath
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 Tenth Annual Report and the Audited Financial Statements of the Company for the Financial Year ("FY") ended March 31, 2018.

1. BACKGROUND

Tata Capital Housing Finance Limited ("Company" or "TCHFL"), is a wholly owned subsidiary of Tata Capital Limited ("TCL") and is registered with the National Housing Bank ("NHB") to carry on housing finance activities. The Company offers a range of Housing Loans and Loans against Property to various segments of society such as salaried individuals, self employed individuals, self employed professionals, corporates, etc. and has been focusing on business opportunities available within the Tata ecosystem.

Apart from Housing Loans and Loans against Property to the retail segment, TCHFL also provides project finance loans to developers. The Company intends to keep growing its business at a healthy rate with Rural and Affordable Housing Finance, as one of its focus areas.

2. INDUSTRY AND ECONOMIC SCENARIO

The global economy is estimated to have grown by 3.2% in 2017, the best growth rate recorded since 2011. This growth was broad based with most major developed economies showing a positive growth trajectory. While the return of global growth is good for exports and developing economies like India in general, a consequence of the growth is tighter monetary policy at the margin by the leading central banks. The combined effect of home country growth, coupled with increasing global interest rates, will put pressure on surplus global liquidity and consequent inflows into India. Further, global commodities like oil and metals witnessed a very large run up in prices with oil nearly doubling from its 2016 lows. It is estimated that every US\$ 10 increase in oil prices beyond US\$ 68 per barrel has the potential impact of nearly 30 bps on Indian inflation and approximately 10 bps on growth. Oil prices will, hence, be one of the most crucial factors affecting India in the coming year, as it has an effect on inflation, fiscal deficit, balance of payments and currency.

India became the fifth largest global economy in US\$ terms in 2018. India continued on its structural reform path, which is beginning to receive global acknowledgement. Upgradation of India's sovereign rating by Moody's and inclusion of India in the top 100 economies in ease of doing business, are some of the significant outcomes of the reform process.

The economic activity is expected to gather pace in FY 2018-19, benefitting from a conducive domestic and global environment. The key drivers supporting growth will largely be domestic and policy driven. The economy is poised to benefit from receding implementation troubles on Goods and Services Tax ("GST") resulting in higher tax collections, the re-capitalisation of public sector banks and the resolution of distressed assets under the Insolvency and Bankruptcy Code, 2016. Given that this is a run up to the election year, the Government's thrust on Rural and Infrastructure sectors could rejuvenate Rural demand as well as Infrastructure and Consumer spending.

The problem of Non-Performing Assets ("NPA") in the banking sector is expected to peak by March 2019 at approximately 11% of gross banking advances. This will constrain the banking system from growing in aggregate. The changing behaviour of the retail consumer is reflected in credit off-take becoming increasingly broad-based and financialization of savings.

Inflation decline in the month of February 2018 was only temporary and inflation is expected to remain within the Reserve Bank of India ("RBI") tolerance limits. RBI is, hence, expected to remain neutral on the policy rate front for most part of FY 2018-19, unless there is clearly an oil based price shock to inflation.

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 GDP ratio in India is currently 9%. This implies a huge growth opportunity for the sector as also for the Company.

India's housing finance sector is an important contributor to the entire economy. The Government is focusing on policies and fiscal incentives to promote its mission of 'Housing for all by 2022'. There has been increased in the number of players in the housing finance sector. The players are focusing on the Affordable and Rural Housing segment.

The Company has a cautiously optimistic outlook for the next financial year. Improving growth dynamics, domestic consumption and infrastructure spending and supportive tailwinds from global growth are likely positives for FY 2018-19. 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 – “Money”.

3. FINANCIAL RESULTS

(Rs. in crore)

Particulars	FY 2017-18	FY 2016-17
Total Income	1,984	1,723
Total Expenditure	1,654	1,450
Profit Before Tax	329	273
Provision for Tax (net of deferred tax)	115	95
Profit After Tax	214	178
Balance brought forward from the previous year	147	101
Adjustment of Deferred Tax Liability on Special Reserve u/s 36(1)(viii) of the Income Act, 1961	-	-
Amount available for appropriation	361	279
Appropriations		
Interim Dividend on Compulsorily Convertible Cumulative Preference Shares	80	66
Dividend Distribution Tax on interim dividend	16	14
Proposed dividend on Compulsorily Convertible Cumulative Preference Shares	-	-
Dividend Distribution Tax	-	-
Transfer to Special Reserve	43	52
Balance carried to Balance Sheet	222	147

During FY 2017-18, the Company disbursed Mortgage Loans amounting to Rs. 9,377 crore (FY 2016-17: Rs. 8,236 crore), representing an increase of over 14%. This included Housing Loans of Rs. 5,660 crore in FY 2017-18 (FY 2016-17: Rs. 4,783 crore). The Company's loan portfolio stood at Rs. 21,090 crore as on March 31, 2018 (Rs. 16,941 crore as on March 31, 2017), representing an increase of 24%. The Cost to Income ratio decreased to 37% in FY 2017-18 as compared to 41% in FY 2016-17. Gross NPA and Net NPA were 1.22% and 0.48%, respectively, as on March 31, 2018 (0.91% and 0.46%, respectively, as on March 31, 2017).

The Company's Gross Income increased to Rs. 1,984 crore in FY 2017-18 from Rs. 1,723 crore in FY 2016-17, representing an increase of 15%. Interest expenses increased by 10% to Rs. 1,247 crore in FY 2017-18 from Rs. 1,137 crore, in FY 2016-17.

Total Income (Net Interest Margin plus other revenue) of the Company increased by 25%, from Rs. 579 crore in FY 2016-17 to Rs. 726 crore in FY 2017-18. Net Interest Margin, as a percentage of average assets, stood at 3.5% for FY 2017-18. For FY 2017-18, Total Income included Investment Income of Rs. 2 crore, Fee Income of Rs. 97 crore and Other Income of Rs. 35 crore.

Operating Cost increased by 41% from Rs. 199 crore in FY 2016-17 to Rs. 282 crore in FY 2017-18. Manpower expenses for FY 2017-18 were Rs. 114 crore as against Rs. 104 crore in FY 2016-17, an increase of 9%. Cumulative provisioning on the asset book as on March 31, 2018 was Rs. 251 crore, of which, standard asset provisioning amounted to Rs. 100 crore. The provision for taxation during the year was Rs. 115 crore.

The Net Profit after Tax for the year increased by 20%, from Rs. 178 crore in FY 2016-17 to Rs. 214 crore in FY 2017-18.

An amount of Rs. 43 crore is proposed to be transferred to the Special Reserve Fund for FY 2017-18, pursuant to Section 29C of the National Housing Bank Act, 1987. An amount of Rs. 222 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, 2018 was Rs. 13,78,33,33,320 consisting of 25,33,33,332 Equity Shares of Rs. 10 each and 1,12,50,00,000 Compulsorily Convertible Cumulative Preference Shares (“CCCPS”) of Rs. 10 each.

During the year under review, the Company issued and allotted to TCL, 8.5%, 30,10,00,000 CCCPS of Rs. 10 each, at par, aggregating Rs. 301 crore on a 'Rights basis'.

5. DIVIDEND

5.1. Interim Dividend

During FY 2017-18 the Board of Directors of the Company declared Interim Dividend, as under:

- i. At the Meeting of the Board of Directors held on July 26, 2017, at the rate of 9% i.e. Rs. 0.90 per CCCPS on 82,40,00,000 CCCPS of Rs. 10 each, aggregating Rs. 18.49 crore, for the period from April 1, 2017 to June 30, 2017.
- ii. At the Meeting of the Board of Directors held on March 20, 2018:
 - At the rate of 9% p.a. i.e. Re. 0.90 per CCCPS on 82,40,00,000 CCCPS of the Company of Rs. 10 each, from July 1, 2017 to March 31, 2018 aggregating Rs. 55.67 crore; and
 - At the rate of 8.5% p.a. i.e. Re. 0.85 per CCCPS on 11,10,00,000 CCCPS of the Company of Rs. 10 each, on a *pro rata* basis, from the date of issue i.e July 31, 2017 to March 31, 2018, aggregating Rs. 6.31 crore.

The dividend distribution tax on the above dividend payments was Rs. 16.38 crore (FY 2016-17: Rs. 13.46 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 2017-18.

At the Meeting of the Board of Directors held on April 30, 2018, 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 19,00,00,000 CCCPS of Rs. 10 each, for the period from March 21, 2018 to March 31, 2018. The said dividend, if approved by the Members of the Company, would involve a cash outflow of Rs. 48,67,123 (including dividend distribution tax of Rs. 9,90,832).

6. FINANCE

During FY 2017-18, the Company met its funding requirements through a combination of short term debt (comprising Commercial Paper and Bank Loans) and Long Term debt (comprising Non-Convertible Debentures ("NCD"), Subordinated Debt and Bank Loans). During the year under review, the Company issued on a private placement basis, Secured Redeemable NCDs aggregating Rs. 1,095 crore and received funding of Rs. 2,669 crore from NHB. The Company securitized some of its receivables aggregating Rs. 193 crore. The aggregate debt outstanding as at March 31, 2018 was Rs. 18,245 crore (of which, Rs. 7,834 crore was payable within one year). The Debt Equity ratio of the Company as at March 31, 2018 was 10.88 times. The Company has been regular in repayment of its borrowings and payment of interest on borrowings.

7. CREDIT RATING

During the year under review, the Company had its instruments rated and re-affirmed, as under:

RATING AGENCY	RATING	NATURE OF SECURITIES
CRISIL	CRISIL A1+ and ICRA A1+	Commercial Paper
CRISIL	CRISIL AA+ stable	Secured NCDs, Subordinated Debt and Bank facilities
ICRA	ICRA AA+ stable	Subordinated Debt, Secured NCDs.

8. RISK MANAGEMENT

Risk Management is an integral part of the Company's business strategy. The Risk Management oversight structure includes Committee of the Board and Senior Management Committee. The Risk Management process is governed by the Comprehensive 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.

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 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 2017-18, 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, 2018. 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.

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

Some key projects that had been initiated, would be completed this year and would transform the IT landscape. Tata Capital would be moving its data centre and key software assets to the cloud to achieve scalability and elasticity to support its business growth at optimum costs. Tata Capital will also enhance its Digital platform for both the Retail and Corporate businesses, covering all aspects of Social, Mobility, Analytics and Cloud. Use of Artificial Intelligence and Machine Learning will also be a key focus area to drive business growth, automate processes, improve productivity and enhance customer experience.

12. HUMAN RESOURCES

The Company recognises people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. There were 1,138 permanent employees on the rolls of Company as at March 31, 2018.

Tata Capital's mission on 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.

Tata Capital's third Cultural Survey, based on the ten identified attributes and conducted by the Gallup Organisation in 2017, has given it a very healthy and positive score of 4.31 on a scale of 5.

Tata Capital's focus on Employee Engagement has resulted in its overall Employee Engagement Scores (Q12) climbing steadily from 3.52 in 2009 to 4.14 in 2016, in surveys, conducted by the Gallup Organisation.

As part of the journey to becoming a benchmark organization in HR practices, Tata Capital has achieved its People Capability Maturity Model ("P-CMM") Level 3 Certification and further assessed at Level 4 (SCAMPI B equivalent assessment) and has now embarked on the journey of achieving Level 5 Certification. During the 8th CII HR Excellence Award process – 2017-18, Tata Capital was recognized with the "Significant Achievement in HR Excellence Award".

Tata Capital's Learning & Development ("L&D") initiatives are focused on enhancing the functional and behavioural competencies of its employees through L&D interventions, such as Executive Development Programs, e-learning and various classroom based training programs. Tata Capital was awarded the Kamikaze B2B Employee Engagement Awards for 'Best Use of Training in Employee Engagement' and 'Best use of Voice of the Employee' for FY 2017-18. It was also awarded the Best Blended Learning Program by TISS - Leapvault CLO Awards 2017.

Tata Capital also achieved key milestones in FY 2017-18, whereby some of the key HR processes were digitized and made fully operational, supporting the fast pace of our growing manpower and thus achieving an objective of improved employee experience, better employee insight and moving towards a paperless environment.

Tata Capital is committed to maintain the highest standards of health, safety and security for its employees and business associates and to operate in a healthy and safe environment.

13. CORPORATE SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is deeply rooted in the Tata Group's business philosophy. The Group Companies have a sense of responsibility towards making use of its 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 Corporate Social Responsibility ("CSR") policy which outlines the thrust areas of development, viz. Livelihood and Employability, Health, Education and Environment, as adopted by the CSR Committee of the Board and the same is available on the Company's website, <http://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 2017-18, the CSR budget of the Company was Rs. 4.50 crore, this being 2 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 approved by the CSR Committee of the Board. 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 Programme 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.

14. COMPLIANCE

The Company is registered with the 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 from time to time.

The Capital Adequacy Ratio ("CAR") of the Company was 17.22% as on March 31, 2018 against the CAR of 12.00%, prescribed by the NHB.

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

15. 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.

16. DETAILS OF LOANS, GUARANTEES AND INVESTMENTS

The provisions of Section 186 of the Act pertaining to granting of loans to any persons or bodies corporate and 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 a Housing Finance Company.

17. 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. Mehernosh B. Kapadia (DIN: 00046612) as an Independent Director of the Company, for an initial term of five years, with effect from October 24, 2017; and
- Mr. Rajiv Sabharwal (DIN: 00057333) as a Non-Executive Director of the Company, with effect from January 11, 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. Janki Ballabh (DIN: 00011206) retired as an Independent Director of the Company, with effect from end of day on October 23, 2017, in accordance with the Governance Guidelines on Board Effectiveness adopted by the Company. Mr. Shailesh H. Rajadhyaksha (DIN: 00020465) ceased to be a Non-Executive Director of the Company, with effect from the close of business hours on December 1, 2017 and Mr. Praveen P. Kadle (DIN: 00016814) stepped down as the Chairman of the Board and the Non-Executive Director of Company, with effect from the end of day on March 31, 2018, consequent to his retirement as the Managing Director & CEO of TCL, the holding company.

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

Based on the recommendation of NRC and post approval of NHB, the Board of Directors approved the appointment of Mr. Ankur Verma (DIN: 07972892) as a Non-Executive Director of the Company w.e.f. April 12, 2018. Mr. Verma holds office upto the ensuing Annual General Meeting ("AGM"). The approval of the Members for appointing Mr. Verma as a Director of the Company, is sought at the ensuing AGM.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Govind Sankaranarayanan (DIN: 01951880) is liable to retire by rotation at the ensuing AGM and is eligible, for re-appointment. The Members of the Company may wish to refer to the accompanying Notice of the AGM of the Company, for the brief Resumes of Mr. Verma and Mr. Sankaranarayanan.

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' declarations from Mr. Kapadia, Mr. Sabharwal, Mr. Verma and Mr. Sankaranarayanan for their appointment / re-appointment as Directors of the Company, which have 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: 05267804), stating that they meet the criteria of independence as provided in Section 149(6) of the Act.

18. 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 Chairperson. 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 Management and the Board was taken into consideration by the Board in carrying out the performance evaluation.

19. 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 the 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. The Remuneration Policy for Directors, Key Managerial Personnel 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, Key Managerial Personnel and all other employees is reasonable and sufficient to attract, retain and motivate them to successfully run the Company. The Policy on Board Diversity and Director Attributes as also the Remuneration Policy of the Company are attached hereto as Annexures ‘B’ and ‘C’, respectively.

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 2018, which have been taken on record by the NRC.

20. KEY MANAGERIAL PERSONNEL

Mr. R. Vaithianathan, Managing Director and Mr. S. Balakrishna Kamath, Chief Financial Officer and Company Secretary, are the Key Managerial Personnel of the Company.

21. 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 2017-18.

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 had 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 are adequate and were 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.

22. CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

The Company recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, Government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better 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 the Governance Guidelines on Board Effectiveness, a Code of Conduct for Prevention of Insider Trading, a Code of Corporate Disclosure Practices, 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 Anti-Bribery and Anti-Corruption ("ABAC") Policy.

TCL has signed the Tata Brand Equity and Business Promotion ("BEBP") Agreement with Tata Sons 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.

During FY 2017-18, the Reserve Bank of India ("RBI") had issued the 'Master Direction – Information Technology Framework for the NBFC Sector' ("Master Directions") on June 8, 2017 and all NBFCs were required to comply with these Master Directions by June 30, 2018. Pursuant to the Master Directions, the Company has, *inter alia*, adopted an Information System Audit Policy, an Information Security Policy, a Cyber Security Policy and amended its Information Technology Policy, as a measure of good governance, even though the said Master Directions are not applicable to the Company.

a. Board of Directors

The Board of Directors, along with the Committees of the Board, 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 at March 31, 2018, the Board comprised six Directors, viz. Mr. Praveen P. Kadle (Chairman), Mr. Rajiv Sabharwal, Mr. Mehernosh B. Kapadia, Ms. Anuradha E. Thakur, Mr. Govind Sankaranarayanan and R. Vaithianathan. Mr. Ankur Verma has been appointed as a Non-Executive Director of the Company with effect from April 12, 2018. Mr. Kapadia and Ms. Thakur are Independent Directors ("ID") of the Company. Mr. Sabharwal, Mr. Sankaranarayanan and Mr. Verma are the Non-Executive Directors of the Company.

Mr. R. Vaithianathan had been re-appointed as the Managing Director of the Company for a period commencing from June 1, 2017 and ending on May 21, 2018.

During FY 2017-18, eight Meetings of the Board of Directors were held: April 28, 2017, May 10, 2017; July 26, 2017; August 29, 2017; October 26, 2017; January 29, 2018; February 28, 2018 and March 20, 2018.

The details of attendance of the Directors at Board Meetings held during FY 2017-18 and at the last AGM are given below:

Name of Director	Director Identification Number	Category	Board Meetings		Whether present at previous AGM held on August 21, 2017
			Held	Attended	
Mr. Janki Ballabh ¹	00011206	Independent Director	8	3	Yes
Mr. Mehernosh B. Kapadia ²	00046612	Independent Director	8	4	-
Ms. Anuradha E. Thakur	06702919	Independent Director	8	8	Yes
Mr. Praveen P. Kadle ³	00016814	Non-Executive Director	8	8	Yes
Mr. Shailesh H. Rajadhyaksha ⁴	00020465	Non-Executive Director	8	5	Yes
Mr. Rajiv Sabharwal ⁵	00057333	Non-Executive Director	8	3	-
Mr. Govind Sankaranarayanan	01951880	Non-Executive Director	8	8	Yes
Mr. R. Vaithianathan	05267804	Managing Director	8	8	Yes

Notes:

1. Mr. Janki Ballabh retired as a Director of the Company, with effect from the end of day on October 23, 2017.
2. Mr. Mehernosh B. Kapadia was appointed as a Director of the Company, with effect from October 24, 2017.
3. Mr. Praveen P. Kadle stepped down as a Director of the Company, with effect from the end of day on March 31, 2018.
4. Mr. Shailesh H. Rajadhyaksha stepped down as a Director of the Company, with effect from December 1, 2017.
5. Mr. Rajiv Sabharwal was appointed as a Director of the Company, with effect from January 11, 2018.

Mr. Janki Ballabh, the then Chairman of the Audit Committee and the NRC, had attended the last AGM of the Company.

b. Remuneration to the Directors

The Company paid Sitting fees for attending Board Meetings and Meetings of Committees of the Board and will pay Commission for FY 2017-18, within the maximum prescribed limits, to the Non-Executive Directors and Independent Directors who were Directors of the Company during FY 2017-18 (as recommended by the NRC and approved by the Board at their meetings held on April 30, 2018). The details of the same are, as under:

(Amount in Rs.)

Name of Director	Sitting Fees paid for attending Board and Committee Meetings during FY 2017-18	Commission paid for FY 2016-17	Commission to be paid for FY 2017-18
Mr. Janki Ballabh ¹	3,30,000	10,00,000	6,00,000
Mr. Mehernosh B. Kapadia ²	4,50,000	-	4,25,000
Ms. Anuradha E. Thakur	7,20,000	10,00,000	10,00,000
Mr. Shailesh H. Rajadhyaksha ³	5,10,000	10,00,000	7,00,000
Mr. Govind Sankaranarayanan	3,20,000	-	-

Notes:

1. Mr. Janki Ballabh retired as a Director of the Company, with effect from the end of day on October 23, 2017 and hence, Commission will be paid only for part of FY 2017-18.
2. Mr. Mehernosh B. Kapadia was appointed as a Director of the Company, with effect from October 24, 2017 and hence, Commission will be paid only for part of FY 2017-18.
3. Mr. Shailesh H. Rajadhyaksha stepped down as a Director of the Company, with effect from December 1, 2017 and hence, Commission will be paid only for part of FY 2017-18.

Based on the recommendation of the Members of the NRC, the Board at its Meeting held on April 30, 2018, approved a Commission of Rs. 60,00,000 for FY 2017-18, to Mr. Vaithianathan. With this, the total remuneration of Mr. Vaithianathan for FY 2017-18, was Rs. 2.19 crore.

None of the Non-Executive Directors and the Independent Directors 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, Asset Liability Committee ("ALCO"), Risk Management Committee ("RMC"), Nomination and Remuneration Committee ("NRC"), Corporate Social Responsibility ("CSR") Committee and Working 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 the Meetings of all Committees of the Board are circulated to the Board of Directors, for their noting.

i. Audit Committee

The Audit Committee of the Company, as at March 31, 2018, comprised Mr. Mehernosh B. Kapadia (Chairman), Ms. Anuradha E. Thakur and Mr. Praveen P. Kadle.

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.

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 the NHB. The Charter is reviewed from time to time and is available on the website of the Company, www.tatacapital.com. Given below, *inter alia*, is a gist of the responsibilities of the Audit Committee:

- Recommend the appointment and removal of the Auditors and their remuneration, nature and scope of audit
- Ensure adequacy of internal controls and compliances and recommend remedial measures
- Review adequacy of the Internal Audit function
- Review and monitor the Auditors' independence and performance and effectiveness of the audit process
- Oversee financial reporting process and disclosure of financial information
- Examine the financial statements and the Auditors' Report thereon
- Evaluate internal financial controls and the risk management systems
- Act as a link between the Statutory Auditors, Internal Auditors and the Board of Directors
- Review accounting policies
- Monitor compliance with the TCOC
- Approve any transactions of the Company with related parties or any subsequent modifications thereof
- Scrutinize inter-corporate loans and investments
- Evaluate the valuation of undertakings or assets of the Company, if necessary
- Monitoring the end use of funds raised through public offers and related matters
- Review findings of internal investigations, frauds, irregularities, etc.
- Carry out additional functions as contained in the Listing Agreement or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee
- Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

During FY 2017-18, seven Meetings of the Audit Committee were held on the following dates: April 28, 2017, July 26, 2017; August 31, 2017; October 26, 2017; January 29, 2018; February 26, 2018 and March 20, 2018. The attendance of the Members of the Audit Committee at its Meetings held during FY 2017-18 is, given below:

Name of the Member	Category	No. of Meetings	
		Held	Attended
Mr. Janki Ballabh, Chairman ¹	Independent Director	7	3
Mr. Mehernosh B. Kapadia, Chairman ²	Independent Director	7	4
Ms. Anuradha E. Thakur	Independent Director	7	7
Mr. Shailesh H. Rajadhyaksha ³	Non – Executive Director	7	4
Mr. Praveen P. Kadle ⁴	Non – Executive Director	7	3

Notes:

1. Mr. Janki Ballabh ceased to be a Member and the Chairman of the Committee, with effect from the end of

- day on October 23, 2017.
2. Mr. Mehernosh B. Kapadia was appointed as a Member and the Chairman of the Committee, with effect from October 24, 2017.
 3. Mr. Shailesh H. Rajadhyaksha ceased to be a Member of the Committee, with effect from December 1, 2017
 4. Mr. Praveen P. Kadle was appointed as a Member of the Committee, with effect from December 23, 2017 and ceased to be a Member of the Committee, with effect from the end of day on March 31, 2018.

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

Besides the Members of the Audit Committee, Meetings of the Audit Committee are usually attended by the Chairman of the Board, the Managing Director, other Directors, the Statutory Auditors, Head - Internal Audit, the Chief Financial Officer 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. Other Committees

The composition of the various Board Committees of the Company, as on March 31, 2018 is, as under:

Director	NRC	RMC	ALCO	CSR	Working Committee
Mr. Mehernosh B. Kapadia (Independent Director)	✓ CH	✓ CH	✓ CH	-	-
Ms. Anuradha E. Thakur (Independent Director)	✓	✓	-	✓ CH	-
Mr. Praveen P. Kadle (Non-Executive Director)	✓	✓	✓	✓	✓
Mr. Rajiv Sabharwal (Non-Executive Director)	✓	-	-	-	✓
Mr. Govind Sankaranarayanan (Non-Executive Director)	-	✓	✓	-	✓
Mr. R. Vaithianathan (Managing Director)	-	✓	✓	✓	✓

CH - Chairperson

Notes:

1. Consequent to the stepping down of Mr. Praveen P. Kadle as a Director of the Company, he ceased to be a Member of all the Committees in which he was a Member, with effect from the end of day on March 31, 2018.
2. The Committees of the Board have been reconstituted as under, with effect from April 17, 2018:
 - a. Mr. Rajiv Sabharwal was appointed as a Member of RMC, ALCO and CSR Committee.
 - b. Mr. Govind Sankaranarayanan ceased to be a Member of RMC and ALCO.
 - c. Mr. Ankur Verma was appointed as a Member of RMC and ALCO.

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. Registered Office

The Registered Office of the Company has shifted from One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai - 400 001 to 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, with effect from April 1, 2018.

f. 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: compliance.ncd@tatacapital.com.

g. 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 every six months 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 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, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 Web: www.vistraitcl.com Tel: +91 22 2659 3535, Fax: +91 22 2653 3297 e-mail: investorgrievances.itcl@ilfsindia.com
IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400001 Web: 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 Tel: +91 66568484, Fax: +91 22 66568494 E-mail: nnair@tsrdarashaw.com

Pursuant to the provisions of Section 124 of the Companies Act, 2013, 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 2017-18, no amount was required to be transferred to the IEPF.

23. 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 Ethics mechanism under TCOC, and the ABAC Policy, and it provides for adequate safeguards against victimization of persons who use it.

The Vigil Mechanism provides for 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 website of the Company, www.tatacapital.com.

24. 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, is in place.

During FY 2017-18, there were no complaints received under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

25. STATUTORY AUDITORS

At the Ninth AGM of the Company held on August 21, 2017, B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 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, subject to the ratification of their appointment by the Members at every AGM, if required under the Act.

The Board recommends the ratification of the appointment of BSR as Statutory Auditors of the Company from the conclusion of the ensuing Tenth AGM till the conclusion of the Eleventh AGM of the Company, to the Members of the Company.

26. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines issued by the NHB, as applicable. 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 are consistent with those followed in the previous year.

27. EXPLANATION ON STATUTORY AUDITORS' REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by BSR, in their Report dated April 30, 2018, on the Financial Statements of the Company for FY 2017-18.

28. 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 2017-18. The Secretarial Audit Report, in the prescribed Form No. MR-3, is annexed as Annexure 'D'.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Parikh & Associates in their Secretarial Audit Report dated April 30, 2018, on the secretarial and other related records of the Company, for FY 2017-18.

29. 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, 2018 and April 30, 2018, being the date of this report.

30. 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 attached as Annexure 'E'.

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 attached as Annexure 'F'. Further, details of Related Party Transactions, as required to be disclosed by Accounting Standard – 18 on “Related Party Disclosures” specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, 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.

31. 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. 7.29 crore.

32. 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, 2018, is attached as Annexure 'G'.

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, 2018, 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.

33. 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 attached as Annexure 'H'.

34. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report is attached as Annexure 'I'.

35. 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 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

Mumbai
April 30, 2018

Rajiv Sabharwal
Chairman

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 <http://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, 2018 was, as under:

- Ms. Anuradha E. Thakur, Independent Director (Chairperson)
- Mr. Rajiv Sabharwal
- Mr. R. Vaithianathan

It may be noted that Mr. Shailesh H. Rajadhyaksha ceased to be a Member of the CSR Committee, with effect from December 1, 2017, consequent upon his stepping down as a Non-Executive Director of the Company. Further, Mr. Praveen P. Kadle who was appointed as a Member of the CSR Committee with effect from December 23, 2017, ceased to be a Member of the CSR Committee, with effect from end of day on March 31, 2018, consequent upon his stepping down as a Non-Executive Director of the Company. Accordingly, Mr. Rajiv Sabharwal, Non-Executive Director of the Company was inducted as Member in place of Mr. Kadle, with effect from April 17, 2018.

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

(Rs. in lakh)

Financial Year	Net Profit
FY 2014 - 15	12,356
FY 2015 - 16	21,110
FY 2016-17	33,973
Average Net Profit	22,480

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

The CSR expenditure for FY 2017–18 aggregated Rs. 450 lakh

5. Details of CSR spend during FY 2017-18:

- a. Total amount to be spent: Rs. 450 lakh
 b. Amount unspent, if any: Nil
 c. Manner in which the amount was spent during FY 2017-18 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:		Cumulative expenditure up to the reporting period	Amount Spent	
					Direct Expenditure on projects or programs	Overheads		Direct	Implementing Agency
1	Primary education and nutrition support	Promoting Education	Local area: Mumbai and Maharashtra	8,18,424	7,52,677	65,747	8,18,424	-	Mumbai Mobile Creches
3	Cancer Treatment and residential support for cancer patients Other health care support for patients and hearing impaired individuals	Promoting healthcare	Other: PAN India	28,00,000	28,00,000	-	28,00,000	-	Tata Medical Centre Trust
				5,00,000	5,00,000	-	5,00,000	-	Courage India Cancer Foundation
				11,13,793	11,13,793	-	11,13,793	-	St. Jude India Childcare Centres
				10,00,000	10,00,000	-	10,00,000	-	Cancer Patients Aids Association
				7,50,000	7,50,000	-	7,50,000	-	Bhajandas Bajaj Foundation
				10,00,000	10,00,000	-	10,00,000	-	Sri Chaitanya Seva Bhaktivedanta
28,00,000	24,00,000	4,00,000	28,00,000	-	Xavier's Resource Centre for the Visually Challenged				
5	Aspire to Enterprise	Livelihood enhancement projects	Nashik, Maharashtra	25,21,925	25,21,925	-	25,21,925	-	Udyogwardhini Shikshan Sanstha
7	JalAadhar, Integrated Watershed Development Program	Ensuring environmental sustainability	Parner, Maharashtra	1,34,47,000	1,08,12,369	26,34,631	1,34,47,000	-	BAIF Institute for Sustainable Livelihoods and Development (BISLD)
			Maveshi, Ahmednagar, Maharashtra	4,33,000	4,33,000	-	4,33,000	-	Rotary Club of Poona Charity Trust
			Edaiyur, Tamil Nadu	50,66,000	47,60,000	3,06,000	50,66,000	-	For National Agro Foundation (NAF)
8	The Green Switch – Solar Micro-grids for tribal hamlets	Ensuring environmental sustainability	Local area: Jawhar, Palghar, Maharashtra	47,00,000	44,65,000	2,35,000	47,00,000	-	<ul style="list-style-type: none"> Pragati Pratishthan NGO Gram Oorja Solutions Private Limited
9	Sustainable Housing	Setting up homes for women	Local area: Dahanu, Maharashtra	80,49,858	70,12,989	10,36,869	80,49,858	-	Habitat for Humanity India
TOTAL				4,50,00,000	4,03,21,753	46,78,247	4,50,00,000		

* amount shown is only against on-going projects

- 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.

Anuradha E. Thakur
Chairperson, CSR Committee
(Independent Director)

Rajiv Sabharwal
Member, CSR Committee
(Non-Executive Director)

R. Vaithianathan
Member, CSR Committee
(Managing Director)

POLICY ON BOARD DIVERSITY AND DIRECTOR ATTRIBUTES

1. PURPOSE

In terms of Section 178 of the Companies Act, 2013 (“Act”) and the Governance Guidelines on Board Effectiveness issued by Tata Sons Limited and adopted by the Board of Directors, the Nomination and Remuneration Committee (“NRC”) of the Board is, *inter alia*, required to formulate a Policy on Board Diversity and lay down the criteria for determining qualifications, positive attributes and independence of a director.

Diversity in the composition of the Board of Directors has become essential in view of the expansion of business, greater social responsibility, increasing emphasis on Corporate Governance, need for addressing concerns of diverse stakeholders and the necessity for managing risks in the business effectively. A Board composed of appropriately qualified and skilled people, with a broad range of experience relevant to the business, is important for effective corporate governance and sustained commercial success of a company.

In view of the above, Tata Capital Housing Finance Limited (“TCHFL” or “Company”) has framed this Policy on Board Diversity and Director Attributes (“Policy”) that encourages diversity of thought, experience, knowledge, perspective, age and gender in the Board. The Policy sets out the approach to diversity in the Board of Directors of the Company so as to ensure that the Board has an appropriate blend of functional and industry expertise.

This Policy has been adopted by the Board of Directors of the Company, based on the recommendations of the NRC.

2. OBJECTIVES OF THE POLICY

The Objectives of the Policy include:

- i. Board to drive diversity and have an appropriate blend of functional and industry expertise;
- ii. While recommending the appointment of a director to, *inter alia*, consider the manner in which the function and domain expertise of the individual contributes to the overall skill domain mix of the Board;
- iii. To help the Company build a better Board that can draw upon a wide range of perspectives, expertise, knowledge and experience;
- iv. To achieve an optimum and balanced Board, with a wide range of attributes;
- v. To encourage healthy and open discussion and promote independence of judgement in Board and Committee deliberations; and
- vi. To have an optimum mix of Executive, Non-Executive and Independent Directors, including Women Directors.

3. POLICY STATEMENT

To meet the above Objectives:

- i. The Board of TCHFL will ensure that a transparent Board nomination process is in place that encourages diversity of thought, experience, skills, knowledge, perspective, age, nationality, gender, cultural and educational background;
- ii. It will be ensured that the Board has an appropriate blend of functional and industry expertise and skills;
- iii. The consideration and selection of candidates for appointment to the Board will be based on merit which shall include a review of any candidate's integrity, experience, educational background, industry or related experience and more general experience;
- iv. Candidates that bring a diversity of background and opinion from amongst those candidates with the appropriate background and industry or related expertise and experience and having the ability to devote sufficient time to the affairs of the Company, should be considered for appointment to the Board; and
- v. While recommending the appointment of a Director, the NRC will consider the criteria as laid down under the Act and applicable Regulations/Guidelines issued by Statutory and Regulatory Authorities, as also those issued by Tata Sons Limited, from time to time, and the manner in which the function and domain expertise of the individual will contribute to the overall skill-domain mix of the Board.

4. MEASURABLE OBJECTIVES

The NRC will largely rely on the regulatory provisions of the Act, and the Regulations/Guidelines issued by the National Housing Bank as also the Guidelines circulated by Tata Sons Limited and review the measurable objectives for achieving diversity against these provisions and recommend the same to the Board for adoption. At any given point of time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

5. MONITORING AND REPORTING

The NRC will review the Policy periodically, which will include an assessment of the effectiveness of the Policy. The NRC will discuss any revision that may be required and recommend the same to the Board for approval.

REMUNERATION POLICY

1. COMPENSATION PHILOSOPHY

Tata Capital Housing Finance Limited (“Company”) has adopted a Remuneration Policy based on a defined formal compensation philosophy of Tata Capital Limited, the holding company. In order to build a high performance culture, aligned to the Company’s Vision and Goals, the Compensation Philosophy aims at providing a significant differential to superior performers and also segregating increments and performance payouts, based on the actual performance of various business verticals.

The aforementioned Compensation Philosophy helps the Company to manage long term fixed cost, keep up with market compensation and attract the right talent to help drive its growth plans.

The performance of the Company and its Business Units / Functions is measured against annual budgets / targets, set as per the Balanced Score Card (BSC). Performance of individuals is measured against Key Result Areas (KRAs) set at beginning of year and after considering any revision of target during the year. The Annual Performance Rating would be considered for calculating the Performance Pay. Rating would be on a 5 point scale.

Consistent with the principle of differential influence that an employee may have on the overall performance of the Company, different weights are assigned for the Company’s performance, the performance of Business Units / Functions and the performance of individuals. Thus, employees in entry level / junior management have greater weightage for individual performance while employees in senior leadership roles have maximum weightage for Company and Business Unit Performance.

2. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

The philosophy for remuneration of Directors, Senior Leadership Team, Key Managerial Personnel (“KMP”) and all other employees of the Company is based on the commitment to fostering a culture of leadership with trust. The Remuneration Policy is aligned to this philosophy.

This Remuneration Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (“Act”). In case of any inconsistency between the provisions of law and this Remuneration Policy, the provisions of law shall prevail and the Company shall abide by the applicable law. In case there are any changes in the law, the Company shall comply with the applicable amended provisions. While formulating this Remuneration Policy, the Nomination and Remuneration Committee (“NRC”) has considered the factors laid down under Section 178(4) of the Act which are, as under:

- “(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;*
- “(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*

- (c) *remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.”*

The key principles governing this Remuneration Policy are, as follows:

2.1 Remuneration for Independent Directors and Non-Independent Non-Executive Directors

- (i) Independent Directors (“ID”) and Non-Independent Non-Executive Directors (“NED”) may be paid Sitting Fees (for attending the meetings of the Board and of Committees of the Board of which they may be Members) and Commission within regulatory limits.
- (ii) Within the parameters prescribed by law, the payment of Sitting Fees and Commission will be recommended by the NRC for approval of the Board.
- (iii) Overall remuneration (Sitting Fees and Commission) should be reasonable and sufficient to attract, retain and motivate directors aligned to the requirements of the Company (taking into consideration, the challenges faced by the Company and its future growth imperatives).
- (iv) Overall remuneration should be reflective of the size of the Company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay the remuneration.
- (v) Overall remuneration practices should be consistent with recognized best practices.
- (vi) Quantum of Sitting Fees may be subject to review on a periodic basis, as required.
- (vii) The aggregate Commission payable to all the NEDs and IDs will be recommended by the NRC to the Board based on Company performance, profits, return to investors, shareholder value creation and any other significant qualitative parameters, as may be decided by the Board.
- (viii) The NRC will recommend to the Board, the quantum of Commission for each director based upon the outcome of the evaluation process which is driven by various factors including attendance and time spent at Board and Committee Meetings, individual contribution at the Meetings and contributions made by directors, other than at Board and Committee Meetings.
- (ix) In addition to the Sitting Fees and Commission, the Company may pay to any director such fair and reasonable expenditure, as may have been incurred by the director while performing his / her role as a director of the Company. This could include reasonable expenditure incurred by the director for attending Board / Board Committee Meetings, General Meetings, Court convened Meetings, Meetings with Shareholders / Creditors / Management, site visits, induction and training (arranged by the Company for directors) and in obtaining professional advice from independent advisors in the furtherance of his / her duties as a director.

2.2 Remuneration for Managing Director (“MD”) / Executive Directors (“ED”) / KMP / rest of the employees ^(Note 1)

- (i) The extent of overall remuneration to the MD / ED / KMPs / rest of the employees should be sufficient to attract and retain talented and qualified individuals suitable for their roles.

Hence, remuneration should be:

- market competitive (market for every role is defined as companies from which the company attracts talent or companies to which the company loses talent);
- driven by the role played by the individual;
- reflective of the size of the company, complexity of the sector / industry / Company’s operations and the Company’s capacity to pay;
- consistent with recognized best practices; and
- aligned to any regulatory requirements.

- (ii) In terms of remuneration mix or composition,

- the remuneration mix for the MD / EDs should be as per the contract approved by the Shareholders. In case of any change which is beyond the remuneration approved by the Shareholders, the same would require the approval of the Shareholders.
- basic / fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience.
- in addition to the basic / fixed salary, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company also provides all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursing or insurance cover and accidental death and dismemberment through personal accident insurance.
- the Company provides retirement benefits, as applicable.
- in addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company may provide MD/ EDs such remuneration by way of Commission, calculated with reference to the Net Profits of the Company in a particular financial year, as may be determined by the Board, subject to the overall ceilings stipulated in Section 197 of the Act. The specific amount payable to the MD/ EDs would be based on the performance of the MD / EDs as evaluated by the Board or the NRC and approved by the Board.

OR

- In addition to the basic / fixed salary, benefits, perquisites and allowances as provided above, the Company may provide to its MD / EDs, such remuneration by way of an annual incentive remuneration / performance linked bonus subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. An indicative list of factors that may be considered for determination of the extent of this component are:
 - Company’s performance on certain defined qualitative and quantitative parameters, as may be decided by the Board from time to time,

- Industry benchmarks of remuneration,
 - Performance of the individual.
- The Company will provide the rest of the employees, a performance linked incentive pay. The performance linked pay would be driven by the outcome of the performance appraisal process and the performance of the Company.

2.3 Remuneration payable to Director for services rendered in other capacity

No remuneration will be payable to the Directors for services rendered by such Director in any other capacity unless:

- a) The services rendered are of a professional nature;
- b) The NRC is of the opinion that the director possesses requisite qualification for the practice of the profession; and
- c) Approval of the Central Government has been received, if required, for paying the same.

2.4 Loans to employees

The Company may grant loans to its employees on such terms and conditions as may be determined by the Board or any Committee of the Board, from time to time, in accordance with applicable laws.

2.5 Policy implementation

The NRC is responsible for recommending the Remuneration Policy to the Board. The Board is responsible for approving and overseeing implementation of the Remuneration Policy.

Note 1 Excludes employees covered by any long term settlements or specific term contracts. The remuneration for these employees would be driven by the respective long term settlements or contracts.

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

(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 March 31, 2018, 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 March 31, 2018 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 (Not applicable to the Company during the audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - (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 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 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 (Not applicable to the Company during the audit period).
- (vi) Other laws applicable specifically to the Company namely:
- All the Rules, Regulations, Circulars, Directions and Guidelines prescribed under the National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010, 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.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the Minutes of the Meetings;

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:
 - (i) Issued 10,950 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 1,095 crore.
 - (ii) Redeemed 18,734 Secured Redeemable Non-Convertible Debentures for an aggregate amount of Rs. 1,873.40 crore.
- B. The Company had issued and allotted 30,10,00,000 Compulsorily Convertible Cumulative Preference Shares of Rs. 10 each aggregating Rs. 301 crore, on a rights basis.
- C. During the year, the Company altered its Memorandum of Association for addition of new Main Object clause of acting as brokers.

**For Parikh & Associates
Company Secretaries**

Mumbai
April 30, 2018

**Jigyasa Ved
Partner**
FCS No: 6488 CP No: 6018

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.

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**

Mumbai
April 30, 2018

**Jigyasa Ved
Partner**
FCS No: 6488 CP No: 6018

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 determining 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. Key Principles

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 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 is 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 <http://www.tatacapital.com>.

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") as Tier-I Capital	30,100	9 years	Compulsorily Convertible into Equity Shares after completion 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. Inter Corporate Deposits ("ICDs") accepted during the year	205,185	Tenor upto 1 year	Cost of Funds at market borrowing rate.	-
			c. ICDs repaid during the year	215,185	Tenor upto 1 year	Cost of Funds at market borrowing rate.	-
			d. Interim Dividend on CCCPS paid during the year	8,047	Not Applicable	Interim Dividend paid for FY 2017-18 at the rate of 9% p.a. and 8.5% p.a., as may be applicable.	-

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
April 30, 2018

Rajiv Sabharwal
Chairman

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 2017-18 is, as under:

Name of Director(s)	Ratio to Median
Mr. Janki Ballabh ¹	2.88:1
Mr. Mehernosh B. Kapadia ²	0.97:1
Ms. Anuradha E. Thakur	1.56:1
Mr. Shailesh H. Rajadhyaksha ³	1.1:1
Mr. Govind Sankaranarayanan	0.69:1
Mr. R. Vaithianathan	47.39:1

Notes:

1. Mr. Janki Ballabh retired as a Director of the Company, with effect from the end of day on October 23, 2017.
2. Mr. Mehernosh B. Kapadia was appointed as a Director of the Company, with effect from October 24, 2017.
3. Mr. Shailesh H. Rajadhyaksha stepped down as a Director of the Company, with effect from December 1, 2017.

Mr. Praveen P. Kadle, Director, did not draw any remuneration from the Company and Mr. Rajiv Sabharwal, Director, does 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.

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 2017-18, is as under:

Name of Director(s)	% Increase in Remuneration
Mr. Janki Ballabh ¹	84.70%
Mr. Mehernosh B. Kapadia ²	Not applicable
Ms. Anuradha E. Thakur	160.6%
Mr. Shailesh H. Rajadhyaksha ³	139.70%
Mr. Govind Sankaranarayanan	23.10%
Mr. R. Vaithianathan	12.60%

Notes:

1. Mr. Janki Ballabh retired as a Director of the Company, with effect from the end of day on October 23, 2017.
2. Mr. Mehernosh B. Kapadia was appointed as a Director of the Company, with effect from October 24, 2017.
3. Mr. Shailesh H. Rajadhyaksha stepped down as a Director of the Company, with effect from December 1, 2017.

The remuneration paid to Mr. Janki Ballabh, Ms. Anuradha E. Thakur and Mr. Shailesh H. Rajadhyaksha in FY 2017-18 included the payment of Sitting Fees for attending the Board/Committee Meetings and Commission of Rs. 10,00,000 each for FY 2016-17 paid in FY 2017-18, which resulted in the increase in remuneration. The Company had not paid Commission to the Non-Executive Directors and Independent Directors for FY 2015-16.

Mr. Mehernosh B. Kapadia was appointed as an Independent Director of the Company, with effect from October 24, 2017 and hence the percentage increase in remuneration has not been computed.

Mr. Praveen P. Kadle, Director, did not draw any remuneration from the Company and Mr. Rajiv Sabharwal, Director, does not draw any remuneration from the Company. In view of the same, the percentage increase in their remuneration, has not been computed.

The percentage increase in remuneration of Mr. S. Balakrishna Kamath, Chief Financial Officer and Company Secretary, for FY 2017-18, was 6.3% as compared to FY 2016-17.

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

There is a decrease in the median remuneration of employees in FY 2017-18 by 28.3% as compared to FY 2016-17.

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

The permanent employees on the rolls of Company as on March 31, 2018, were 1,138.

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 2017-18 is 50.92% and the percentage increase in the overall managerial remuneration is 25.33%. 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.

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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:

One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400001, Maharashtra, India

The Registered Office address has changed to 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India, with effect from April 1, 2018.

Contact details:

Direct Number: 022 6182 8282

E-mail id: balakrishna.kamath@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

For Non – Convertible Debentures issued on a Private Placement basis	
Name:	TSR Darashaw Limited
Address:	6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E Moses Road, Mahalaxmi, Mumbai – 400011
Phone No.:	022-66568484
Fax:	022-66568494
Contact person	Ms. Nandini Nair
Website:	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	65
2	Home Equity	64920	21
3	Builder Loan	64920	14

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 ¹ One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai – 400 001.	U65990MH1991PLC060670	Holding Company	100%	Section 2(46)

Note:

- The Registered Office address has changed to 11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400013, Maharashtra, India, with effect from April 1, 2018.

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	-	25,33,33,332	25,33,33,332	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	25,33,33,332	25,33,33,332	100	-	25,33,33,332	25,33,33,332	100	-
(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	-	25,33,33,332	25,33,33,332	100	-

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) FIs	-	-	-	-	-	-	-	-	-
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	-	25,33,33,332	25,33,33,332	100	-

(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	-	25,33,33,332	100	-	-
Total		25,33,33,332	100	-	25,33,33,332	100	-	-

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

Sr No.	Particulars	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	25,33,33,332	100	25,33,33,332	100
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)	25,33,33,332	100	25,33,33,332	100

There has been no change in the shareholding of the promoters during the year.

(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)	-	-	-	-
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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.	-	82,40,00,000	82,40,00,000	100	-	1,12,50,00,000	1,12,50,00,000	100	36.53
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	82,40,00,000	82,40,00,000	100	-	1,12,50,00,000	1,12,50,00,000	100	36.53
(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)	-	82,40,00,000	82,40,00,000	100	-	1,12,50,00,000	1,12,50,00,000	100	36.53

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) FIs	-	-	-	-	-	-	-	-	-
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)	-	82,40,00,000	82,40,00,000	100	-	1,12,50,00,000	1,12,50,00,000	100	36.53

(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	82,40,00,000	100	-	1,12,50,00,000	100	-	36.53
Total			82,40,00,000	100	-	1,12,50,00,000	100	-	36.53

(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 (1.4.2017 to 31.3.2018)	
		No. of Shares at the beginning (1.4.2017)/end of the year (31.3.2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Tata Capital Limited	82,40,00,000	100	April 1, 2017	-	-	82,40,00,000	100
				July 31, 2017	11,10,00,000	Allotment on a Rights basis	93,50,00,000	100
				March 21, 2018	19,00,00,000	Allotment on a Rights basis	1,12,50,00,000	100

Notes:

1. During FY 2017-18, the Company had only issued Compulsorily Convertible Cumulative Preference Shares and no Equity Shares were raised.
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	10,50,077.25	4,70,700.35	–	15,20,777.60
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	27,990.12	3,482.30	–	31,472.42
Total (i+ii+iii)	10,78,067.37	4,74,182.65	–	15,52,250.02
Change in Indebtedness during the financial year				
• Addition	5,50,353.00	14,59,856.85	–	20,10,209.85
• Reduction	(4,16,992.35)	(14,07,174.67)	–	(18,24,167.02)
Net Change	1,33,360.65	52,682.18	–	1,86,042.83
Indebtedness at the end of the financial year				
i) Principal Amount	12,94,482.65	5,29,982.36	–	18,24,465.01
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	20,537.38	3,476.65	–	24,014.03
Total (i+ii+iii)	13,15,020.03	5,33,459.01	–	18,48,479.04

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	Total Amount
		Mr. R Vaithianathan	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	200.59	200.59
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	16.78	16.78
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit	-	-

	- others, specify...		
5.	Others, please specify	-	-
	Total (A)	217.37	217.37
	Ceiling as per the Act		2,071

B. Remuneration to other directors:

(Rs. in lakh)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Mr. Janki Ballabh	Ms. Anuradha E Thakur	
	• Fee for attending board / committee meetings	3.30	7.20	10.50
	• Commission	10.00	10.00	20.00
	• Others, please specify	-	-	-
	Total (1)	13.30	17.20	30.50
2	Other Non-Executive Directors	Mr. Govind Sankaranarayanan	Mr. Shailesh H Rajadhyaksha	
	• Fee for attending board / committee meetings	3.20	5.10	8.30
	• Commission	-	10.00	10.00
	• Others, please specify	-	-	-
	Total (2)	3.20	15.10	18.30
	Total (B)=(1+2)			48.80
	Total Managerial Remuneration			266.17
Overall Ceiling as per the Act			4,557	

Notes:

- The Remuneration details as mentioned above include sitting fees paid in FY 2017-18 and Commission paid for FY 2016-17 in FY 2017-18.
- Mr. Janki Ballabh retired as a Director of the Company, with effect from the end of day on October 23, 2017.
- Mr. Shailesh H. Rajadhyaksha stepped down as a Director of the Company, with effect from December 1, 2017.

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

(Rs. in lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Person		
		CEO	CFO & Company Secretary : Mr. S Balakrishna Kamath	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	53.27	53.27

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	8.15	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, please specify	-	-	-
	Total	-	61.42	61.42

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	-	-	-	-	-

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 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.

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. 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

The Outlook of the Company for the year ahead is to stabilize its asset quality across the portfolio. The Company will focus on scaling its Affordable and Rural portfolio and increase its presence in the Tata eco system. The Company would change its product mix and improve penetration in high yielding segments. The Company would use analytics to prioritize collections and improving collection efficiency. The Company, as a whole, will focus on balanced measured growth, asset quality, cross selling opportunities, digital and analytics.

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 12 of the Board's Report.

Independent Auditor's Report

To the Members of Tata Capital Housing Finance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Tata Capital Housing Finance Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

Independent Auditor's Report (*Continued*)

Tata Capital Housing Finance Limited

Auditor's Responsibility (*Continued*)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 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 2018 and its profit and its cash flows for the year ended on that date.

Other matter

The comparative financial information of the Company for the year ended 31 March 2017 as included in these financial statements have been audited by the predecessor auditor who had audited the financial statements for the year ended 31 March 2017. The report of the predecessor auditor on the comparative financial information dated 28 April 2017 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

Independent Auditor's Report (*Continued*)

Tata Capital Housing Finance Limited

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

- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 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-contracts Refer Note 36.10.1 to the financial statements. The Company did not have any derivative contracts for which there were any material foreseeable losses - Refer Note 36.2 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 since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

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

Mumbai
30 April 2018

Manoj Kumar Vijai
Partner
Membership No: 046882

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 as at 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 fixed assets 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 and 186 of the Act. Accordingly, the provision of clause 3(iv) of the Order is not applicable to the Company.
- (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 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, service 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 sales tax, duty of customs, value added tax or 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, service tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 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 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 or 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 money raised by the Company by way of term loans taken and debentures issued 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 (including debt instruments).
- (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 given 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 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(xii) of the Order is not applicable.
- (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
30 April 2018

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 under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of the Company as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India" (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

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

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

Annexure – B to the Independent Auditor’s Report of even date on the financial statements of Tata Capital Housing Finance Limited (Continued)

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on “the internal control over financial reporting criteria” established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**

Chartered Accountants

Firm’s Registration No: 101248W/W-100022

Mumbai
30 April 2018

Manoj Kumar Vijai

Partner

Membership No: 046882

TATA CAPITAL HOUSING FINANCE LIMITED

BALANCE SHEET AS AT MARCH 31, 2018

PARTICULARS	Note No.	As at	As at
		March 31, 2018	March 31, 2017
		Rs. in Lakh	Rs. in Lakh
I. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share Capital	3	1,37,833	1,07,733
(b) Reserves and surplus	4	39,437	27,713
		1,77,270	1,35,446
2 Non-current liabilities			
(a) Long-term borrowings	5	10,41,115	8,65,745
(b) Other long-term liabilities	6	213	92
(c) Long-term provisions	7	23,956	15,809
		10,65,284	8,81,646
3 Current liabilities			
(a) Short-term borrowings	8	5,40,745	3,57,918
(b) Trade payables	9		
(i) Total outstanding dues of micro enterprises and small enterprises	9(a)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,914	3,769
(c) Other current liabilities	10	2,74,552	3,39,027
(d) Short-term provisions	11	4,113	2,759
		8,24,324	7,03,473
TOTAL		20,66,878	17,20,565
II. ASSETS			
1. Non-Current assets			
(a) Property, plant and equipment	12		
(i) Tangible assets		1,897	1,396
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		174	138
(iv) Intangible assets under development		725	326
(b) Non-current Investments	13	257	245
(c) Deferred tax assets (net)	14	4,192	1,754
(d) Long-term loans and advances - financing activity	15	18,59,197	15,86,515
(e) Long-term loans and advances - others	16	153	377
(f) Other non-current assets	17	4,234	4,369
		18,70,829	15,95,120
2. Current assets			
(a) Current investments		-	-
(b) Trade receivables	18	396	5
(c) Cash and bank balances	19	6,931	8,303
(d) Short-term loans and advances - financing activity	15	1,84,742	1,13,807
(e) Short-term loans and advances - others	20	1,198	454
(f) Other current assets	21	2,782	2,876
		1,96,049	1,25,445
TOTAL		20,66,878	17,20,565
See accompanying notes forming a part of the financial statements	1-38		

In terms of our report attached

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)

Mehernosh B. Kapadia
(Director)

Anuradha E. Thakur
(Director)

Manoj Kumar Vijai
Partner
Membership No: 046882

G. Sankaranarayanan
(Director)

Ankur Verma
(Director)

R.Vaithianathan
(Managing Director)

S Balakrishna Kamath
(Chief Financial Officer & Company Secretary)

Mumbai
Date : April 30, 2018

TATA CAPITAL HOUSING FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

PARTICULARS	Note No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017
		Rs in Lakh	Rs in Lakh
I Revenue from operations	22	1,94,690	1,70,696
II Investment income	23	192	95
III Other income	24	3,473	1,527
IV Total Revenue (I + II + III)		1,98,355	1,72,318
V Expenses :			
Finance costs	25	1,24,664	1,13,743
Employee benefit expenses	26	11,416	10,431
Other operating expenses	27	28,179	19,935
Depreciation and amortisation	12	418	272
Amortisation of expenses	21(a)	746	615
Total Expenses		1,65,423	1,44,996
VI Profit before tax (IV - V)		32,932	27,322
VII Tax expense:			
(1) Current tax	14.1	13,950	9,573
(2) Deferred tax	14.2	(2,438)	(68)
Net tax expense		11,512	9,505
VIII Profit for the year (VI - VII)		21,420	17,817
IX Earnings per equity share:			
(1) Basic (in Rupees)		4.61	3.89
(2) Diluted (in Rupees)		4.61	3.89
Face value of share (in Rupees)		10	10
See accompanying notes forming a part of the financial statements	1-38		

In terms of our report attached

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)

Mehernosh B. Kapadia

(Director)

Anuradha E. Thakur

(Director)

Manoj Kumar Vijai

Partner

Membership No: 046882

G. Sankaranarayanan

(Director)

Ankur Verma

(Director)

R.Vaithianathan

(Managing Director)

S Balakrishna Kamath

(Chief Financial Officer & Company Secretary)

Mumbai

Date : April 30, 2018

TATA CAPITAL HOUSING FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2018

PARTICULARS	Note No.	For the Year ended	For the Year ended
		March 31, 2018	March 31, 2017
		Rs. In Lakh	Rs. In Lakh
1 CASH FLOW USED IN OPERATING ACTIVITIES			
Profit before taxes		32,932	27,322
Adjustments for :			
Amortisation of debenture issue expenses/loan processing expenses		746	615
Profit on sale of mutual fund investments (current investment non-trade)		(192)	(95)
Discounting charges on commercial paper		18,710	22,047
Depreciation and amortisation		418	272
Provision for employee benefits		173	200
Contingent provision against standard assets		962	2,539
Provision for doubtful debts		11,870	4,501
Interest income		(1,85,025)	(1,63,356)
Interest expenses		1,05,954	91,696
Operating Loss before working capital changes and adjustment for interest received and interest paid		(13,452)	(14,259)
Adjustments for :			
Increase in loans and advances - financing activity		(3,46,730)	(3,93,763)
Increase in loans and advances - others		(964)	(840)
(Increase) / Decrease in Trade receivables		(391)	110
Increase in current liabilities and provisions		451	4,938
Cash used in operations before adjustment for interest received and interest paid		(3,61,086)	(4,03,814)
Interest received		1,81,898	1,60,857
Interest paid		(1,34,847)	(1,06,554)
Cash used in operations		(3,14,035)	(3,49,511)
Taxes paid		(12,678)	(9,429)
NET CASH USED IN OPERATING ACTIVITIES		(3,26,713)	(3,58,940)
2 CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of fixed assets		9	15
Purchase of fixed assets (including capital advances)		(1,369)	(783)
Purchase of mutual fund units		(8,64,512)	(4,03,945)
Proceeds from redemption of mutual fund units		8,64,692	4,03,795
Fixed deposits with banks having maturity over 3 months		(25)	-
NET CASH USED IN INVESTING ACTIVITIES		(1,205)	(918)
3 CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Compulsorily Convertible Cumulative Preference share capital		30,100	16,500
Share issue expenses		(11)	(17)
Interim dividend paid on preference shares (including dividend distribution tax)		(9,685)	(7,959)
Proceeds from long-term borrowings		5,21,353	5,99,687
Repayment of long-term borrowings		(4,00,492)	(3,40,584)
Debenture issue / loan processing expenses		(271)	(861)
Proceeds from short-term borrowings having maturity period greater than 3 month		3,81,626	2,45,344
Repayment of short-term borrowings having maturity period greater than 3 month		(2,39,620)	(2,32,244)
Net proceeds from short- term borrowings having maturity period less than or equal to 3 month		43,546	85,164
NET CASH FROM FINANCING ACTIVITIES		3,26,546	3,65,030
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,372)	5,172
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR (Refer Note No 19)		8,303	3,131
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (Refer Note No 19)		6,931	8,303
See accompanying notes forming a part of the financial statements	1-38		

In terms of our report attached

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)

Mehernosh B. Kapadia
(Director)

Anuradha E. Thakur
(Director)

Manoj Kumar Vijai
Partner
Membership No: 046882

G. Sankaranarayanan
(Director)

Ankur Verma
(Director)

R. Vaithianathan
(Managing Director)

Mumbai
Date : April 30, 2018

S Balakrishna Kargoth
(Chief Financial Officer & Company Secretary)

Notes forming part of the Financial Statements

1 CORPORATE INFORMATION

Tata Capital Housing Finance Limited (the "Company") was incorporated on October 15, 2008. The Company obtained the certificate of registration under the National Housing Bank ("NHB") as required under Section 29A of the NHB Act, 1987 on April 4, 2009. The Company is a wholly owned subsidiary of Tata Capital Limited. The main objects of the Company, inter alia are to carry out the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase / construction / repair and renovation of new / existing flats / houses for residential purposes and provide property related services.

2 SIGNIFICANT ACCOUNTING POLICIES

i BASIS FOR PREPARATION OF ACCOUNTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "Act") read with rule 7 of the companies (Accounts) Rules, 2014 and the relevant provisions of the Act, as applicable, the National Housing Bank Act, 1987 and the Housing finance companies, (NHB) Directions, 2010. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii USE OF ESTIMATES

The preparation of financial statements require the management of the Company to make estimates and assumptions 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 management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods. Example of such estimates includes provision for non - performing loans, provision for employee benefit plans and provision for income taxes.

iii REVENUE RECOGNITION

Interest income on loans

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable, except that no income is recognised on non-performing assets as per the prudential norms for income recognition issued by the NHB for Housing Finance Companies (the "HFC's"). Interest income on such assets is recognised on receipt basis.

Repayment of housing loans is generally by way of Equated Monthly Installments (EMIs) comprising principal and interest. Generally EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month. Interest on loans is computed on a monthly rest basis, unless otherwise specified in contracting documents.

Upfront / Loan Processing fees collected from the customer are primarily towards documentation charges. Such fees are accounted as income when the amount becomes due provided recovery thereof is not uncertain.

Income from Current and Long-term Investments

Income from sale of units of mutual funds is accounted when the units of mutual funds are actually sold.

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

iv PROVISION ON NON PERFORMING / STANDARD LOANS AND DOUBTFUL DEBTS

Loans are initially recorded at the disbursed principal amounts and are subsequently adjusted for recoveries and any unearned income.

A loan is recognised as non-performing asset (“NPA”) at the earlier of the date it has been individually provided for when the Company is no longer reasonably assured of the timely collection of the full amount of principal and interest and a loan where the repayment of any installment or interest has been in arrears for 90 days.

The provision on Standard and Non Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. In addition to the abovementioned provisioning norms as prescribed by NHB, the Company also fully provides for/ writes off the entire receivables as per the Guidelines approved by the Board of Directors from time to time, where any of the installments are overdue for a period exceeding 27 months for home loans, loan against property and builder loans.

Provisions are established on a collective basis against loan assets classified as “Standard” to absorb credit losses on the aggregate exposures in each of the Company’s loan portfolios based on the NHB Directions.

v SECURITISATION / ASSIGNMENT

Securitised/ Assigned assets are derecognised, if and only if, the Company loses control of the contractual rights that comprise the corresponding pools or mortgages transferred. Transfers of pools of mortgages under the current programs involve transfer of proportionate shares in the pools of mortgages. Such transfers result in de-recognition only of that proportion of the mortgages that meet the de-recognition criteria. The portion retained by the Company continues to be accounted for as loans as described above.

As stated in the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India, on de-recognition, the difference between the book value of the securitised/ assigned asset and consideration received is recognised as gain arising on securitization/ assignment in the Statement of Profit and Loss over the balance maturity period of the pool transferred. Losses, if any, arising from such transactions, are recognised immediately in the Statement of Profit and Loss.

vi INVESTMENTS

Investments are classified into non-current and current investments. Investment are accounted for on trade date basis.

a. Non-current investments

Non-current investments are investments intended to be held for a period of more than a year. Non-current investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

b. Current investments

Current investments are investments intended to be held for a period of less than a year. Current investments are stated at the lower of cost and market value, determined on an individual investment basis.

vii Property, plant and equipment

a. Tangible:

Tangible property, plant and equipment are stated at cost of acquisition including any cost attributable for bringing asset to its working condition, which comprises of purchase consideration and other directly attributable costs of bringing the assets to their working condition for their intended use less accumulated depreciation.

b. Intangible:

Acquired intangible assets other than Goodwill are measured at cost less amortisation.

Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred.

c. Capital work-in-progress:

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

d. Intangible assets under development:

Expenditure on development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

viii DEPRECIATION

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible property, plant and equipment 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, Plant & Machinery, Computer Equipment and Vehicles, where 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.

All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased.

Estimated useful life considered by the Company are:

Asset	Estimated Useful Life	As per Schedule II
Building	25 Years	60 Years
Office Equipment	5 Years	5 Years
Vehicles	4 Years	6 Years
Plant & Machinery	10 Years	15 Years
Furniture & Fixtures	10 Years	10 Years
Leasehold improvements	Lease Period	Lease Period
Computer Equipment	4 Years	3 Years

ix IMPAIRMENT OF ASSETS

At each Balance Sheet date, the Company reviews, whether there is any indication of impairment of an asset. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

Recoverable amount of the asset is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flow expected from continuing use of the asset and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific to the asset. If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased above the lower of recoverable amount and the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

x TAXATION

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax corresponds to the net effect of tax on all timing differences, which occur as a result of items being allowed for income tax purposes during a year different from when they were recognised in the financial statements.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

xi GOODS AND SERVICES TAX INPUT CREDIT

Goods & Service tax input credit is accounted for in the books in the year in which the underlying goods or service are received and paid and there is reasonable certainty in availing / utilizing the credits

xii OPERATING CYCLE

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

xiii SHARE ISSUE EXPENSES

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

xiv BORROWING COSTS

Ancillary costs in the nature of loan processing charges and debenture issue expenses are amortised on straight line method over the tenor of the loan/debenture from the month in which the Company has incurred the expenditure.

xv LOAN SOURCING COST

Loan sourcing cost is amortised over a period of 84 / 60 / 18 months for Home loan, Home equity and Builder loan respectively based on the expected tenure of the loan. The expected tenure of the loan is reviewed periodically.

xvi PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Company has present obligations, as result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. Contingent liabilities are not recognised but disclosed in the financial statements. A Contingent asset is neither recognised nor disclosed in the financial statements.

xvii CASH FLOW STATEMENT

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

xviii EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

xix EMPLOYEE BENEFITS

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, 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 of which Company's contribution of 12% 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 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. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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 Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

xx Foreign currency transactions and translations

Initial recognition :-

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

Measurement at the Balance Sheet date :-

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

xxi SEGMENT REPORTING

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 its operations within India. There being only one 'business segment' and 'geographical segment', the segment information is not provided.

xxii DIVIDEND (INCLUDING DIVIDEND DISTRIBUTION TAX)

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

3 SHARE CAPITAL

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
AUTHORISED		
2,500,000,000 (As at March 31, 2017: 2,500,000,000) Equity shares of Rs.10 each	2,50,000	2,50,000
2,000,000,000 (As at March 31, 2017: 2,000,000,000) Compulsorily Convertible Cumulative Preference shares of Rs.10 each	2,00,000	2,00,000
	4,50,000	4,50,000
ISSUED, SUBSCRIBED & PAID UP		
253,333,332 (as at March 31, 2017: 253,333,332) Equity shares of Rs.10 each fully paid up	25,333	25,333
824,000,000 (as at March 31, 2017: 824,000,000) 9% Compulsorily Convertible Cumulative Preference shares of Rs.10 each fully paid up	82,400	82,400
301,000,000 (as at March 31, 2017: Nil) 8.5% Compulsorily Convertible Cumulative Preference shares of Rs.10 each fully paid up	30,100	-
Total	1,37,833	1,07,733

Note : All the equity shares & preference shares are held by the holding company, Tata Capital Limited and its nominees.

3.1 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, 2016	25,33,33,332	25,333
- Additions during the year	-	-
- Closing balance as on March 31, 2017	25,33,33,332	25,333
- Additions during the year	-	-
- Closing balance as on March 31, 2018	25,33,33,332	25,333
9% Compulsorily Convertible Cumulative Preference shares, Face Value of Rs.10 fully paid up		
- Opening balance as on April 01, 2016	65,90,00,000	65,900
- Additions during the year	16,50,00,000	16,500
- Closing balance as on March 31, 2017	82,40,00,000	82,400
- Additions during the year	-	-
- Closing balance as on March 31, 2018	82,40,00,000	82,400
8.5% Compulsorily Convertible Cumulative Preference shares, Face Value of Rs.10 fully paid up		
- Opening balance as on April 01, 2017	-	-
- Additions during the year	30,10,00,000	30,100
- Closing balance as on March 31, 2018	30,10,00,000	30,100
Share Capital		
- Opening balance as on April 01, 2016	91,23,33,332	91,233
- Additions during the year	16,50,00,000	16,500
- Closing balance as on March 31, 2017	1,07,73,33,332	1,07,733
- Additions during the year	30,10,00,000	30,100
- Closing balance as on March 31, 2018	1,37,83,33,332	1,37,833
Total	1,37,83,33,332	1,37,833

3.2 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.

Preference Shares: The Company has issued 824,000,000 @ 9% and 301,000,000 @ 8.5%, Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of face value Rs. 10/- each, which are convertible into equity shares after the completion of 9 years from the date of allotment. However, 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. 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 CCCPS holders 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.

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

(Rs. in Lakh)

Allotment Date	Conversion Date	As at March 31, 2018		As at March 31, 2017	
		No. of Shares	Amount	No. of Shares	Amount
21-Mar-18	21-Mar-27	19,00,00,000	19,000	-	-
31-Jul-17	31-Jul-26	11,10,00,000	11,100	-	-
22-Nov-16	22-Nov-25	10,00,00,000	10,000	10,00,00,000	10,000
30-Sep-16	30-Sep-25	3,50,00,000	3,500	3,50,00,000	3,500
30-Jun-16	30-Jun-25	3,00,00,000	3,000	3,00,00,000	3,000
23-Mar-16	23-Mar-25	10,00,00,000	10,000	10,00,00,000	10,000
30-Nov-15	30-Nov-24	5,70,00,000	5,700	5,70,00,000	5,700
25-May-15	25-May-24	7,80,00,000	7,800	7,80,00,000	7,800
30-Apr-15	30-Apr-24	1,00,00,000	1,000	1,00,00,000	1,000
31-Mar-15	31-Mar-24	2,00,00,000	2,000	2,00,00,000	2,000
30-Jan-15	30-Jan-24	3,00,00,000	3,000	3,00,00,000	3,000
28-Nov-14	28-Nov-23	2,50,00,000	2,500	2,50,00,000	2,500
28-Nov-14	28-Nov-23	1,00,00,000	1,000	1,00,00,000	1,000
29-Sep-14	29-Sep-23	1,00,00,000	1,000	1,00,00,000	1,000
28-Aug-14	28-Aug-23	1,50,00,000	1,500	1,50,00,000	1,500
30-Jun-14	30-Jun-23	2,00,00,000	2,000	2,00,00,000	2,000
29-May-14	29-May-23	3,00,00,000	3,000	3,00,00,000	3,000
26-Mar-14	26-Mar-23	2,00,00,000	2,000	2,00,00,000	2,000
6-Feb-14	6-Feb-23	2,90,00,000	2,900	2,90,00,000	2,900
2-Dec-13	2-Dec-22	2,00,00,000	2,000	2,00,00,000	2,000
20-Sep-13	20-Sep-22	2,00,00,000	2,000	2,00,00,000	2,000
8-Aug-13	8-Aug-22	2,00,00,000	2,000	2,00,00,000	2,000
30-Jul-13	30-Jul-22	2,00,00,000	2,000	2,00,00,000	2,000
28-Jun-13	28-Jun-22	1,00,00,000	1,000	1,00,00,000	1,000
4-Jun-13	4-Jun-22	1,00,00,000	1,000	1,00,00,000	1,000
28-Mar-13	28-Mar-22	2,50,00,000	2,500	2,50,00,000	2,500
4-Jan-13	4-Jan-22	3,00,00,000	3,000	3,00,00,000	3,000
3-Dec-12	3-Dec-21	2,40,00,000	2,400	2,40,00,000	2,400
12-Nov-12	12-Nov-21	2,60,00,000	2,600	2,60,00,000	2,600
Total		1,12,50,00,000	1,12,500	82,40,00,000	82,400

3.3 Investment by Tata Capital Limited (Holding Company)

(Rs. in Lakh)

Name of Company	Particulars of Issue	No. of Shares	Amount
Tata Capital Limited (Holding Company) Equity Shares	Opening Balance as on April 1, 2016	25,33,33,326	25,333
	Closing Balance as on March 31, 2017	25,33,33,326	25,333
	Closing Balance as on March 31, 2018	25,33,33,326	25,333
9% Compulsorily Convertible Cumulative Preference Shares	Opening Balance as on April 1, 2016	65,90,00,000	65,900
	"Rights" issue during the FY 2016-17	16,50,00,000	16,500
	Closing Balance as on March 31, 2017	82,40,00,000	82,400
	"Rights" issue during the FY 2017-18	-	-
	Closing Balance as on March 31, 2018	82,40,00,000	82,400
8.5% Compulsorily Convertible Cumulative Preference Shares	Opening Balance as on April 1, 2017	-	-
	"Rights" issue during the FY 2017-18	30,10,00,000	30,100
	Closing Balance as on March 31, 2018	30,10,00,000	30,100

4 RESERVES AND SURPLUS

PARTICULARS	As at	As at
	March 31, 2018	March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Securities Premium Account		
Opening Balance	2,240	2,267
Less : Share issue expenses written-off (Refer Note No. 35)	11	27
Closing Balance	2,229	2,240
(b) Statutory Reserve Account (As per Section 29C of National Housing Bank Act,1987)		
Opening Balance	10,735	5,535
Add: Transfer from surplus in the Statement of Profit and Loss (Refer Note No. 4.1 & 4.2 below)	4,284	5,200
Closing Balance	15,019	10,735
(c) Surplus in Statement of Profit and Loss		
Opening Balance	14,738	10,080
Add : Profit for the year	21,420	17,817
Amount available for Appropriations	36,158	27,897
Less : Appropriations		
-Transfer to Special Reserve Account (Refer Note No. 4.1 & 4.2 below)	4,284	5,200
-Interim Dividend on Preference Shares (Refer Note No. 4.3 below)	8,047	6,613
-Dividend distribution tax on Interim Dividend (Refer Note No. 4.3 below)	1,638	1,346
Closing Balance	22,189	14,738
Total	39,437	27,713

- 4.1 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.4,284 Lakh (previous year Rs.5,200 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.

Particulars	As at	As at
	March 31, 2018	March 31, 2017
	Rs. in Lakh	Rs. in Lakh
Balance at the beginning of the year		
a) Statutory Reserve as per Section 29C of National Housing Bank Act, 1987 (Refer Note No 4.4 below)	2,944	970
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 (Refer Note No 4.4 below)	7,791	4,565
Total (A)	10,735	5,535
Addition / Appropriation / withdrawal during the year		
Add: a) Amount transferred u/s 29C of the NHB Act,1987 (Refer Note No 4.4 below)	545	1,974
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 (Refer Note No 4.4 below)	3,739	3,226
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)	4,284	5,200
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 (Refer Note No 4.4 below)	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 (Refer Note No 4.4 below)	11,530	7,791
Total (A+B)	15,019	10,735

- 4.2 The Company has transferred an amount of Rs.3,739 Lakh (Previous year Rs.3,226 Lakh, refer note no 4.4 below) 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).
- 4.3 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 (Previous year Rs. 6,613 lakh) and dividend distribution tax thereon of Rs. 1,638 lakh (Previous year Rs. 1,346 lakh).
- 4.4 The excess amount transferred to Special Reserve created u/s 36 (1) (viii) of Income Tax Act,1961 as on March 31, 2017 has been reclassified and appropriated against Statutory Reserve created u/s 29C of National Housing Bank Act, 1987

5 LONG TERM BORROWINGS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Debentures		
Secured		
(i) Privately Placed Non-Convertible Debentures (Refer Note No. 5.1 below)	3,11,890	3,17,920
Unsecured		
(i) Non-Convertible Subordinated Debentures (Refer Note No. 5.2 below)	64,870	64,870
(b) Term loans		
Secured		
(i) From Banks (Refer Note No. 5.3 (a) below)	88,667	1,19,806
(ii) From National Housing Bank (Refer Note No. 5.4 below)	5,10,688	3,13,149
Unsecured		
(i) From Banks (Refer Note No. 5.3 (b) below)	65,000	50,000
Total	10,41,115	8,65,745

5.1 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.

Particulars of Privately placed Secured Non-Convertible Debentures ("NCD's") outstanding as on March 31, 2018.

Description of Secured Redeemable Non Convertible Debentures (NCD)	Issue Date	Redemption Date	As at March 31,2018		As at March 31,2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Series 'J' FY 2016-17	30-Jun-16	30-Jun-26	100	1,000	100	1,000
TCHFL Series 'AU' FY 2015-16 Option I	30-Mar-16	30-Mar-26	150	1,500	150	1,500
TCHFL Series 'AM' FY 2015-16 Option I	06-Nov-15	06-Nov-25	350	3,500	350	3,500
TCHFL Series 'AG' FY 2015-16	08-Oct-15	08-Oct-25	75	750	75	750
TCHFL Series 'AE' FY 2015-16	31-Aug-15	29-Aug-25	200	2,000	200	2,000
TCHFL Series 'O' FY 2015-16	16-Jun-15	16-Jun-25	200	2,000	200	2,000
TCHFL Series 'V' FY 2014-15	23-Jan-15	23-Jan-25	1,500	15,000	1,500	15,000
TCHFL Series 'R' FY 2014-15	09-Dec-14	09-Dec-24	2,000	20,000	2,000	20,000
TCHFL Series 'AP' FY 2015-16 Option II	12-Jan-16	12-Jan-24	150	1,500	150	1,500
TCHFL Series 'E' FY 2016-17	04-May-16	04-May-23	200	2,000	200	2,000
TCHFL Series 'U' FY 2012-13	12-Mar-13	10-Mar-23	100	1,000	100	1,000
TCHFL Series 'R' FY 2012-13	18-Jan-13	18-Jan-23	150	1,500	150	1,500
TCHFL Series 'AP' FY 2015-16 Option I	12-Jan-16	12-Jan-23	150	1,500	150	1,500
TCHFL Series 'Q' FY 2012-13	24-Dec-12	28-Dec-22	100	1,000	100	1,000
TCHFL Series 'X' FY 2015-16	29-Jul-15	29-Jul-22	750	7,500	750	7,500
TCHFL Series 'G' FY 2012-13	15-May-12	18-May-22	100	1,000	100	1,000
TCHFL Series 'W' FY 2016-17	28-Dec-16	28-Dec-21	4,080	40,800	4,080	40,800
TCHFL Series 'T' FY 2016-17	15-Sep-16	15-Sep-21	100	1,000	100	1,000
TCHFL Series 'K' FY 2016-17	05-Jul-16	05-Jul-21	200	2,000	200	2,000
TCHFL Series 'A' FY 2016-17	12-Apr-16	12-Apr-21	1,200	12,000	1,200	12,000
TCHFL Series 'AS' FY 2015-16	22-Jan-16	22-Jan-21	200	2,000	200	2,000
TCHFL Series 'AM' FY 2015-16 Option II	06-Nov-15	06-Nov-20	50	500	50	500
TCHFL Series 'AI' FY 2015-16	16-Oct-15	16-Oct-20	500	5,000	500	5,000
TCHFL Series 'AH' FY 2015-16	14-Oct-15	14-Oct-20	200	2,000	200	2,000
TCHFL Series 'I' FY 2017-18	31-Aug-17	31-Aug-20	3,500	35,000	-	-
TCHFL Series 'AB' FY 2015-16	20-Aug-15	20-Aug-20	100	1,000	100	1,000
TCHFL Series 'AA' FY 2015-16	17-Aug-15	17-Aug-20	1,000	10,000	1,000	10,000
TCHFL Series 'Z' FY 2015-16	07-Aug-15	07-Aug-20	300	3,000	300	3,000
TCHFL Series 'T' FY 2015-16 Option I	09-Jul-15	09-Jul-20	100	1,000	100	1,000
TCHFL Series 'E' FY 2017-18	07-Jun-17	30-Jun-20	50	500	-	-
TCHFL Series 'F' FY 2017-18	14-Jun-17	15-Jun-20	550	5,500	-	-
TCHFL Series 'C' FY 2017-18	20-Apr-17	29-Apr-20	50	500	-	-

Description of Secured Redeemable Non Convertible Debentures (NCD)	Issue Date	Redemption Date	As at March 31,2018		As at March 31,2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Series 'Y' FY 2016-17	17-Mar-17	17-Mar-20	3,000	30,000	3,000	30,000
TCHFL Series 'Z' FY 2014-15	12-Feb-15	12-Feb-20	100	1,000	100	1,000
TCHFL Series 'X' FY 2016-17	10-Feb-17	07-Feb-20	514	5,140	514	5,140
TCHFL Series 'G' FY 2016-17 Option II	10-Jun-16	23-Dec-19	130	1,300	130	1,300
TCHFL Series 'G' FY 2014-15	22-Oct-14	22-Oct-19	550	5,500	550	5,500
TCHFL Series 'K' FY 2012-13	28-Sep-12	03-Oct-19	100	1,000	100	1,000
TCHFL Series 'R' FY 2016-17	30-Aug-16	30-Aug-19	250	2,500	250	2,500
TCHFL Series 'D' FY 2014-15 Option II	22-Aug-14	22-Aug-19	100	1,000	100	1,000
TCHFL Series 'P' FY 2016-17	08-Aug-16	08-Aug-19	250	2,500	250	2,500
TCHFL Series 'N' FY 2016-17	29-Jul-16	29-Jul-19	100	1,000	100	1,000
TCHFL Series 'B' FY 2014-15 Option II	22-Jul-14	22-Jul-19	100	1,000	100	1,000
TCHFL Series 'H' FY 2017-18	21-Jul-17	19-Jul-19	1,250	12,500	-	-
TCHFL Series 'M' FY 2016-17	14-Jul-16	12-Jul-19	100	1,000	100	1,000
TCHFL Series 'G' FY 2017-18	13-Jul-17	12-Jul-19	1,000	10,000	-	-
TCHFL Series 'G' FY 2016-17 Option I	10-Jun-16	24-Jun-19	20	200	20	200
TCHFL Series 'H' FY 2016-17	14-Jun-16	14-Jun-19	50	500	50	500
TCHFL Series 'A' FY 2014-15 Option II	13-Jun-14	13-Jun-19	100	1,000	100	1,000
TCHFL Series 'D' FY 2017-18	30-May-17	30-May-19	250	2,500	-	-
TCHFL Series 'AT' FY 2015-16	02-Mar-16	16-May-19	220	2,200	220	2,200
TCHFL Series 'AU' FY 2015-16 Option II	30-Mar-16	18-Apr-19	100	1,000	100	1,000
TCHFL Series 'B' FY 2016-17	18-Apr-16	18-Apr-19	150	1,500	150	1,500
TCHFL Series 'B' FY 2017-18	17-Apr-17	17-Apr-19	1,750	17,500	-	-
TCHFL Series 'A' FY 2017-18	05-Apr-17	05-Apr-19	2,550	25,500	-	-
TCHFL Series 'N' FY 2013-14	20-Jan-14	18-Jan-19	50	500	50	500
TCHFL Series 'AQ' FY 2015-16	18-Jan-16	18-Jan-19	1,000	10,000	1,000	10,000
TCHFL Series 'AR' FY 2015-16	20-Jan-16	18-Jan-19	100	1,000	100	1,000
TCHFL Series 'P' FY 2015-16 Option III	24-Jun-15	07-Jan-19	50	500	50	500
TCHFL Series 'G' FY 2011-12	11-Nov-11	18-Nov-18	100	1,000	100	1,000
TCHFL Series 'V' FY 2016-17	17-Nov-16	16-Nov-18	250	2,500	250	2,500
TCHFL Series 'AL' FY 2015-16	02-Nov-15	02-Nov-18	120	1,200	120	1,200
TCHFL Series 'AK' FY 2015-16	26-Oct-15	26-Oct-18	130	1,300	130	1,300
TCHFL Series 'S' FY 2016-17	31-Aug-16	31-Aug-18	250	2,500	250	2,500
TCHFL Series 'AC' FY 2015-16 Option I	24-Aug-15	24-Aug-18	50	500	50	500
TCHFL Series 'Y' FY 2015-16 Option I	31-Jul-15	21-Aug-18	217	2,170	217	2,170
TCHFL Series 'AC' FY 2015-16 Option II	24-Aug-15	20-Aug-18	350	3,500	350	3,500
TCHFL Series 'AD' FY 2015-16	26-Aug-15	16-Aug-18	158	1,580	158	1,580
TCHFL Series 'Q' FY 2016-17	18-Aug-16	16-Aug-18	1,300	13,000	1,300	13,000
TCHFL Series 'O' FY 2016-17	02-Aug-16	02-Aug-18	1,000	10,000	1,000	10,000
TCHFL Series 'V' FY 2015-16	16-Jul-15	26-Jul-18	440	4,400	440	4,400
TCHFL Series 'Y' FY 2015-16 Option II	31-Jul-15	23-Jul-18	260	2,600	260	2,600
TCHFL Series 'W' FY 2015-16	24-Jul-15	19-Jul-18	200	2,000	200	2,000
TCHFL Series 'K' FY 2015-16 Option IV	01-Jun-15	20-Jun-18	250	2,500	250	2,500
TCHFL Series 'P' FY 2015-16 Option II	24-Jun-15	19-Jun-18	200	2,000	200	2,000
TCHFL Series 'P' FY 2015-16 Option I	24-Jun-15	18-Jun-18	115	1,150	115	1,150
TCHFL Series 'N' FY 2015-16 Option I	12-Jun-15	12-Jun-18	471	4,710	471	4,710
TCHFL Series 'L' FY 2015-16	04-Jun-15	04-Jun-18	100	1,000	100	1,000
TCHFL Series 'K' FY 2015-16 Option I	01-Jun-15	01-Jun-18	2,600	26,000	2,600	26,000
TCHFL Series 'K' FY 2015-16 Option III	01-Jun-15	29-May-18	350	3,500	350	3,500
TCHFL Series 'F' FY 2016-17	11-May-16	11-May-18	150	1,500	150	1,500
TCHFL Series 'F' FY 2015-16	27-Apr-15	27-Apr-18	210	2,100	210	2,100
TCHFL Series 'C' FY 2013-14	23-Apr-13	23-Apr-18	100	1,000	100	1,000

Description of Secured Redeemable Non Convertible Debentures (NCD)	Issue Date	Redemption Date	As at March 31,2018		As at March 31,2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Series 'AE' FY 2014-15	26-Mar-15	10-Apr-18	340	3,400	340	3,400
TCHFL Series 'A' FY 2015-16 Option III	10-Apr-15	10-Apr-18	552	5,520	552	5,520
TCHFL Series 'C' FY 2015-16 Option III	17-Apr-15	10-Apr-18	90	900	90	900
TCHFL Series 'U' FY 2016-17	10-Oct-16	28-Mar-18	-	-	4,000	40,000
TCHFL Series 'C' FY 2016-17	22-Apr-16	20-Mar-18	-	-	950	9,500
TCHFL Series 'D' FY 2016-17	29-Apr-16	20-Mar-18	-	-	600	6,000
TCHFL Series 'I' FY 2016-17	15-Jun-16	15-Mar-18	-	-	250	2,500
TCHFL Series 'AD' FY 2014-15 Option II	16-Mar-15	12-Mar-18	-	-	50	500
TCHFL Series 'AC' FY 2014-15 Option II	10-Mar-15	09-Mar-18	-	-	600	6,000
TCHFL Series 'W' FY 2014-15 Option I	27-Jan-15	14-Feb-18	-	-	80	800
TCHFL Series 'AA' FY 2014-15 Option I	16-Feb-15	12-Feb-18	-	-	75	750
TCHFL Series 'Y' FY 2014-15	04-Feb-15	02-Feb-18	-	-	150	1,500
TCHFL Series 'U' FY 2014-15	20-Jan-15	24-Jan-18	-	-	190	1,900
TCHFL Series 'T' FY 2014-15	14-Jan-15	10-Jan-18	-	-	162	1,620
TCHFL Series 'L' FY 2016-17	07-Jul-16	08-Jan-18	-	-	300	3,000
TCHFL Series 'K' FY 2015-16 Option II	01-Jun-15	02-Jan-18	-	-	114	1,140
TCHFL Series 'AO' FY 2015-16	23-Dec-15	22-Dec-17	-	-	200	2,000
TCHFL Series 'AN' FY 2015-16	07-Dec-15	07-Dec-17	-	-	150	1,500
TCHFL Series 'M' FY 2014-15 Option II	14-Nov-14	24-Nov-17	-	-	150	1,500
TCHFL Series 'O' FY 2014-15	20-Nov-14	22-Nov-17	-	-	180	1,800
TCHFL Series 'N' FY 2014-15	18-Nov-14	21-Nov-17	-	-	70	700
TCHFL Series 'J' FY 2014-15 Option II	07-Nov-14	13-Nov-17	-	-	120	1,200
TCHFL Series 'K' FY 2014-15	11-Nov-14	01-Nov-17	-	-	100	1,000
TCHFL Series 'AJ' FY 2015-16	21-Oct-15	20-Oct-17	-	-	100	1,000
TCHFL Series 'D' FY 2014-15 Option I	22-Aug-14	22-Aug-17	-	-	600	6,000
TCHFL Series 'C' FY 2014-15 Option II	07-Aug-14	07-Aug-17	-	-	200	2,000
TCHFL Series 'B' FY 2014-15 Option I	22-Jul-14	21-Jul-17	-	-	100	1,000
TCHFL Series 'U' FY 2015-16	14-Jul-15	14-Jul-17	-	-	500	5,000
TCHFL Series 'S' FY 2015-16 Option II	07-Jul-15	07-Jul-17	-	-	50	500
TCHFL Series 'R' FY 2015-16	03-Jul-15	28-Jun-17	-	-	130	1,300
TCHFL Series 'Q' FY 2015-16 Option II	30-Jun-15	26-Jun-17	-	-	180	1,800
TCHFL Series 'S' FY 2015-16 Option I	07-Jul-15	23-Jun-17	-	-	250	2,500
TCHFL Series 'J' FY 2015-16 Option II	28-May-15	20-Jun-17	-	-	219	2,190
TCHFL Series 'Q' FY 2015-16 Option I	30-Jun-15	20-Jun-17	-	-	180	1,800
TCHFL Series 'A' FY 2014-15 Option III	13-Jun-14	13-Jun-17	-	-	250	2,500
TCHFL Series 'N' FY 2015-16 Option II	12-Jun-15	07-Jun-17	-	-	240	2,400
TCHFL Series 'E' FY 2015-16 Option III	23-Apr-15	01-Jun-17	-	-	600	6,000
TCHFL Series 'I' FY 2015-16 Option I	13-May-15	24-May-17	-	-	220	2,200
TCHFL Series 'G' FY 2015-16 Option III	06-May-15	04-May-17	-	-	167	1,670
TCHFL Series 'A' FY 2014-15 Option I	13-Jun-14	02-May-17	-	-	600	6,000
TCHFL Series 'H' FY 2015-16	08-May-15	02-May-17	-	-	400	4,000
TCHFL Series 'C' FY 2015-16 Option II	17-Apr-15	27-Apr-17	-	-	870	8,700
TCHFL Series 'I' FY 2015-16 Option II	13-May-15	27-Apr-17	-	-	90	900
TCHFL Series 'J' FY 2015-16 Option I	28-May-15	27-Apr-17	-	-	150	1,500
TCHFL Series 'A' FY 2015-16 Option V	10-Apr-15	26-Apr-17	-	-	700	7,000
TCHFL Series 'A' FY 2015-16 Option VI	10-Apr-15	25-Apr-17	-	-	1,135	11,350
TCHFL Series 'E' FY 2015-16 Option II	23-Apr-15	25-Apr-17	-	-	236	2,360
TCHFL Series 'G' FY 2015-16 Option I	06-May-15	25-Apr-17	-	-	51	510
TCHFL Series 'A' FY 2015-16 Option II	10-Apr-15	24-Apr-17	-	-	180	1,800
TCHFL Series 'D' FY 2015-16 Option II	21-Apr-15	21-Apr-17	-	-	160	1,600
TCHFL Series 'A' FY 2015-16 Option IV	10-Apr-15	20-Apr-17	-	-	545	5,450

Description of Secured Redeemable Non Convertible Debentures (NCD)	Issue Date	Redemption Date	As at March 31,2018		As at March 31,2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Series 'A' FY 2015-16 Option I	10-Apr-15	19-Apr-17	-	-	50	500
TCHFL Series 'G' FY 2015-16 Option II	06-May-15	18-Apr-17	-	-	88	880
TCHFL Series 'AD' FY 2014-15 Option I	16-Mar-15	17-Apr-17	-	-	90	900
TCHFL Series 'B' FY 2015-16	15-Apr-15	13-Apr-17	-	-	117	1,170
TCHFL Series 'AB' FY 2014-15	05-Mar-15	10-Apr-17	-	-	100	1,000
TCHFL Series 'C' FY 2015-16 Option I	17-Apr-15	04-Apr-17	-	-	45	450
TCHFL Series 'D' FY 2015-16 Option I	21-Apr-15	03-Apr-17	-	-	180	1,800
TCHFL Series 'E' FY 2015-16 Option I	23-Apr-15	03-Apr-17	-	-	470	4,700
Total				4,27,420		5,05,260
Of which Current maturities have been classified under other Current Liabilities (Note No.10 (a) (i))				(1,15,530)		(1,87,340)
Long term borrowings				3,11,890		3,17,920

Note: Coupon rate of "NCDs" outstanding as on March 31, 2018 varies from 7.40% to 10.25% (Previous year 7.59% to 10.25%).

5.2 Particulars of Unsecured Redeemable Non Convertible Subordinated Debentures (Tier II Bonds) outstanding as on March 31,2018

Description of NCD	Issue Date	Redemption Date	As at March 31,2018		As at March 31,2017	
			No. of NCDs	Rs. In Lakh	No. of NCDs	Rs. In Lakh
TCHFL Tier II Bonds 'A' FY-2016-17	04-Aug-16	04-Aug-26	2,000	20,000	2,000	20,000
TCHFL Tier II Bonds 'H' FY-2015-16	15-Mar-16	13-Mar-26	200	2,000	200	2,000
TCHFL Tier II Bonds 'G' FY-2015-16	17-Dec-15	17-Dec-25	250	2,500	250	2,500
TCHFL Tier II Bonds 'F' FY-2015-16	15-Dec-15	15-Dec-25	250	2,500	250	2,500
TCHFL Tier II Bonds 'E' FY-2015-16	04-Nov-15	04-Nov-25	300	3,000	300	3,000
TCHFL Tier II Bonds 'D' FY-2015-16	21-Sep-15	19-Sep-25	150	1,500	150	1,500
TCHFL Tier II Bonds 'C' FY-2015-16	16-Sep-15	16-Sep-25	100	1,000	100	1,000
TCHFL Tier II Bonds 'B' FY-2015-16	22-Jul-15	22-Jul-25	350	3,500	350	3,500
TCHFL Tier II Bonds 'A' FY-2015-16	28-Apr-15	28-Apr-25	400	4,000	400	4,000
TCHFL Tier II Bonds 'A' FY-2014-15	26-Sep-14	26-Sep-24	480	4,800	480	4,800
TCHFL Tier II Bonds 'E' FY-2013-14	18-Mar-14	18-Mar-24	4	40	4	40
TCHFL Tier II Bonds 'D' FY-2013-14	09-Jan-14	10-Jan-24	77	770	77	770
TCHFL Tier II Bonds 'C' FY-2013-14	20-May-13	19-May-23	10	100	10	100
TCHFL Tier II Bonds 'B' FY-2013-14	18-Apr-13	23-Apr-23	21	210	21	210
TCHFL Tier II Bonds 'A' FY-2013-14	15-Apr-13	15-Apr-23	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
TCHFL Tier II Bonds 'D' FY-2012-13	14-Aug-12	22-Aug-22	330	3,300	330	3,300
TCHFL Tier II Bonds 'C' FY-2012-13	21-May-12	30-May-22	300	3,000	300	3,000
TCHFL Tier II Bonds 'B' FY-2012-13	24-May-12	30-May-22	3	30	3	30
TCHFL Tier II Bonds 'A' FY-2012-13	25-Apr-12	10-May-22	10	100	10	100
TCHFL Tier II Bonds 'F' FY-2011-12	02-Mar-12	12-Mar-22	102	1,020	102	1,020
TCHFL Tier II Bonds 'E' FY-2011-12	18-Jan-12	25-Jan-22	135	1,350	135	1,350
TCHFL Tier II Bonds 'D' FY-2011-12	31-Oct-11	04-Nov-21	101	1,010	101	1,010
TCHFL Tier II Bonds 'C' FY-2011-12	09-Oct-11	28-Oct-21	11	110	11	110
TCHFL Tier II Bonds 'B' FY-2011-12	29-Sep-11	29-Sep-21	253	2,530	253	2,530
TCHFL Tier II Bonds 'A' FY-2011-12	27-Jul-11	29-Jul-21	250	2,500	250	2,500
Total				64,870		64,870

Note : Coupon rate of above outstanding as on March 31, 2018 varies from 8.92% to 10.25% (Previous year 8.92% to 10.25%).

5.3 (a) Loans and advances from banks are secured by pari passu charge on the book debt of the Company.

(b) Loans and advances from bank are repayable at maturity ranging between 3 month to 5 years (Previous year 2 years to 5 years) from the date of loan taken. Rate of Interest payable on Term Loans varies between 7.35% to 8.90% (Previous year 8.05% to 9.15%).

5.4 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 9.25% (Previous year 6.12% to 9.25%).

6 OTHER LONG-TERM LIABILITIES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Interest accrued but not due on borrowings	213	92
Total	213	92

7 LONG-TERM PROVISIONS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Provision for Leave Encashment	193	173
(b) Provision for Long Term Service Award	48	43
(c) Contingent provision against standard assets (Refer Note No. 34 & 15.1 below)	9,057	8,382
(d) Provision for Doubtful loans - housing loan (Refer Note No. 15.1 below)	12,002	5,340
(e) Provision for Doubtful loans - non housing loan (Refer Note No. 15.1 below)	2,656	1,871
Total	23,956	15,809

8 SHORT-TERM BORROWINGS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Loans repayable on demand		
Secured		
From Banks		
(i) Cash Credit (Refer Note No. 5.3 (a) above & 8.2 below)	1,21,132	10,087
(ii) Working capital demand loan (Refer Note No. 5.3 (a) above & 8.2 below)	20,000	7,000
Unsecured		
From Banks		
(i) Bank overdraft	36,740	30,140
(b) Term loans		
Secured		
(i) From Banks (Refer Note No. 5.3 (a) above)	19,500	-
Unsecured		
(i) From Banks (Refer Note No. 5.3 (b) above)	40,000	-
(c) Loans and advances from Related Parties		
Unsecured		
(i) Inter-Corporate Deposits (Refer Note No. 31 (B) (2) below)	-	10,000
(d) Other loans and advances		
(i) Commercial Paper (Refer Note No. 8.1 below) [Net of unamortised discount of Rs. 5,127 Lakh (as at March 31, 2017 Rs.4,009 Lakhs)]	3,03,373	3,00,691
Total	5,40,745	3,57,918

8.1 Discount on Commercial Paper varies between 6.79% to 7.98% (Previous year 6.68% to 8.62%).

8.2 Rate of Interest payable on CC/OD & WCDL varies between 7.60% to 9.10% (Previous year 8.00% to 9.55%).

9 TRADE PAYABLES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Others		
(i) Accrued expenses	4,388	2,744
(ii) Payable to related parties	-	235
(iii) Payable to dealers/vendors	356	576
(iv) Others	170	214
Total	4,914	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 :

9(a) Total outstanding dues of micro enterprises and small enterprises

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(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	-	-

10 OTHER CURRENT LIABILITIES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Current maturities of long-term debt		
(i) Debentures		
Secured		
-Privately Placed Non-Convertible Debentures (Refer Note No. 5.1 above)	1,15,530	1,87,340
(ii) Term Loan		
Secured		
-From Banks (Refer Note No. 5.3 (a) above)	50,389	59,639
-From National Housing Bank (Refer Note No. 5.4 above)	56,687	35,136
Unsecured		
-From Banks (Refer Note No. 5.3 (b) above)	20,000	15,000
(b) Interest accrued but not due on borrowings	23,802	31,381
(c) Income received in advance	2,636	4,458
(d) Other payables		
(i) Statutory dues	964	509
(ii) Payable for capital expenditure	10	10
(iii) Advances from customers	594	148
(iv) Amounts payable - Assigned Loan (Refer Note No. 15.5 below)	2,543	3,916
(v) Accrued employee benefit expenses	935	1,009
(vi) Payable to customers	-	223
(vii) Others	462	258
Total	2,74,552	3,39,027

11 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Provision for Leave Encashment	64	45
(b) Provision for Long Term Service Award	6	4
(c) Contingent provision against Standard Assets (Refer Note No. 34 & 15.1 below)	905	618
(d) Provision for Doubtful loans - housing loan (Refer Note No. 15.1 below)	345	446
(e) Provision for Doubtful loans - non housing loan (Refer Note No. 15.1 below)	180	75
(f) Provision for Income tax [Net of Advance Tax Rs.10,414 Lakh, (as on March 2017 Rs.8,002 Lakh)]	2,613	1,571
Total	4,113	2,759

12 PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakh)

Particulars	Gross Block				Accumulated depreciation				Net Carrying Value
	Opening balance as at April 1, 2017	Additions / Adjustments	Deletions	Closing balance as at March 31, 2018	Opening balance as at April 1, 2017	Depreciation/ Amortisation for the year	Deletions/ Adjustments	Closing balance as at March 31, 2018	As at March 31, 2018
TANGIBLE ASSETS									
Building	582 (582)	159 -	- -	741 (582)	60 (37)	27 (23)	- -	87 (60)	654 (522)
Office Equipment	261 (158)	69 (106)	- (3)	330 (261)	106 (61)	71 (46)	- (1)	177 (106)	153 (155)
Vehicles	83 (81)	- (34)	15 (32)	68 (83)	30 (40)	18 (18)	6 (28)	42 (30)	26 (53)
Plant and Machinery	94 (71)	50 (27)	- (4)	144 (94)	21 (13)	15 (10)	- (2)	36 (21)	108 (73)
Furniture and Fixtures	158 (115)	87 (49)	- (6)	245 (158)	71 (45)	44 (31)	- (5)	115 (71)	130 (87)
Leasehold Improvements	473 (342)	190 (156)	- (25)	663 (473)	171 (110)	102 (80)	- (19)	273 (171)	390 (302)
Computer Equipment	296 (161)	373 (135)	- -	669 (296)	92 (28)	141 (64)	- -	233 (92)	436 (204)
Tangible Asset - Total	1,947 (1,510)	928 (507)	15 (70)	2,860 (1,947)	551 (334)	418 (272)	6 (55)	963 (551)	1,897 (1,396)
Capital Work In Progress									174 (138)
Intangible assets under development									725 (326)
Total									2,796 (1,860)

Note : Figures in bracket relate to previous year

13 INVESTMENTS

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
Non-Current Investments		
Investment in Mutual Fund (Unquoted) - Tata Money Market Fund (in lieu of leave encashment)	257	245
Total	257	245

13.1 Scrip-wise details of Investments:

Particulars	Face value Per Unit	No. of Units	As at March 31, 2018	No. of Units	As at March 31, 2017
	in Rs.		Rs. in Lakh		Rs. in Lakh
Investment in Others Unquoted :					
Investment in Mutual Fund Tata Money Market Fund	1,000	10,300	257	9,848	245
Total			257		245

13.2 Investments

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
Value of Investments		
(i) Gross value of Investments	257	245
(a) In India	257	245
(b) Outside India	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments	257	245
(a) In India	257	245
(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	-	-

14 DEFERRED TAX ASSET

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
Deferred Tax Asset (net)	4,192	1,754

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
Deferred Tax Assets :-		
(a) Employee benefits	89	75
(b) Provision for non-performing asset	4,561	2,166
(c) Provision for standard assets	3,448	3,115
(d) Disallowance u/s 40(a)	25	22
(e) Timing difference in respect of depreciation on fixed assets	61	31
Deferred Tax Liability :-		
(a) Special Reserve u/s 36(1) (viii)	(3,992)	(3,655)
Net Deferred Tax Assets	4,192	1,754

14.1 CURRENT TAX

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) For current year	13,028	9,573
(b) For previous year	922	-
Total	13,950	9,573

14.2 Deferred Tax

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) For current year	(1,516)	(68)
(b) For previous year	(922)	-
Total	(2,438)	(68)

15 LOANS AND ADVANCES - FINANCING ACTIVITY-SECURED UNLESS OTHERWISE STATED

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
NON-CURRENT		
(a) Housing Loans		
(i) Considered good *	14,45,416	12,94,975
(ii) Considered doubtful	12,002	5,340
	14,57,418	13,00,315
(b) Non Housing Loans		
(i) Considered good *	3,94,532	2,78,742
(ii) Considered doubtful	2,656	1,871
(ii) Retained interest under assignment transactions (Refer Note No 15.5 below)	4,591	5,587
	4,01,779	2,86,200
Total	18,59,197	15,86,515
CURRENT		
(a) Housing Loans		
(i) Considered good *	1,41,114	88,821
(ii) Considered doubtful	345	446
	1,41,459	89,267
(b) Non Housing Loans		
(i) Considered good *	42,565	23,669
(ii) Considered doubtful	180	75
(ii) Retained interest under assignment transactions (Refer Note No 15.5 below)	538	796
	43,283	24,540
Total	1,84,742	1,13,807
Total - Loans and advances - Financing Activities	20,43,939	17,00,322

* Includes interest accrued but not due and charges o/s.

- 15.1 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	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Housing Loan										
Gross Portfolio	15,79,888	13,78,333	14,041	6,443	4,621	2,956	327	1,850	15,98,877	13,89,582
Provision	7,105	6,595	8,818	1,980	3,201	1,956	327	1,850	19,451	12,381
Net Portfolio	15,72,783	13,71,738	5,223	4,463	1,420	1,000	-	-	15,79,426	13,77,201
Non Housing Loan										
Gross Portfolio	4,39,200	3,06,436	4,033	3,279	1,829	615	-	410	4,45,062	3,10,740
Provision	2,857	2,405	1,702	985	1,134	551	-	410	5,693	4,351
Net Portfolio	4,36,343	3,04,031	2,331	2,294	695	64	-	-	4,39,369	3,06,389
Total										
Gross Portfolio	20,19,088	16,84,769	18,074	9,722	6,450	3,571	327	2,260	20,43,939	17,00,322
Provision	9,962	9,000	10,520	2,965	4,335	2,507	327	2,260	25,144	16,732
Net Portfolio	20,09,126	16,75,769	7,554	6,757	2,115	1,064	-	-	20,18,795	16,83,590

- 15.2 Categories of Doubtful Assets are as follows:

(Rs. in Lakh)

Category	Doubtful 1	Doubtful 2	Doubtful 3	Total
Housing Loan				
Gross Portfolio	4,317	304	-	4,621
Provision	2,897	304	-	3,201
Net Portfolio	1,420	-	-	1,420
Non Housing Loan				
Gross Portfolio	1,756	73	-	1,829
Provision	1,061	73	-	1,134
Net Portfolio	695	-	-	695
Total				
Gross Portfolio	6,073	377	-	6,450
Provision	3,958	377	-	4,335
Net Portfolio	2,115	-	-	2,115

- 15.3 Loans granted by the company are secured against hypothecation of mortgage of property.

- 15.4 The company has reported frauds aggregating Rs. 326 Lakh (Previous year: Rs.NIL) based on management reporting to risk committee and to the NHB through prescribed returns.

- 15.5 The Company has securitized / assigned pool of certain non housing loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the March 31, 2018 aggregates to Rs. 45,974 lakh (Previous Year Rs. 54,087 lakh). These assets have been de-recognised in the books of the Company. The Company is responsible for collecting and servicing of these loan portfolio on behalf of buyers⁷⁸/ investors.

16 LONG-TERM LOANS AND ADVANCES - OTHERS (UNSECURED CONSIDERED GOOD)

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Capital advances	7	1
(b) Loan To TCL Employee Welfare Trust	66	66
(c) Advance payment of Income tax [Net of Provision for Tax Rs.26,253 Lakh, (as on March 2017 Rs.15,757 Lakh)]	80	310
Total	153	377

17 OTHER NON-CURRENT ASSETS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Deferred revenue expenditure (to the extent not written off or adjusted) (Refer Note No 21(a) below)	286	508
(b) Unamortised loan sourcing costs	3,888	3,792
(c) Gratuity Asset (Net)	35	69
(d) Fixed deposit with maturity more than 12 months	25	-
Total	4,234	4,369

18 TRADE RECEIVABLES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Over six months (from the date due for payment)		
(i) Secured, considered good		-
(ii) Unsecured, considered good		-
(iii) Doubtful		-
Less: Provision for trade receivables	-	-
	-	-
(b) Others		
(i) Secured, considered good		-
(ii) Unsecured, considered good	396	5
(iii) Doubtful		-
Less: Provision for trade receivables	396	5
	396	5
Total	396	5

19 CASH AND BANK BALANCES

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Cash on hand	73	67
(b) Cheques on hand	2,430	1,746
(c) Balances with banks - In current accounts (Refer Note No. 19.1 below)	4,428	6,490
Total	6,931	8,303

19.1 Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3 Cash Flow Statements is Rs.6,933 Lakh. (Previous year Rs.8,303 Lakh)

19.2 Balance in deposit accounts with Banks have an original maturity exceeding 3 months but balance maturity of under 12 months from the Balance Sheet date.

19.3 The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

19.4 The details of the Specific Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are as below (as per MCA Notification G.S.R. 307 (E) dated 30th March 2017) :

(Rs. in Lakh)

PARTICULARS	SBN's	Other Denomination Notes	Total
Opening Cash on hand as on 08/11/2016	24	1	25
(+) Permitted receipts	-	175	175
(-) Permitted payments	-	-	-
(-) Amounts deposited in Banks (deposited before 11/11/2016)	24	164	188
Closing Cash on hand as on 30/12/2016	79	12	12

20 SHORT-TERM LOANS AND ADVANCES - OTHERS (UNSECURED CONSIDERED GOOD)

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Deposits	227	199
(b) Prepaid expenses	442	159
(c) Others	529	96
Total	1,198	454

21 OTHER CURRENT ASSETS

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Deferred Revenue Expenditure (to the extent not written off or adjusted) (Refer Note No 21(a) below)	285	538
(b) Unamortised loan sourcing costs	2,491	2,328
(c) Interest Accrued but not due on fixed deposit	1	-
(d) Other Receivables	5	10
Total	2,782	2,876

21(a) DEFERRED REVENUE EXPENDITURE (to the extent not written off or adjusted)

PARTICULARS	As at March 31, 2018	As at March 31, 2017
	Rs. in Lakh	Rs. in Lakh
(a) Unamortised share issue expenses		
Opening balance	-	10
Add: expenses incurred during the year	-	-
Less: share issue expenses written off through securities premium account (Refer Note No 35)	-	10
Closing balance	-	-
(b) Unamortised debenture issue expenses		
Opening balance	712	310
Add: expenses incurred during the year	239	827
Less: written off during the year	539	425
Closing balance	412	712
(c) Unamortised loan processing charges		
Opening balance	334	490
Add: expenses incurred during the year	32	34
Less: written off during the year	207	190
Closing balance	159	334
Total	571	1,046

PARTICULARS	As at March 31, 2018		As at March 31, 2017	
	Current	Non-Current	Current	Non-Current
	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh	Rs. in Lakh
(a) Unamortised debenture issue expenses	126	286	350	362
(b) Unamortised loan processing charges	159	-	188	146
Total	285	286	538	508
Grand Total		571		1,046

22 REVENUE FROM OPERATIONS

PARTICULARS	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Rs in Lakh	Rs in Lakh
(a) Interest Income	1,85,025	1,63,356
(b) Income from Financing activity (Refer note below)	9,665	7,340
Total	1,94,690	1,70,696

Note : Income from Financing activity includes loan processing fees and other charges

23 INVESTMENT INCOME

PARTICULARS	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Rs in Lakh	Rs in Lakh
(a) Profit on sale of current investments	192	95
Total	192	95

24 OTHER INCOME

PARTICULARS	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Rs in Lakh	Rs in Lakh
(a) Advertisement Income	3,363	1,415
(b) Miscellaneous Income	110	112
Total	3,473	1,527

25 FINANCE COST

PARTICULARS	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Rs in Lakh	Rs in Lakh
(a) Interest expense	1,05,954	91,696
(b) Discounting charges (i) On commercial paper	18,710	22,047
Total	1,24,664	1,13,743

26 EMPLOYEE BENEFIT EXPENSES

PARTICULARS	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	Rs in Lakh	Rs in Lakh
(a) Salaries, wages and bonus	10,368	9,569
(b) Contribution to provident fund and other funds	489	556
(c) Staff welfare expenses	559	306
Total	11,416	10,431

27 OTHER OPERATING EXPENSES

PARTICULARS	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
	Rs in Lakh		Rs in Lakh	
(a) Advertisement and publicity		332		278
(b) Brand equity and business promotion		543		539
(c) Incentive commission & brokerage		2,809		2,710
(d) Directors' Remuneration		58		54
(e) Insurance charges		207		172
(f) Information technology expenses		2,762		1,942
(g) Legal and professional fees		1,120		1,086
(h) Loan processing charges		2,011		1,989
(i) Printing and stationery		154		149
(j) Provision for doubtful loans		11,870		4,501
(k) Write off - Loans and advances	4,418		294	
Less : Provision reversal on write off	(4,418)	-	(294)	-
(l) Provision for standard assets - housing loan (Refer Note Nos. 27.1, 27.2 & 34 below)		510		1,606
(m) Provision for standard assets - non housing loan (Refer Note Nos. 27.1, 27.2 & 34 below)		452		933
(n) Rates and taxes		17		13
(o) Rent		1,427		1,083
(p) Repairs and maintenance expenses		18		73
(q) Stamping charges		16		45
(r) Service providers charges		1,586		1,244
(s) Telephone, telex and leased line		129		138
(t) Travelling and conveyance		609		448
(u) Training & Recruitment		266		146
(v) Corporate social responsibility (Refer Note No. 27.5 below)		450		286
(w) Power and fuel		117		89
(x) Others (Refer Note No. 27.3 below)		716		411
Total		28,179		19,935

27.1 The Company has made a standard asset provision of Rs.962 Lakh (previous year Rs.2,539 Lakh) being 0.25% / 0.40% / 0.75% / 1% of the Standard Housing / Non Housing loans as specified by the National Housing Bank circular No. NHB(ND)/DRS/DIR-3/CMD/2011 dated August 5,2011 and as amended from time to time.

27.2 National Housing Bank (NHB) has issued circular No. NHB.HFC./CMD/2013 dated September 6, 2013 for provision on Standard Asset relating to Commercial Real Estate Loans. Accordingly the Company is required to make general provision (i) at the rate of 1% on Commercial Real Estate and (ii) at the rate of 0.75% on Commercial Real Estate-Residential. The Company has made provision of Rs. 191 Lakhs on all commercial real estate loans and Rs. 128 Lakhs on Commercial Real Estate - Residential.

27.3 The National Housing Bank had, vide Notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017, amended Paragraph 28 of Master Circular - The Housing Finance Companies (NHB) Directions, 2010 by revising the provision on Standard Assets in respect of Individual Housing Loans from 0.40% to 0.25%. As per the Notification, the revised provisioning would be effective prospectively but the provisions held at present, towards Individual Housing Loans should not be reversed. However, in future, if by applying the revised provisioning norms, any provisions are required over and above the level of provisions currently held for the standard category of such loans, these should be duly provided for. During the year, the Company has complied with the said Notification.

27.4 Other expenses includes Audit Fee (excluding GST) as below.

PARTICULARS	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
	Rs in Lakh		Rs in Lakh	
(i) Audit fees		40		35
(ii) Tax audit fees		4		5
(iii) Other services		4		6
Total		48		46

27.5 Expenditure in foreign currency

PARTICULARS	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
	Rs in Lakh		Rs in Lakh	
(i) Information technology expenses		610		-
(ii) Legal and professional fees		119		45
Total		729		45

27.6 Corporate social responsibility expenses

(a) Gross amount required to be spent by the company during the year was Rs. 450 Lakh (Previous Year: Rs. 286 lakh).

(b) Amount spent and paid during the year on:

PARTICULARS	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
	Rs in Lakh		Rs in Lakh	
(i) Construction/acquisition of any asset		-		-
(ii) On purposes other than (i) above		450		286
Total		450		286

(c) Details of related party transactions Rs. Nil (Previous Year: Rs. Nil).

28 Contingent Liabilities and Commitments:

- (a) Contingent Liabilities Rs. Nil (Previous year Rs. Nil).
 (b) Capital Commitments: Estimated amount of contracts remaining to be executed on capital account and not provided for.
 - Tangible: Rs. 435 Lakh (Previous year Rs. 348 Lakh)
 - Intangible: Rs. 21 Lakh (Previous year Rs. 311 Lakh)
 (c) Undrawn Commitment given to Borrowers
 - As on March 31, 2018 Rs. 2,69,346 lakh (Previous Year: Rs. 2,38,427 lakh)

29 Employee Stock Purchase/Option Scheme

Employees of the Company may be entitled to Stock Purchase / Stock Options Scheme offered by Tata Capital Limited.

30 Employee benefits**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. 386 Lakh (Previous year Rs.342 Lakh) towards provident fund and family pension fund contribution and Rs.21 Lakh (Previous year Rs.15 Lakh) towards contribution to superannuation fund in the Statement of Profit and Loss during the current year.

The provident fund set up as a Trust by the Holding Company, Tata Capital Limited, manages the contributions from the Company and other participating fellow subsidiaries. As of March 31, 2018, the accumulated members' corpus of the Company is Rs. 2,926 lakh whereas the total fair value of the assets of the fund and the total accumulated members' corpus is Rs. 21,026 lakh and Rs. 20,658 lakh respectively. In accordance with an actuarial valuation, there is no deficiency in the interest cost as the present value of the expected future earnings on the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest of 8.55%. The actuarial assumptions include discount rate of 7.70%.

Defined Benefits Plans

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 provident 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 Accounting Standard (AS 15) on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss.

Reconciliation of Benefit Obligations and Plan Assets

(Rs. in Lakh)

Particulars	2017-18	2016-17
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	597	328
Current Service Cost	137	77
Interest Cost	43	26
Acquisition Cost / (Credit)	34	41
Actuarial Losses / (Gain)	(44)	153
Benefits Paid	(45)	(28)
Closing Defined Benefit Obligation	721	597
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	666	257
Acquisition adjustment	34	41
Expected Return on Plan Assets	53	33
Contributions by Employer	-	310
Actuarial Gains / (Losses)	3	25
Benefits paid	-	-
Closing Fair Value of Plan Assets	756	666
Reconciliation of present Value of the obligation and the Fair value of the Plan Assets		
Fair Value of plan assets at the end of the year	756	666
Present value of the defined obligations at the end of the year	721	597
Funded status [Surplus / (Deficit)]	35	69
Net Asset / (Liability) recognised in the balance sheet	35	69

Net Gratuity cost		
Service Cost	137	77
Interest on Defined benefit Obligation	43	26
Expected return on plan assets	(53)	(33)
Net actuarial loss recognised in the year	(44)	129
Net Gratuity Cost included in Employee Benefit Expenses (Refer Note No 26)	82	199
Actual contribution and benefit payments for the year		
Actual benefit payments	45	28
Actual contributions	-	310
Categorisation of plan assets is as follows		
Investment Pattern	2017-18	2016-17
Government Bonds	44%	33%
Equity mutual funds	12%	16%
Bonds / Debentures	43%	41%
Others (Including assets under Schemes of Insurance)	1%	10%
	100%	100%
Assumptions		
Discount Rate	7.70%	7.50%
Expected Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation Rate	7.50% p.a for first 5 years and 6% thereafter.	7.50% p.a for first 5 years and 6% thereafter.
Mortality table	Indian Assured Lives Mortality (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (2006-08) (modified) Ultimate
Withdrawal rate	0 – 2 years:10% 3 – 4 years: 5% 5 – 9 years: 2.5% 10 and more: 1%	0 – 2 years:10% 3 – 4 years: 5% 5 – 9 years: 2.5% 10 and more: 1%

The estimate of future salary increase, considered in the actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors. The above information is certified by the actuary.

(Rs. in Lakh)

Experience History	2017-18	2016-17	2015-16	2014-15	2013-14
Defined Benefit Obligation	(721)	(597)	(328)	(238)	(153)
Plan Assets	756	666	257	232	134
Funded Status	35	69	(71)	(7)	(19)
Experience Gain/ (Loss) Adjustment :					
- On Plan Liabilities	34	(53)	(32)	(3)	(26)
- On Plan Assets	3	25	(18)	7	1
Actuarial Gain / (Loss) due to change in assumptions	10	(99)	10	(34)	17

*less than Rs. 50,000/-

The Company expects to contribute approximately Rs. NIL (Previous Year Rs. 135 Lakh) to the gratuity fund for the FY 2018-19.

Long Term Service Awards :

Long Term Service award is an employee benefit in recognition for their loyalty and continuity of service for five years and above, the same is actuarially valued (Unfunded). The Long Term Service awards expense for financial year 2017-18 is Rs. 7 Lakh (Previous year Rs. 24 Lakh) and the provision as at March 31, 2018 is Rs. 54 Lakh (Previous year Rs. 47 Lakh).

A. List of related parties and relationship:

Ultimate holding Company	Tata Sons Limited
Holding Company	Tata Capital Limited
Fellow Subsidiaries (with which the company had transactions)	TC Travel and Services Limited (Ceased to be related party wef October 30, 2017) 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 Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited) Tata AIA Life Insurance Company Limited Tata AIG General Insurance Company Limited Infiniti Retail Limited Tata Teleservices Maharashtra Limited Tata Teleservices Limited
Key Management Personnel	Mr.R.Vaithianathan (Managing Director)

B. Transactions carried out with related parties referred in “A” above:

(Rs. in Lakh)

Sr. No.	Party Name	Nature of transaction	2017-18	2016-17
1	Tata Sons Limited	a) Expenses - Brand equity and business promotion - Legal and professional fees - Staff Welfare * - Training Expenses * b) Balance payable	543 - 0 0 543	539 7 - 1 495
2	Tata Capital Limited	a) Amount raised by issue of Compulsorily Convertible Cumulative Preference Shares b) Inter-Corporate Deposit accepted / repaid - Inter-Corporate Deposit received during year - Inter-Corporate Deposit repaid during year c) Interest expense on -Inter-Corporate Deposit -Debentures d) Reimbursement of expenses to TCL e) Service providers charges f) Interim dividend paid on Preference Shares g) Receipt of Security Deposit h) Repayment of Security Deposit i) Balance Outstanding - Expenses Payable - Borrowings (Inter-Corporate Deposit)	30,100 2,05,185 2,15,185 611 - 8 1,037 8,047 3 3 120 -	16,500 3,37,357 3,48,577 1,629 77 9 713 6,613 - - 127 10,000
3	Tata Capital Financial Services Limited	a) Transfer from -Fixed Assets -Salary * b) Transfer to -Fixed Assets / CWIP * c) Expenses -Reimbursement of expenses -Rent expenses -Guest house expenses -Loan sourcing fee d) Income -Loan sourcing fee -Rent recovery -Guest House Recovery -Reimbursement of expenses e) Balance payable	14 0 0 53 1,057 15 1 1 23 9 - 141	15 2 1 195 780 9 77 6 29 6 4 235

4	Conneqt Business Solutions Limited (formerly known as Tata Business Support Services Limited)	a) Expenses - Service provider charges b) Balance payable	1,384 -	1,337 73
5	TC Travel and Services Limited	a) Expenses - Travel related services	135	83
6	Tata Consultancy Services Limited	a) Expenses - Information technology expenses b) Balance payable	2,040 647	1,609 1,178
7	Tata Securities Limited	b) Asset Transfer from TSL - Salary Advance*	-	0
8	Tata AIA Life Insurance Company Limited	a) Expenses - Insurance Expense for Employees b) Advance given	12 11	8 -
9	Tata AIG General Insurance Company Limited	a) Expenses - Insurance expenses b) Advertisement Income c) Advance given	1 80 1	2 275 1
10	Infiniti Retail Limited	a) Fixed Asset purchased b) Gift Expenses * c) Advance given *	1 0 0	1 1 0
11	Tata Cleantech Capital Limited	a) Reimbursement of Expenses * b) Guest House Income* c) Outstanding Receivable*	0 0 -	1 0 0
12	Tata Teleservices Limited	a) Telephone, telex and leased line b) Advance given	18 0	11 -
13	Tata Teleservices Maharashtra Limited	a) Telephone, telex and leased line	27	9
14	Tata Capital Forex Limited	a) Travelling and conveyance *	0	-
15	Key Management Personnel	a) Remuneration	219	193

*Less than Rs.50,000/-

32 Earnings per Share (EPS):

Particulars		2017-18	2016-17
Profit after tax	Rs. in Lakh	21,420	17,817
Less: Preference dividend (including dividend distribution tax)	Rs. in Lakh	9,743	7,959
Profit after tax for Basic EPS	Rs. in Lakh	11,677	9,858
Weighted average number of Equity shares used in computing Basic EPS	Nos	25,33,33,332	25,33,33,332
Face value of equity shares	Rupees	10	10
Basic earnings per share	Rupees	4.61	3.89
Profit after tax for Basic EPS	Rs. in Lakh	11,677	9,858
Add: Preference dividend on Compulsorily Convertible Cumulative Preference shares (including dividend distribution tax)	Rs. in Lakh	9,743	7,959
Profit after tax for Diluted EPS		21,420	17,817
Weighted average number of Equity Shares used in computing Basic earnings per share	Nos	25,33,33,332	25,33,33,332
Add: Potential weighted average number of Equity shares that could arise on conversion of preference shares	Nos	17,10,36,664	18,28,23,370
Weighted average number of shares in computing Diluted earnings per share	Nos	42,43,69,996	43,61,56,702
Face value of equity shares	Rupees	10	10
Diluted earnings per share (Anti dilutive)	Rupees	5.05	4.09
Diluted earnings per share	Rupees	4.61	3.89

33 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	2017-18	2016-17
-Within one year	-	-
-Later than one year and not later than five years	-	-
-Later than five years	-	-

The amount charged towards lease rental as part of Rent expenditure is Rs. 1,427 Lakh (Previous year Rs.1,083 Lakh)

34 Movement in provisions against standard assets during the year is as under:

(Rs. in Lakh)

Particulars	2017-18	2016-17
Opening Balance	9,000	6,461
Additions during the year	962	2,539
Utilised during the year	-	-
Closing Balance	9,962	9,000

35 During the previous year ended March 31, 2017, the Company changed its accounting policy with respect to amortization of deferred revenue expenditure for share issue expenses. The Company now charges off the share issue expenses against amount standing to the credit of the Securities Premium Account. Prior to this change, the Company amortized the said share issue expenses over a period of 36 months from the month in which the expenses were incurred. The change in accounting policy is in accordance with the provisions of Section 52 of the Companies Act 2013, and it would result in a more appropriate presentation of financial statements of the Company.

On account of the change in the accounting policy, the profit before tax of the company is higher by Rs. 12 lakh (net of taxes, as applicable) for the year ended on March 31, 2017 and deferred revenue expenditure is lower by Rs. 15 lakh (net of taxes, as applicable) as on March 31, 2017.

36 Disclosure of details as required under notification issued by NHB dated February 09, 2017, NHB.HFC.CG-DIR.1/MD&CEO/2016.

36.1 Capital

(Rs. In Lakh)

Particulars	2017-18	2016-17
(i) CRAR (%)	17.22%	16.01%
(ii) CRAR – Tier I Capital (%)	12.10%	10.19%
(iii) CRAR – Tier II Capital (%)	5.12%	5.82%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	20,000
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

36.2 Derivative transaction entered by Company is Rs. Nil (Previous Year Rs. Nil).

36.3 There were no unhedged foreign currency transactions during current year (Previous Year Rs. Nil).

36.4 The Company has not done any Securitisation during the financial year. (Previous Year: Nil)

36.5 Details of Assignment transactions undertaken by HFCs:

(Rs. In Lakh)

Particulars	2017-18	2016-17
(i) No. of accounts	521	2,270
(ii) Aggregate value (net of provisions) of accounts sold *	19,254	57,424
(iii) Aggregate consideration	19,254	57,424
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

* Total value of the Loans sold under direct assignment route as on 31st Mar 18 is Rs. 85,197 Lakh (Pervious year Rs 63,804 Lakh). Company has retained 10% interest in the Loans sold.

36.6 The Company does not have purchase / sale transaction of non-performing financial asset. (Previous Year: Nil)

36.7 Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as per NHB format
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)	1,77,656	59,743	-	28,373	-	-
Over One month to 2 months	40,000	1,14,767	-	12,895	-	-
Over 2 months unto 3 months	27,920	1,59,218	-	12,815	-	-
Over 3 months to 6 months	48,916	58,919	-	40,160	-	-
Over 6 months to 1 year	70,240	49,774	-	85,654	-	-
Over 1 year to 3 years	2,63,641	1,93,553	-	3,14,023	-	-
Over 3 years to 5 years	97,347	85,750	-	2,33,370	-	-
Over 5 to 7 years	95,368	46,920	-	2,32,968	-	-
Over 7 to 10 years	1,11,599	50,750	-	3,56,145	-	-
Over 10 years	96,400	-	-	7,12,353	-	-
Total	10,29,087	8,19,394	-	20,28,756	-	-

Assets and liabilities bifurcation into various buckets is based on NHB guidelines.

Particulars	Liabilities			Assets		
	Borrowings from Banks	Market Borrowings	Foreign Currency Liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (One month)	40,365	1,52,105	-	18,880	-	-
Over One month to 2 months	7,000	1,28,861	-	7,714	-	-
Over 2 months puts 3 months	14,944	64,396	-	7,662	-	-
Over 3 months to 6 months	19,944	72,011	-	24,695	-	-
Over 6 months to 1 year	74,887	1,11,899	-	53,769	-	-
Over 1 year to 3 years	2,39,364	1,74,962	-	2,72,685	-	-
Over 3 years to 5 years	59,524	88,820	-	1,95,963	-	-
Over 5 to 7 years	52,711	28,550	-	2,03,882	-	-
Over 7 to 10 years	67,404	90,550	-	3,06,783	-	-
Over 10 years	63,952	-	-	6,00,557	-	-
Total	6,40,095	9,12,155	-	16,92,590	-	-

36.8 Exposure**36.8.1 Exposure to Real Estate Sector**

(Rs. In Lakh)

Category	2017-18	2016-17
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	3,38,230	2,55,089
(ii) Other housing loans	18,57,209	13,43,594
(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.	1,22,822	95,461
(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	23,18,261	16,94,144

Note : Exposure to Real Estate Sector Includes accrued interest.

36.8.2 Exposure to Capital Market

(Rs. In Lakh)

Particulars	2017-18	2016-17
(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	-	-

36.8.3 No Parent Company products were financed during the year (Previous Year Nil).

36.8.4 The Exposure to a single borrower and group of borrower does not exceed the limit stipulated by the NHB prudential norms applicable to HFC (Previous Year Nil).

36.8.5 The Exposure to Unsecured Advances is Rs. Nil Lakh (Previous Year Rs. Nil Lakh)

36.9 Miscellaneous

36.9.1 The Company has following Registrations effective as on March 31, 2018:

Issuing Authority	Registration No., if any	Date of registration	Valid upto	Registered as
National Housing Bank	04.0073.09	04-Apr-09	-	Housing finance institution without permission to accept public deposits.

36.9.2 No penalties has been imposed on the Company during the year (Previous Year Nil).

36.9.3 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- 13th September 2017, CRISIL- 29th March, 2018
(iii) Rating Valid up to	Till the Date of reaffirmation
(iv) Name of the Rating Agency	ICRA Limited (ICRA), CRISIL Limited (CRISIL),
(v) Rating of products	
(a) Commercial Paper	ICRA A1+, CRISIL A1+
(b) Debentures	Secured/Unsecured Non Convertible Debentures ICRA AA+, CRISIL AA+ Tier II Debentures ICRA AA+, CRISIL AA+
(c) Others	Long Term Bank Loans : CRISIL AA+

There has been no change in the Credit Rating's of the instruments of the Company during the year ended March 31, 2018. However, the Company has obtained ICRAA1+ rating for Commercial Paper during the year ended March 31, 2018.

36.10 Additional Disclosures

36.10.1 Provisions and Contingencies

(Rs. In Lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		2017-18	2016-17
(i)	Provisions for depreciation on investment	-	-
(ii)	Provision made towards income tax	11,512	9,505
(iii)	Provision towards NPA	11,870	4,501
(iv)	Provision for standard assets (Refer Note No. 27.2)	962	2,539
(v)	Provision for depreciation on fixed assets	418	272
(vi)	Provision for gratuity	82	199
(vii)	Provision for leave encashment	166	176
(viii)	Provision for long term service benefit	7	24

The Group 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 Accounting Standard - 29 on 'Provisions, Contingent Liabilities and Contingent Assets', the Group 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 Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

36.10.2 Company has not made any drawdown of reserves during the year (Previous year : Nil).

36.10.3 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 (Previous year : Nil).

36.10.4 Concentration of Loans & Advances

(Rs. In Lakh)

Particulars	2017-18	2016-17
Total Loans & Advances to twenty largest borrowers #	85,786	66,998
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	4.19%	3.95%

Includes Loans & Advances and interest accrued thereon.

36.10.5 Concentration of all Exposure (including off-balance sheet exposure)

(Rs. In Lakh)

Particulars	2017-18	2016-17
Total Exposure to twenty largest borrowers / customers #	1,05,882	86,106
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	4.57%	4.46%

Includes Loans & Advances and interest accrued thereon and investment in Mutual Funds.

36.10.6 Concentration of NPAs

(Rs. In Lakh)

Particulars	2017-18	2016-17
Total Exposure to top ten NPA accounts	3,530	4,359

36.10.7 Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		2017-18	2016-17
A.	Housing	1.19%	0.81%
1.	Individuals	1.26%	0.82%
2.	Builders/Project	0.49%	0.62%
3.	Corporates	4.00%	1.68%
4.	Others (specify)	0.00%	0.00%
B.	Non-Housing	1.32%	1.39%
1.	Individuals	1.02%	1.25%
2.	Builders/Project	0.00%	0.00%
3.	Corporates	5.09%	3.56%
4.	Others (specify)	0.00%	0.00%

36.10.8 Movement of NPAs

(Rs. In Lakh)

Particulars	2017-18	2016-17
(I) Net NPAs to Net Advances (%)	0.48%	0.46%
(II) Movement of NPAs (Gross)		
a) Opening balance	15,553	9,446
b) Additions during the year	18,784	9,888
c) Reductions during the year	(9,486)	(3,781)
d) Closing balance	24,851	15,553
(III) Movement of Net NPAs		
a) Opening balance	7,821	5,922
b) Additions during the year	5,434	4,185
c) Reductions during the year	(3,586)	(2,286)
d) Closing balance	9,669	7,821
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	7,732	3,524
b) Additions during the year	13,351	5,703
c) Reductions during the year	(5,901)	(1,495)
d) Closing balance	15,182	7,732

Note: The movement of Gross NPA, Provisions for NPA and Net NPA presented above excludes NPA identified and regularized in the same financial year.

36.10.9 The company does not have overseas asset as on March 31st 2018 (Previous year : Nil).

36.10.10 The Company has not sponsored any SPVs. Accordingly there is no disclosure applicable (Previous year : Nil).

36.11 Customers Complaints

Particulars	2017-18	2016-17
a) No. of complaints pending at the beginning of the year	145	30
b) No. of complaints received during the year	6185	2380
c) No. of complaints redressed during the year	6309	2265
d) No. of complaints pending at the end of the year	21	145

37 The figures for the year ended March 31, 2017 were audited by previous statutory auditors.

38 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Description	As at March 31, 2018	As at March 31, 2017	Amount	Reasons
	Note	Note	(Rs. In Lakh)	
Provision For Doubtful Loans - Non Current	Long-Term Provisions	Long-Term Loans And Advances - Financing Activity	7,211	Loans and advances and related provisions are presented on Gross basis in line with the requirements of The Housing Finance Companies (NHB) Directions, 2010.
Leave Encashment Provision	Long-Term Provisions	Short-Term Provisions	172	Short-term and Long-term Leave encashment has been presented in accordance with the report of the Actuary and as per requirements of Schedule III of the Companies Act, 2013.
TDS On Provision For Expenses	Trade Payables	Other Current Liabilities	292	TDS on provision for expenses has been presented as a part of Other Current Liabilities instead of Trade Payable in accordance with the requirement of Schedule III of the Companies Act, 2013.
Accrued Employee Benefit Expenses	Other Current Liabilities	Trade Payables	1,009	Bonus accrual for employees has been presented as a part of Other Current Liabilities instead of Trade payables in accordance with the requirement of Schedule III of the Companies Act, 2013.

Description	As at March 31, 2018	As at March 31, 2017	Amount	Reasons
	Note	Note	(Rs. In Lakh)	
Provision For Doubtful Loans - Current	Short-Term Provisions	Short-Term Loans And Advances - Financing Activity	521	Loans and advances and related provisions are presented on Gross basis in line with the requirements of The Housing Finance Companies (NHB) Directions, 2010.

Description	For the Year ended March 31, 2018	For the Year ended March 31, 2017	Amount	Reasons
	Note	Note	(Rs. In Lakh)	
Guest House Income	Other Income	Other Operating Expenses	11	Income from Guest House recognised as Other Income as per terms of the agreement.

In terms of our report attached

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)

Mehernosh B. Kapadia
(Director)

Anuradha E. Thakur
(Director)

Manoj Kumar Vijai

Partner

Membership No: 046882

G. Sankaranarayanan
(Director)

Ankur Verma
(Director)

R.Vaithianathan
(Managing Director)

S Balakrishna Kamath

(Chief Financial Officer & Company Secretary)

Mumbai

Date : April 30, 2018