

**Deloitte
Haskins & Sells**

Chartered Accountants
ASV N Ramana Tower
52, Venkatnarayana Road
T. Nagar, Chennai-600 017
Tamil Nadu, India

Tel: 044 6688 5000
Fax: 044 6688 5050

INDEPENDENT AUDITORS' REPORT

**To The Members of Hinduja Housing Finance Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of **Hinduja Housing Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 38 to the financial statements in which describe the potential impact of the COVID-19 pandemic on the Company's financial statements and particularly the impairment provisions are dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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Information Other than the financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the financial statements

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

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

Auditors' Responsibility for the Audit of the financial statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company does not have an employee covered section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts, as at the year-end for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 21109839AAAAGA8419

MUMBAI, 24th May 2021

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Hinduja Housing Finance Limited** ("the Company") as of 31st March 2021 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 issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's 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 prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 21109839AAAAGA8419

MUMBAI, 24th May 2021

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ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of fixed assets
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets and accordingly all the fixed assets are verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under this clause is not applicable.
- (ii) As explained to us, the Company does not have inventory. Accordingly, the provisions of Clause 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals in regard to the Company.
- (vi) According to the information and explanations given to us, the Company is not required to maintain cost records under sub-section (1) of Section 148 of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax and applicable cess applicable to it to the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services Tax and applicable cess in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.
 - c) There are no dues of Income-tax and Goods and Services Tax as on 31st March 2021 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken loans or borrowings from government and financial institutions. The Company has not issued any debentures.

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- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further, in respect of moneys borrowed through term loans or debt securities, in our opinion and accordingly to information and explanation given to us, the company has utilized the money for the purpose for which they were borrowed.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company does not have any employee covered under section 197 of the Act and hence reporting under clause 3(xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with the directors and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

G. K. Subramaniam
Partner

(Membership No. 109839)
UDIN: 21109839AAAAGA8419

MUMBAI, 24th May 2021



HINDUJA HOUSING FINANCE LIMITED
Balance sheet as at 31 March 2021

(INR in lakh)

Particulars	Note No.	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial assets			
Cash and cash equivalents	5	1,032.80	1,390.02
Loans	6	2,44,761.31	1,62,174.06
Investments	7	4,388.17	4,392.31
Receivables	8	550.71	392.94
Other financial assets	9	1,823.95	244.06
		2,52,556.94	1,68,593.39
Non-financial assets			
Current tax assets (net)	10	341.40	495.47
Deferred tax assets (net)	10	274.78	363.29
Property, plant and equipment	11	136.41	187.87
Intangible assets	11A	2.09	3.29
Other non-financial assets	12	43.65	40.62
		798.33	1,090.54
TOTAL ASSETS		2,53,355.27	1,69,683.93
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade Payables			
(i) total outstanding dues of micro and small enterprises	13	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises	13	264.61	182.39
Borrowings	14	2,16,415.22	1,42,221.71
Other financial liabilities	15	930.56	454.25
		2,17,610.39	1,42,858.35
Non-financial liabilities			
Provisions	16	181.95	131.65
Other non-financial liabilities	17	223.37	103.04
		405.32	234.69
EQUITY			
Equity share capital	18	21,500.00	19,000.00
Other equity	19	13,839.56	7,590.89
		35,339.56	26,590.89
TOTAL LIABILITIES AND EQUITY		2,53,355.27	1,69,683.93

Significant accounting policies 2, 3 & 4

The notes referred to above form an integral part of these financial statements.

As per our report of even date

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the Board of Directors of

Hinduja Housing Finance Limited

CIN No: U65922TN2015PLC100093

G K Subramaniam

Partner

S Nagarajan

Chairman

DIN No. 00009236

Sachin Pillai

Managing Director

DIN No. 06400793

Prateek Parekh

Chief Financial Officer

Srinivas Rangarajan

Company Secretary

Place : Mumbai

Date : May 24, 2021

Place : Chennai

Date : May 24, 2021



HINDUJA HOUSING FINANCE LIMITED
Statement of Profit and Loss for the year ended 31 March 2021

(INR in lakh)

Particulars	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations			
Interest income	20	24,542.16	18,963.04
Fees and commission income	20	85.18	150.12
Net Gain on Derecognition of Financial Instruments	20	1,365.05	-
Other operating income	20	1,854.88	1,780.00
Total Revenue from operations		27,847.27	20,893.16
Expenses			
Finance costs	21	13,857.88	11,148.01
Impairment on financial assets	22	1,678.05	1,439.32
Employee benefits expenses	23	2,861.33	2,895.40
Depreciation and amortization	24	105.27	109.41
Other expenses	25	1,273.93	1,277.72
Total Expenses		19,776.46	16,869.86
Profit before tax		8,070.81	4,023.30
Tax expense:	26		
Current tax		1,749.30	1,077.51
Deferred tax		84.57	(185.88)
Tax adjustment for earlier years		-	(236.17)
		1,833.87	655.46
Profit for the year		6,236.94	3,367.84
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		15.67	(8.63)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(3.94)	2.17
Total other comprehensive income		11.73	(6.46)
Total comprehensive Income		6,248.67	3,361.38
Earnings per equity share (face value Rs.10 each)	27		
- Basic (in Rs.)		3.23	1.95
- Diluted (in Rs.)		3.23	1.95
Significant accounting policies	2, 3 & 4		

The notes referred to above form an integral part of these financial statements.

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
CIN No: U65922TN2015PLC100093

G K Subramaniam
Partner

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Mumbai
Date : May 24, 2021

Place : Chennai
Date : May 24, 2021



HINDUJA HOUSING FINANCE LIMITED
Cash Flow Statement for the year ended 31 March 2020

(INR in lakh)

	Year ended 31 March 2021	Year ended 31 March 2020
A. Cash flow from operating activities		
Net profit before tax	8,070.81	4,023.30
Adjustments:		
Depreciation and amortization	105.27	109.41
Impairment on financial assets	1,678.05	1,439.32
Finance cost	13,857.88	11,148.01
Interest on security deposit	(13.37)	(19.19)
Rent expense	14.52	22.04
Gratuity and Leave Encashment	42.94	74.01
Operating cash flow before working capital changes	23,756.10	16,796.90
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(84,265.31)	(40,557.51)
Other financial assets	(1,724.29)	(451.86)
Other non- financial assets	(17.55)	(42.45)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	82.22	139.73
Other financial liabilities	476.31	(40.45)
Provisions	(42.93)	(74.01)
Other non financial liabilities	186.29	185.60
Net cash (used in) operations	(61,549.15)	(24,044.05)
Finance cost paid	(13,857.88)	(11,148.01)
Taxes paid (net)	(1,595.24)	(1,304.38)
Net cash (used in) operating activities (A)	(77,002.27)	(36,496.44)
B. Cash flow from investing activities		
Investment in pass through securities (net)	4.14	922.77
Purchase of fixed assets (tangible and intangible assets)	(52.60)	(90.97)
Net cash generated (used in) investing activities (B)	(48.46)	831.80
C. Cash flow from financing activities		
Proceeds from issue of equity shares including securities premium (net)	2,500.00	4,000.00
Proceeds from borrowings (net)	74,193.51	31,927.35
Net cash from financing activities (C)	76,693.51	35,927.35
Net increase in cash and cash equivalents (A+B+C)	(357.22)	262.71
Cash and cash equivalents at the beginning of the year	1,390.02	1,127.31
Cash and cash equivalents at the end of the year	1,032.80	1,390.02



HINDUJA HOUSING FINANCE LIMITED
Cash Flow Statement for the year ended 31 March 2020

(INR in lakh)

	Note No.	Year ended 31 March 2021	Year ended 31 March 2020
Components of cash and cash equivalents			
Cash and cheques on hand	5	46.45	2.55
Balances with banks			
-In current accounts	5	986.35	1,387.47
		1,032.80	1,390.02
Significant accounting policies	2, 3 & 4		

The notes referred to above form an integral part of these financial statements.

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
CIN No: U65922TN2015PLC100093

G K Subramaniam
Partner

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Mumbai
Date : May 24, 2021

Place : Chennai
Date : May 24, 2021



HINDUJA HOUSING FINANCE LIMITED
Statement of Changes in Equity for the year ended 31 March 2021

A Equity Share Capital

(INR in lakh)

Particulars	Number of shares	Amount
Balance as at 1 April 2019	15,00,00,000	15,000.00
Add: Issued during the year	4,00,00,000	4,000.00
Balance as at 31 March 2020	19,00,00,000	19,000.00
Balance as at 1 April 2020	19,00,00,000	19,000.00
Add: Issued during the year	2,50,00,000	2,500.00
Balance as at 31 March 2021	21,50,00,000	21,500.00

B Other equity	Reserves and Surplus		Total
	Statutory Reserves	Retained Earnings	
Balance as at 1 April 2019	850.75	3,378.75	4,229.51
Profit for the year	-	3,367.84	3,367.84
Transfer to reserve	673.57	(673.57)	-
Total other comprehensive income (net of tax)	-	(6.46)	(6.46)
Balance as at 31 March 2020	1,524.32	6,066.57	7,590.89
Balance as at 1 April 2020	1,524.32	6,066.57	7,590.89
Profit for the year	-	6,236.94	6,236.94
Transfer to reserve	1,247.39	(1,247.39)	-
Total other comprehensive income (net of tax)	-	11.73	11.73
Balance as at 31 March 2021	2,771.71	11,067.85	13,839.56

Significant accounting policies 2, 3 & 4

The notes referred to above form an integral part of these financial statements

As per our report of even date
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors of
Hinduja Housing Finance Limited
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Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Mumbai
Date : May 24, 2021

Place : Chennai
Date : May 24, 2021



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

1 Reporting entity

Hinduja Housing Finance Limited (the Company), incorporated on 15 April 2015 and headquartered in Chennai, India. The Company is registered with National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987 with effect from 30 September 2015. The Company is primarily engaged in the business of providing loans for the purchase or construction of residential houses.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS").

These financial statements were authorised for issue by the Company's Board of Directors on 24th May 2021.

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented separately.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- (i) The normal course of business
- (ii) The event of default

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs and at two decimal places, unless otherwise indicated.

2.4 Basis of measurement

The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into fair value hierarchy based on the degree to which the inputs to the fair value.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognized prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost which are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

2.5 Use of estimates and judgements (continued)

ii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iii) Defined Benefit Plan

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3 Significant accounting policies

3.1 Recognition of Interest Income

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

i) Interest income

Interest income on financial instruments is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

ii) Fee and Commission Income

The Company recognises revenue from contract with customers based on five step model as set out in Ind AS 115, Revenue from Contracts with Customers to determine when to recognise revenue and at what amount. Revenue is measured based on the consideration specified in the contract with a customers. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. The amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

iii) Income from transfer and servicing of Assets

The Company transfers loans through direct assignment transactions. The transferred loans are de-recognized and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognized in the Statement of Profit and Loss.

The Company recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognized at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognized. Corresponding amount is recognized in Statement of Profit and Loss.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.1 Recognition of Interest Income (continued)

iv) Other Income

Other Income represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

3.2 Financial instrument - Initial recognition

i) Date of recognition

Debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model (refer note 3.3A) for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through other comprehensive income (FVTPL), transaction costs are added to, or subtracted from this amount.

iii) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at amortised cost.

3.3 Financial assets and liabilities

A) Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b) The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c) How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

Solely payments of principal and interest (SPPI) test

As a second step of its classification process, the Company assesses the contractual terms of financial asset to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/ discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows ;

i) Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVTOCI.

iii) Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.3 Financial assets and liabilities (continued)

Financial assets: Subsequent measurement and gains and losses

i) Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

ii) Financial assets carried at amortized cost (AC)

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment loss. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit and loss. Any gains and losses on derecognition is recognized in statement of profit and loss.

B Financial liability

i) Initial recognition and measurement

All financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2021 and 31 March 2020.

3.5 Derecognition of financial assets and liabilities

Derecognition of financial assets other than due to substantial modification

i) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognizes servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset.

ii) Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the statement of profit and loss.

3.6 Impairment of financial assets

A Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- i)** The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- ii)** Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

Both Life Time ECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorizes its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognized, the Company recognizes an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3:

Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.6 Impairment of financial assets (continued)

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD:

Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

EAD:

Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest

LGD:

Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analyzed.

The mechanics of the ECL method are summarized below:

Stage 1:

The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2:

When a loan has shown a significant increase in credit risk since origination (if financial asset is more than 30 days but upto 90 days past due), the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3:

For loans considered credit-impaired (if financial asset is more than 90 days past due), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

B Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

3.7 Presentation of allowance for expected credit losses in the balance sheet

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3.8 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.9 Determination of fair value

i) Fair Value Hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.9 Determination of fair value (continued)

i) Fair Value Hierarchy (continued)

Level 1 financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

Level 2 financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

Level 3 financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

ii) Valuation Process

The management of the Company performs the valuations of financial assets and liabilities required for financial reporting purposes. The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

3.10 Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency of the Company, at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognized in profit or loss.

3.11 Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii) Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight line method, and is generally recognized in the statement of profit and loss.

The Company follows estimated useful lives which are given under Part C of the Schedule II of the Companies Act, 2013. The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset category	Estimated Useful life
Furniture and fittings	8 years
Office equipment	5 years
Computers	3 years
Vehicles	5 years



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.12 Intangible assets

i) Intangible assets

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

iii) amortisation

amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

Asset category	Estimated Useful life
Computer software's	6 years

amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

3.13 Impairment of non-financial assets

The Company determines periodically whether there is any indication of impairment of the carrying amount of its non-financial assets. The recoverable amount (higher of net selling price and value in use) is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or group of assets. The recoverable amounts of such asset are estimated, if any indication exists and impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.14 Employee benefits

i) Post-employment benefits

Defined contribution plan

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Company's gratuity plan is unfunded. The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognized in OCI. Net interest expense and other expenses related to defined benefit plans are recognized in Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in Statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

ii) Other long-term employee benefits

Compensated absences

The employees can carry forward a portion of the unutilized accrued compensated absences and utilize it in future service periods. Since the compensated absences do not fall due wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

iii) Short-term employee benefits

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



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.15 Provisions, contingent liabilities and contingent assets

i) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

ii) Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

iii) Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized in the financial statements.

iv) Commitments

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

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- b) Uncalled liability on shares and other investments partly paid;
- c) Funding related commitment to associate; and
- d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.16 Income tax

Income tax comprises current and deferred tax. It is recognized in Statement of profit or loss except to the extent that it relates to a business combination or to an item recognized directly in equity or in other comprehensive income.

i) Current tax

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

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

ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.17 Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowings of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of the asset. All other borrowings costs are recognized as an expense in the statement of profit and loss in the year in which they are incurred.

Interest expenses are calculated using the EIR and all other Borrowing costs are recognized in the Statement of profit and loss in the period in which they are incurred.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

3 Significant accounting policies (continued)

3.18 Cash and cash equivalents

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

3.19 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker (CODM) to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.20 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Ind AS 33, Earnings Per Share. Basic earnings per equity share is computed by dividing the **net profit / loss (before other comprehensive income)** attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed and disclosed by dividing the **net profit / loss (before other comprehensive income)** attributable to the equity share holders for the year after giving impact of dilutive potential equity shares for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

3.21 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated. Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3.22 Goods and Services Input Tax Credit

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

3.23 Segment Reporting

The Company's main business is financing by way of loans for the purchase or construction of residential houses, commercial real estate or certain other purposes, in India. All other activities of the Corporation revolve around the main business. This in the context of Ind AS 108 – Operating Segments reporting is considered to constitute one reportable segment.

4 No new standards as notified by Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules are effective for the current year



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	46.45	2.55
Balances with Banks		
- In current / cash credit accounts	986.35	1,387.47
Total	1,032.80	1,390.02

6 Loans

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
A. Based on nature		
Retail Loans	2,22,959.03	1,44,493.74
Term Loans	24,674.05	19,252.72
Total gross	2,47,633.08	1,63,746.46
Less : Impairment loss allowance	(2,871.77)	(1,572.40)
Total net	2,44,761.31	1,62,174.06
B. Based on security		
(i) Secured by tangible assets	2,47,633.08	1,63,746.46
(ii) Unsecured	-	-
Total gross	2,47,633.08	1,63,746.46
Less : Impairment loss allowance	(2,871.77)	(1,572.40)
Total net	2,44,761.31	1,62,174.06
C. Based on region		
(I) Loans in India		
(i) Public Sector	-	-
(ii) Others	2,47,633.08	1,63,746.46
Total gross	2,47,633.08	1,63,746.46
Less : Impairment loss allowance	(2,871.77)	(1,572.40)
Total net (I)	2,44,761.31	1,62,174.06
(II) Loans outside India		
Loans outside India	-	-
Total net (II)	-	-
Total (I)+(II)	2,44,761.31	1,62,174.06

Notes:

1. Retail loans are secured exposures that are secured by assets mortgaged to the company.
2. Term loans are secured exposures that are secured by assets/ underlying portfolio hypothecated to the company by the borrower.
3. In line with the methodology issued by IBA, the company has taken a provision for interest on interest of INR 18.30 Lakh on the applicable loan accounts of borrowers in compliance with the Supreme Court order dated 23rd March 2021.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

7 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Investment in Non-convertible debentures (unquoted)		
Muthoot Housing Finance Company Limited	501.87	752.58
Investment in Alternative Investment Fund		
Vivriti Samarath Bond Fund	1,000.66	-
Investment in pass-through certificates (unquoted)		
Aptus Value Housing Finance India Limited	1,435.77	1,506.39
India Shelters Finance Corporation Limited	1,466.11	2,138.38
Gross Investments	4,404.41	4,397.35
(i) Investments outside India	-	-
(ii) Investments in India	4,404.41	4,397.35
Gross Investments	4,404.41	4,397.35
Less: Allowance for impairment loss	(16.24)	(5.04)
Net Investments	4,388.17	4,392.31

8 Receivables

Particulars	As at 31 March 2021	As at 31 March 2020
Trade Receivables	550.71	392.94
Total	550.71	392.94

9 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Employee advances	-	1.00
Security deposits (Refer Note 28)	145.21	141.59
Receivable from assignment of portfolio	1,356.44	-
Others receivables	322.30	101.47
Total	1,823.95	244.06

10 Tax assets (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Current tax assets (net)		
Advance income tax (net of provision)	341.40	495.47
Deferred tax assets (net)		
Deferred tax assets / (liability) (Refer Note 26)	274.78	363.29



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

11 Property, plant and equipment

Particulars	Vehicle	Furniture and fixtures	Office equipment	Computers	Total
Cost (gross carrying amount)					
Balance as at 1 April 2019	-	18.13	28.47	258.42	305.02
Additions	2.64	2.07	2.83	83.43	90.97
Disposals	-	-	-	-	-
Balance as at 31 March 2020	2.64	20.20	31.30	341.85	395.99
Balance as at 1 April 2020	2.64	20.20	31.30	341.85	395.99
Additions	-	-	-	52.60	52.60
Disposals	-	-	-	-	-
Balance as at 31 March 2021	2.64	20.20	31.30	394.45	448.59
Accumulated depreciation					
Balance as at 1 April 2019	-	3.90	13.07	82.40	99.37
Depreciation for the year	0.3	2.44	3.58	102.43	108.75
Disposals	-	-	-	-	-
Balance as at 31 March 2020	0.30	6.34	16.64	184.83	208.11
Balance as at 1 April 2020	0.30	6.34	16.64	184.83	208.11
Depreciation for the year	0.53	2.52	5.69	95.33	104.07
Disposals	-	-	-	-	-
Balance as at 31 March 2021	0.83	8.86	22.33	280.16	312.18
Carrying amount (net)					
As at 31 March 2020	2.34	13.86	14.66	157.02	187.87
As at 31 March 2021	1.81	11.34	8.97	114.29	136.41

11A Intangible assets

Particulars	Computer Software	Total
Cost (gross carrying amount)		
Balance as at 1 April 2019	6.82	6.82
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	6.82	6.82
Balance as at 1 April 2020	6.82	6.82
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	6.82	6.82
Accumulated depreciation		
Balance as at 1 April 2019	2.87	2.87
Depreciation for the year	0.66	0.66
Disposals	-	-
Balance as at 31 March 2020	3.53	3.53
Balance as at 1 April 2020	3.53	3.53
Depreciation for the year	1.20	1.20
Disposals	-	-
Balance as at 31 March 2021	4.73	4.73
Carrying amount (net)		
As at 31 March 2020	3.29	3.29
As at 31 March 2021	2.09	2.09



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

12 Other non-financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Prepaid rent	24.90	39.41
GST Input Tax Credit	10.28	-
Other advances	8.47	1.21
Total	43.65	40.62

13 Trade payable

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Total outstanding dues of micro and small enterprises (Refer Note 33)	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	264.61	182.39
Total	264.61	182.39

14 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
At amortised cost		
Secured borrowings		
Term Loan from banks (Refer Note 14.4)	1,95,768.55	1,35,689.11
Cash credit and working capital demand loans from banks	20,646.67	6,532.60
Total	2,16,415.22	1,42,221.71
Borrowings in India	2,16,415.22	1,42,221.71
Borrowings outside India	-	-
Total	2,16,415.22	1,42,221.71
Total	2,16,415.22	1,42,221.71

Secured borrowing

14.1 Cash credit and working capital demand loans from banks carry interest rates ranging from "MCLR of the respective bank + 0.25% per annum" to "MCLR of the respective bank + 2.10% per annum". These loans are secured by hypothecation of designated assets on finance / loan and future receivables therefrom, and investments in pass through certificates and non-convertible debentures.

14.2 The Company has not defaulted in repayment of borrowings and interest.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

14.3 Details of terms of redemption/ repayment and security provided in respect of term loans:

Particulars	Amount	Terms of redemption/ repayment	Security
Term loans from banks			
Term loan - 1	14,355.03 (16,857.89)	Repayable in 96 Equal Monthly installments Remaining no. of installments: 69	Exclusive charge on Specific receivables
Term loan - 2	3,684.21 (4,736.84)	Repayable in 57 Equal Monthly installments Remaining no. of installments: 42	Exclusive hypothecation of standard receivables
Term loan - 3	11,288.00 (7,000.00)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the company's receivables
Term loan - 4	6,774.00 (3,500.00)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the priority sector receivables (housing) (created out of loan proceeds)
Term loan - 5	9283.87 (10,000.00)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 26	Exclusive charge on the receivables
Term loan - 6	8925.39 (10,000.00)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 25	Exclusive floating charge on specific book debts and future receivables
Term loan - 7	8212.017 (9,642.85)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 23	Exclusive charge on receivables of the company
Term loan - 8	4,099.33 (4,804.90)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 23	Exclusive Floating charge on specific book debts and future receivables
Term loan - 9	6,409.24 (7,840.94)	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 18	Exclusive charge on receivables of the company
Term loan - 10	822.68 (1,016.20)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 17	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 11	6,668.87 (8,329.82)	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 16	Exclusive charge on specific receivables
Term loan - 12	5,000.00 (5,000.00)	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 20	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 13	1,285.00 (1,609.00)	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 16	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 14	4,372.36 (5,625.00)	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 14	First charge by way of hypothecation of the specific future receivables from the performing loan portfolio, which are identified by the company from time to time
Term loan - 15	1,625.00 (2,125.00)	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 13	Exclusive charge on specific loan receivables
Term loan - 16	13,200.00 (18,000.00)	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 11	Exclusive Charge on Book debts



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

14.3 Details of terms of redemption/ repayment and security provided in respect of term loans:

Particulars	Amount	Terms of redemption/ repayment	Security
Term loan - 17	1,500.00 (2,100.00)	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 10	Exclusive charge on Specific receivables
Term loan - 18	5,625.00 (8,125.00)	Repayable in 16 Equal Quarterly installments Remaining no. of installments: 9	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 19	2,083.33 (3,749.99)	Repayable in 12 Equal Quarterly installments Remaining no. of installments: 5	Hypothecation of exclusive charge on specific receivables
Term loan - 20	1,249.91 (2,916.66)	Repayable in 12 Equal Quarterly installments Remaining no. of installments: 3	Hypothecation of exclusive charge on specific receivables
Term loan - 21	1,250.00 (2,500.00)	Repayable in 8 Equal Half-yearly installments Remaining no. of installments: 2	Exclusive charge on specific loan receivables
Term loan - 22	8886.85 -	Repayable in 72 Equal Monthly installments Remaining no. of installments: 64	Exclusive charge on specific receivables
Term loan - 23	19,986.82 -	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 28	Exclusive charge on the receivables
Term loan - 24	7,500.00 -	Repayable in 18 Equal Quarterly installments Remaining no. of installments: 18	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 25	12,498.84 -	Repayable in 81 Equal Monthly installments Remaining no. of installments: 81	Exclusive charge on specific receivables
Term loan - 26	7,487.76 -	Repayable in 81 Equal Monthly installments Remaining no. of installments: 81	Exclusive charge on the priority sector receivables (housing)
Term loan - 27	1,999.43 -	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 28	First charge by way of hypothecation of the specific future receivables from the performing loan portfolio, which are identified by the company from time to time
Term loan - 28	9,999.64 -	Repayable in 26 Equal Quarterly installments Remaining no. of installments: 26	Exclusive charge on the receivables
Term loan - 29	10,000.00 -	Repayable in 60 Equal Monthly installments Remaining no. of installments: 60	Exclusive charge on the priority sector receivables (housing)
Total term loans from banks	1,96,072.59 (1,35,480.10)		

Note:

(i) Figures in bracket represents the figures for FY 2019-20

(ii) Maturity profile above is disclosed at face value which excludes the impact of effective rate of interest and interest accrued amounting to INR 304.04 Lakh (31 March 2020 - INR 209.02 Lakh)



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

15 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Accrued employee benefits expenses	255.84	225.91
Others	674.72	228.34
Total	930.56	454.25

16 Provisions

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (Refer Note 32)	97.75	64.12
Provision for compensated absences (Refer Note 32)	55.84	46.54
Provision for Taxation	28.36	20.99
Total	181.95	131.65

17 Other non-financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Statutory remittances	223.37	103.04
Total	223.37	103.04



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

18 Equity Share Capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised		
300,000,000 (31 March 2020: 300,000,000) equity shares of Rs.10/- each	30,000.00	30,000.00
	30,000.00	30,000.00
Issued, Subscribed and fully paid up		
215,000,000 (31 March 2020: 190,000,000) equity shares of Rs.10/- each	21,500.00	19,000.00
	21,500.00	19,000.00

Notes:

a) Reconciliation of the number of equity shares and amount outstanding as at beginning and as at end of the year:

	Year ended 31 March 2021		Year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the commencement of the year	19,00,00,000	19,000.00	15,00,00,000	15,000.00
Add: Shares issued during the year	2,50,00,000	2,500.00	4,00,00,000	4,000.00
At the end of the year	21,50,00,000.00	21,500.00	19,00,00,000	19,000.00

b) Terms/ rights attached to equity shares

The Company has a single class of equity shares having face value of Rs. 10/- each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% held	No. of shares	% held
Equity shares				
Hinduja Leyland Finance Limited, holding company and it's nominees	21,50,00,000	100.00%	19,00,00,000	100.00%

d) Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% held	No. of shares	% held
Equity shares				
Hinduja Leyland Finance Limited, holding company and it's nominees	21,50,00,000	100.00%	19,00,00,000	100.00%



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

19 Other Equity

Particulars	As at 31 March 2021	As at 31 March 2020
a) Special Reserve		
(As per Section 29C of The National Housing Bank Act, 1987 read with 36(1)(viii) of Income Tax Act, 1961)		
Balance at the beginning of the year	1,524.32	850.75
Add: Amount transferred from surplus in statement of profit and loss	1,247.39	673.57
Balance at the end of the year	<u>2,771.71</u>	<u>1,524.32</u>
b) Retained Earnings (Surplus in Statement of Profit and Loss)		
Balance at the beginning of the year	6,071.63	3,377.36
Add: Profit for the year	6,236.94	3,367.84
Less :Transferred to Statutory Reserve	(1,247.39)	(673.57)
Balance at the end of the year	<u>11,061.18</u>	<u>6,071.63</u>
c) Other comprehensive income		
Balance at the beginning of the year	(5.06)	1.40
Add: Comprehensive Income for the year	11.73	(6.46)
Balance at the end of the year	<u>6.67</u>	<u>-5.06</u>
Total	13,839.56	7,590.89

Nature and purpose of reserve

19.1 Special Reserve

Section 29C (i) of The National Housing Bank (NHB), 1987 defines that every housing finance institution which is a company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the company under section 36(1)(viii) of the Income Tax Act, 1961, is considered to be an eligible transfer.

19.2 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

19.3 Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.



HINDUJA HOUSING FINANCE LIMITED
Notes to Statement of Profit and Loss for the year ended 31 March 2021

(INR in lakh)

20 Revenue from operations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on financial assets measured at amortised cost		
- Interest income on loans to customers	23,705.64	18,435.69
- Interest income from investments		
- Interest income on investment in pass through certificates	344.19	413.74
- Interest income on investment in debentures	68.54	94.42
- Interest on CD	410.42	-
- Other interest income on security deposit	13.37	19.19
Total (A)	24,542.16	18,963.04
Fees and commission income		
- Service charges	37.38	76.45
- Other charges	47.80	73.67
Total (B)	85.18	150.12
Net Gain on Derecognition of Financial Instruments		
- Income on assignment of loans	1,365.05	-
Total (C)	1,365.05	-
Other Operating Income		
- Income from other services	1,854.88	1,780.00
Total (D)	1,854.88	1,780.00
Total (A+B+C+D)	27,847.27	20,893.16

21 Finance costs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Finance costs on financial liabilities measured at amortised cost		
Interest on borrowings		
- Interest on term loans	13,114.09	10,193.69
- Interest on cash credit and working capital demand loan	743.79	954.32
Total	13,857.88	11,148.01

22 Impairment on financial assets

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
On financial assets measured at amortised cost		
Provision for expected credit loss		
- On loans	1,299.37	1,067.36
- On investments	11.20	5.04
Others - Bad debts written off	367.48	366.92
Total	1,678.05	1,439.32



HINDUJA HOUSING FINANCE LIMITED
Notes to Statement of Profit and Loss for the year ended 31 March 2021

(INR in lakh)

23 Employee benefits expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	2,689.57	2,656.24
Contribution to provident and other funds	127.37	135.46
Staff welfare expenses	1.45	29.69
Gratuity and Compensated Absences (Refer Note 32)	42.94	74.01
Total	2,861.33	2,895.40

24 Depreciation and amortization

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant and equipment (Refer Note 11)	104.07	108.75
Amortisation of intangible assets (Refer Note 11A)	1.20	0.66
Total	105.27	109.41

25 Other expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Rent	70.31	73.93
Insurance	62.47	25.90
Electricity charges	4.71	5.91
Communication expenses	50.73	57.66
Legal and professional charges	666.12	472.53
Payment to Auditors (Refer Note Below)	32.00	27.00
Rates and taxes	27.90	110.05
Bank charges	60.25	52.06
Printing and stationery	52.50	46.53
Travelling and conveyance	139.13	255.58
Subscription and licensing charges	10.00	12.00
Sitting fees to directors	7.80	7.80
Advertisement and sale promotion	13.18	80.46
CSR Expenditure	66.13	41.10
Miscellaneous expenses	10.70	9.21
Total	1,273.93	1,277.72

Note: Payment to auditors (excluding goods and service tax)

Statutory audit	23.00	20.00
Tax audit	1.50	1.50
Certification	4.50	2.50
Limited Review	3.00	3.00
Reimbursement of expenses	-	-
	32.00	27.00



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

26 Income Tax

The components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current tax	1,749.30	1,077.51
Deferred tax	84.57	(422.05)
Total tax charge	1,833.87	655.46

26.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2021 and 31 March 2020 is, as follows:-

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before tax	8,070.81	4,023.30
Applicable tax rate	25.17%	25.17%
Computed tax expense	2,031.26	1,012.58
Tax effect of :		
Deduction under section 36(1)(viii) of Income Tax Act, 1961	(203.97)	(169.63)
Impact on account of change in tax rates	-	57.05
Non deductible items	6.58	(8.37)
Tax expenses	1,833.87	891.63
Effective tax rate	22.72%	22.16%
Tax Adjustment for earlier period (Deferred Tax)	-	(236.17)
Tax expenses recognised in the statement of profit and loss	1,833.87	655.46

26.2 Deferred tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the Income tax expense

	As at 31 March 2020	Statement of profit and loss	Other comprehensive income	As at 31 March 2021
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between WDV of property, plant and equipment as per books of accounts and income tax records	(5.52)	7.12	-	1.60
Impairment on financial assets	340.30	237.78	-	578.08
Provision for employee benefits	27.85	14.75	(3.94)	38.66
Others	0.66	(0.66)	-	0.00
Excess Interest Spread upfronting	-	(343.56)	-	(343.56)
Total	363.29	(84.57)	(3.94)	274.78
	As at 31 March 2019	Statement of profit and loss	Other comprehensive income	As at 31 March 2020
Component of Deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between WDV of property, plant and equipment as per books of accounts and income tax records	(10.18)	4.66	-	(5.52)
Impairment on financial assets	147.07	193.23	-	340.30
Provision for employee benefits	37.00	(11.32)	2.17	27.85
Others	(234.82)	235.48	-	0.66
Total	(60.93)	422.05	2.17	363.29



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

27 Earnings per share ("EPS")	Year ended 31 March 2021	Year ended 31 March 2020
Net profit after tax attributable to equity shareholders	6,236.94	3,367.84
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS	19,28,76,712	17,31,23,288
Face value per share	10.00	10.00
Earnings per share		
- Basic	3.23	1.95
- Diluted	3.23	1.95

28 Related party disclosure

Name of the related parties and nature of relationship

Holding company / Ultimate holding company	Hinduja Leyland Finance Limited ("HLF") - Holding company of Hinduja Housing Ashok Leyland Limited ("ALL") – Holding Company of HLF Hinduja Automotive Limited ("HAL") – Holding Company of ALL Machen Holdings S.A ("Machen") – Holding Company of HAL Machen Development Corporation ("MDC") – Holding Company of Machen Amas Holdings S.A. – Holding Company of MDC
Associate of the holding company	HLF Services Limited ("HSL")
Key management personnel ("KMP")	Mr. S Nagarajan, Chairman Mr. Sachin Pillai, Managing Director Mr. Gopal Mahadevan, Director Ms. Bhumika Batra, Independent Director Mr. G S Sundararajan, Independent Director

Related party transactions	Holding company (HLF)	Associate of the holding company (HSL)	KMP
Allotment of equity shares	2,500.00 (4,000.00)	-	-
Reimbursement of expenses incurred on behalf of HHH	125.10 (103.84)	-	-
Service provider fees	-	1,378.61 (1,298.10)	-
Rental expense	14.52 (22.04)	-	-
Interest on security deposit	13.37 (19.18)	-	-
Directors sitting fee			
- Ms. Bhumika Batra	-	-	3.30 (3.30)
- Mr. G S Sundararajan	-	-	4.50 (4.50)

Note: Figures in bracket represents the figures for FY 2019-20



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

28 Related party disclosure (continued)

Related party balances	Year ended 31 March 2021	Year ended 31 March 2020
Hinduja Leyland Finance Limited		
Security deposit (recoverable)	137.11	122.59
Prepaid rent	24.90	39.41

28.1 There are no provisions for doubtful debts / advances or amounts written off or written back for debts due from/ due to related parties.

28.2 The transactions disclosed above are exclusive of GST.

29 Segment reporting

The Company is primarily engaged into business of providing housing & term loans. The company has its operations within India and all revenues are generated within India. As such, there are no separate reportable segments as per the provisions of IND AS 108 on 'Operating Segments.

30 Contingent liabilities and commitments

a) Contingent liabilities - There are no contingent liabilities as at 31 March 2021. (31 March 2020: Nil)

b) Commitments - Sanctioned and undisbursed amounts of loans as at 31 March 2021 : INR 8,960.25 lakh (31 March 2020 : INR 4,817.47 Lakh)

31 Corporate Social Responsibility (CSR) expenses

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) Gross amount required to be spent by the company during the year as per Section 135 of the Companies Act, 2013 read with schedule VII	66.13	41.10
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	48.71	11.03

The Company has unspent CSR provision of INR 65.15 lakh as on 31st March 2021 and is in process of utilizing against approved projects.



HINDUJA HOUSING FINANCE LIMITED
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(INR in lakh)

32 Retirement benefits

(a) Defined contribution plans:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 127.37 lakhs (31 March 2020 : INR 135.46 lakhs)

(b) Defined benefit plan:

Gratuity plan

Financial assets not measured at fair value

The Company operates a defined benefit plan (the gratuity plan) covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk etc. These are discussed as follows:

Interest Rate Risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If the bond yields fall, the defined benefit obligation will tend to increase.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Salary Inflation Risk: The benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The following table sets out the status of the gratuity plan as required under IND AS 19. Reconciliation of opening and closing balances of the present

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present value of obligations	97.75	64.12
Fair value of plan assets	-	-
Asset/ (Liability) recognised in the Balance Sheet	(97.75)	(64.12)



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

32 Retirement benefits (continued)

(b) Defined benefit plan (continued)

Movement in present values of defined benefit obligations

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Defined benefit obligation at the beginning of the year	64.12	20.29
Current service cost	44.74	33.80
Interest cost	4.56	1.39
Actuarial (gains) / losses	(15.67)	8.64
Benefits paid by the plan	-	-
Defined benefit obligation at the end of the year	97.75	64.12

Movement in fair value of plan assets

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Fair value of plan assets at the beginning of the year	-	-
Contributions paid into the plan	-	-
Benefits paid by the plan	-	-
Expected return on plan assets	-	-
Actuarial (losses) / gains	-	-
Fair value of plan assets at the end of the year	-	-

Expense recognised in the statement of profit or loss

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	44.74	33.80
Interest on obligation	4.56	1.39
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	(15.67)	8.64
Total	33.63	43.83

Remeasurements on the net defined benefit liability :

	Year ended 31 March 2021	Year ended 31 March 2020
- Actuarial (gain)/loss from change in demographic assumptions	-	23.72
- Actuarial (gain)/loss from change in financial assumptions	(2.99)	3.23
- Actuarial (gain)/loss from change in experience adjustments	(12.68)	(18.31)
Total amount recognised in other comprehensive income	(15.67)	8.64

Actuarial assumptions

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discount rate	7.11%	6.87%
Estimated rate of return on plan assets	0.00%	0.00%
Attrition rate	18.00%	18.00%
Future salary increases	12.00%	12.00%
Retirement age	58 years	58 years
Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

32 Retirement benefits (continued)

(b) Defined benefit plan (continued)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five year information

Gratuity	Year ended 31 March 2021	Year ended 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation	97.75	64.12	20.29	3.93	5.98
Fair value of plan assets	-	-	-	-	-
Deficit in plan	97.75	64.12	20.29	3.93	5.98
Experience adjustments on plan liabilities	(15.67)	8.64	2.34	(4.30)	-
Experience adjustments on plan assets	-	-	-	-	-

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Defined benefit obligation (Base)	97.75	64.12

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	Increase	Decrease	Increase	Decrease
'100 base points increase/decrease				
Discount rate (- / + 1%)	86.53	111.10	56.17	73.65
(% change compared to base due to sensitivity)	-11.48%	13.66%	-12.40%	14.88%
Future salary growth (- / + 1%)	109.39	87.45	72.62	56.63
(% change compared to base due to sensitivity)	11.91%	-10.54%	13.27%	-11.67%
Attrition rate (- / + 1%)	92.03	104.18	59.66	69.15
(% change compared to base due to sensitivity)	-5.85%	6.58%	-6.95%	7.85%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown

(c) Other long term employee benefits

The liability for compensated absences as at 31 March 2021 is INR 55.84 lakh (31 March 2020 - INR 46.54 lakh).

(d) Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

33 Micro and small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakh)

34 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of expected repayment behavior as used for estimating the EIR.

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	1,032.80	-	1,032.80	1,390.02	-	1,390.02
Loans	19,724.28	2,25,037.03	2,44,761.31	13,102.81	1,49,071.25	1,62,174.06
Investments	1,366.83	3,021.34	4,388.17	660.53	3,731.78	4,392.31
Receivable	550.71	-	550.71	392.94	-	392.94
Other financial assets	737.45	1,086.50	1,823.95	102.48	141.58	244.06
Non-financial assets						
Current tax assets (net)	341.40	-	341.40	495.47	-	495.47
Deferred tax assets (net)	-	274.78	274.78	-	363.29	363.29
Property, plant and equipment	-	136.41	136.41	-	187.87	187.87
Intangible assets	-	2.09	2.09	-	3.29	3.29
Other non-financial assets	33.27	10.38	43.65	1.21	39.41	40.62
TOTAL ASSETS	23,786.74	2,29,568.53	2,53,355.27	16,145.45	1,53,538.47	1,69,683.93
LIABILITIES						
Financial Liabilities						
Trade payables						
(i) Total outstanding dues of micro and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	264.61	-	264.61	182.39	-	182.39
Borrowings	58,882.89	1,57,532.33	2,16,415.22	32,816.03	1,09,405.69	1,42,221.71
Other financial liabilities	930.56	-	930.56	454.25	-	454.25
Non-financial liabilities						
Provisions	28.36	153.59	181.95	-	131.65	131.65
Deferred tax liabilities (net)	-	-	-	-	-	-
Other non-financial liabilities	223.37	-	223.37	103.04	-	103.04
TOTAL LIABILITIES	60,329.79	1,57,685.92	2,18,015.71	33,555.71	1,09,537.34	1,43,093.05
NET	(36,543.05)	71,882.60	35,339.56	(17,410.26)	44,001.13	26,590.89



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

35 Financial instrument fair value measurement

a. Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2021 were as follows:

Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Loans	2,44,761.31	-	-	2,44,761.31	2,44,761.31
Investments	4,388.17	-	-	4,388.17	4,388.17
Receivables	550.71	-	-	550.71	550.71
Other financial assets	1,823.95	-	-	-	-
Total	2,51,524.14				
Financial liabilities not measured at fair value*					
Trade payables	264.61	-	-	264.61	264.61
Borrowings	2,16,415.22	-	-	2,16,415.22	2,16,415.22
Other financial liabilities	930.56	-	-	-	-
Total	2,17,610.39				

The carrying value and fair value of financial instruments by categories as at 31 March 2020 were as follows:

Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value*					
Loans	1,62,174.06	-	-	1,62,174.06	1,62,174.06
Investments	4,392.31	-	-	4,392.31	4,392.31
Receivables	392.94	-	-	392.94	392.94
Other financial assets	244.06	-	-	-	-
Total	1,67,203.37				
Financial liabilities not measured at fair value*					
Trade payables	182.39	-	-	-	-
Borrowings	1,42,216.62	-	-	1,42,216.62	1,42,216.62
Other financial liabilities	454.25	-	-	-	-
Total	1,42,853.26				

* The Company has not disclosed the fair values for financial instruments which are short term in nature because their carrying amounts are a reasonable approximation of fair value.

Sensitivity analysis

	Increase	Decrease
For the year ended 31 March 2021		
Loans		
Interest rates (1% movement)	1,908.87	(1,908.87)
For the year ended 31 March 2020		
Loans		
Interest rates (1% movement)	1,415.95	(1,415.95)

b. Measurement of fair values

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only.



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

35 Financial instrument fair value measurement (continued)

b. Measurement of fair values (continued)

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalent, other financial assets (excluding security deposit), trade payables and other financial liability.

Loans and advances to customers

In case of retail loans and term loans with floating rates, the interest rate represents the market rate. Consequently the carrying amount represents the fair value. Term loans with fixed rate:- The fair values are estimated by discounted cash flow model that incorporates assumptions for credit risk, probability of default and loss give default estimates.

Investments

The fair values are estimated by discounted cash flow model that incorporates assumptions for credit risk, probability of default and loss give default estimates.

Borrowings

In case of borrowings with floating rates, the interest rate represents the market rate. Consequently the carrying amount represents the fair value.

c. Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The company monitors capital using adjusted net debt (total borrowings net of cash and cash equivalents) to equity ratio.

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Gross Debt	2,16,415.22	1,42,221.71
Less:		
Cash and Cash equivalent	1,032.80	1,390.02
Other bank deposits	-	-
Adjusted Net Debt	2,15,382.43	1,40,831.70
Total Equity	35,339.56	26,590.89
Adjusted Net Debt to Equity Ratio	6.09	5.30

The Company is subject to capital adequacy ratio ("CAR") requirements which are prescribed by the NHB. Refer Note 40



HINDUJA HOUSING FINANCE LIMITED
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(INR in lakh)

36 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, cash and cash equivalents, investments and other financial assets that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. risk management policies and systems are reviewed regularly to reflect changes in market conditions and the

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises primarily from the Company's loans and investments.

The carrying amounts of financial assets represent the maximum credit risk exposure.

A. Loans and advances

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's gross exposure to credit risk for loans and investments by type of counterparty is as follows:

Particulars	Carrying Amount	
	Year Ended 31 March 2021	Year Ended 31 March 2020
Retail loans	2,22,959.03	1,44,493.74
Term loans	24,674.05	19,252.72
Investments	4,404.41	4,397.35
	2,52,037.48	1,68,143.81

The above exposure is entirely concentrated in India. There are no overseas exposure.

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the Expected Credit Loss (ECL) model as per the provisions of Ind AS 109 - financial instruments.

Staging:

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 Months Provision
1-30 Days	Stage 1	12 Months Provision
31-60 Days	Stage 2	Lifetime Provision
61-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

36 Financial risk management objectives and policies *(continued)*

(i) Credit risk *(continued)*

A. Loans and advances *(continued)*

Grouping

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups:

- Housing Loans
- Loan against property
- Investments

Expected credit loss ("ECL"):

ECL on financial assets is an unbiased probability weighted amount based out of possible outcomes after considering risk of credit loss even if probability is low. ECL is calculated based on the following components:

- a. Marginal probability of default ("MPD")
- b. Loss given default ("LGD")
- c. Exposure at default ("EAD")
- d. Discount factor ("D")

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in an ensuing period of 12 months. Historical PD is derived from the HFC's internal data calibrated with forward looking macroeconomic factors. Macroeconomic factors having a high correlation with the HFC's internal data are selected as references for estimating future probabilities of default, which are:

1. GDP
2. Domestic Demand

Forecasts of these macro economic factors considered in the ECL model also take into account the estimated effect of the COVID-19 pandemic and based on this, the Company has estimated the future probabilities of default for the HFC's portfolio of assets.

Loss given default ("LGD"):

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Haircut was applied on the value of the collateral (asset cost) as of reporting date.
- 2) The outstanding amount was adjusted with the haircut adjusted collateral value.
- 3) LGD has been computed using the outstanding amount in step (2).

Exposure at default ("EAD"):

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments.

Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the interest on the outstanding exposure for the ensuing 12 months. So discounting was done for computation of expected credit loss.

The Company has provided moratorium for the period April to August 2020 as per the RBI circulars.

The Company has made management overlay for the impact of Covid-19 for the future 12 months uncertainty.



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

36 Financial risk management objectives and policies (continued)

(i) Credit risk (continued)

A. Loans and advances (continued)

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

ECL computation:

Conditional ECL at DPD pool level was computed with the following method:

Conditional ECL for year (yt) = EAD (yt) * conditional PD (yt) * LGD (yt) * discount factor (yt)

The calculation is based on provision matrix which considers actual historical data adjusted appropriately for the future expectations and probabilities. Proportion of expected credit loss provided for across the stage is summarized below:

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Stage 1	805.59	417.40
Stage 2	853.53	664.23
Stage 3	1,228.89	495.81
Amount of expected credit loss provided for	2,888.01	1,577.44

The loss rates are based on actual credit loss experience over past years. These loss rates are then adjusted appropriately to reflect differences between current and historical economic conditions and the Company's view of economic conditions over the expected lives of the loan receivables. Movement in provision of expected credit loss has been provided in below note.

Movement of ECL:

Particulars	Year Ended 31 March 2021	Year Ended 31 March 2020
Opening provision of ECL	1,577.44	505.04
Addition during the year	1,528.77	1,302.91
Utilization / reversal during the year	(218.20)	(230.51)
Closing provision of ECL	2,888.01	1,577.44

Reconciliation of ECL balance is given below:

Particulars	31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	417.40	664.23	495.81	1,577.44
Assets repaid (excluding write offs)*	(38.56)	(44.66)	(30.51)	(113.72)
Transfers from Stage 1 **	(104.48)	64.18	2.45	(37.85)
Transfers from Stage 2 **	106.95	131.31	63.50	301.76
Transfers from Stage 3 **	3.72	4.52	696.60	704.84
Amounts written off	-	-	-	-
New assets originated	420.57	33.94	1.03	455.55
Gross carrying amount closing balance	805.59	853.53	1,228.88	2,888.01

Particulars	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	30.75	179.74	294.55	505.04
Assets repaid (excluding write offs)*	224.12	23.18	214.05	461.35
Transfers from Stage 1 **	(4.29)	436.36	59.06	491.13
Transfers from Stage 2 **	2.84	(40.48)	94.63	56.99
Transfers from Stage 3 **	-	1.23	(22.22)	(20.99)
Amounts written off	(12.05)	-	(145.08)	(157.13)
New assets originated	176.03	64.20	0.82	241.05
Gross carrying amount closing balance	417.40	664.23	495.81	1,577.44



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

36 Financial risk management objectives and policies (continued)

(i) Credit risk (continued)

A. Loans and advances (continued)

An analysis of changes in the gross carrying amount :

Particulars	31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,43,409.15	19,714.30	3,681.78	1,66,805.23
Assets repaid (excluding write offs)*	(11,599.43)	(1,325.39)	(342.65)	(13,267.47)
Transfers from Stage 1 **	(35,311.91)	19,307.29	736.42	(15,268.19)
Transfers from Stage 2 **	3,174.29	(3,579.42)	1,884.62	1,479.49
Transfers from Stage 3 **	41.75	50.76	399.01	491.53
Amounts written off	-	-	-	-
New assets originated	1,08,612.22	1,415.41	8.74	1,10,036.37
Gross carrying amount closing balance	2,08,326.08	35,582.95	6,367.93	2,50,276.96

Particulars	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,17,564.37	7,623.87	2,086.56	1,27,274.80
Assets repaid (excluding write offs)*	(18,208.41)	(886.73)	5.81	(19,089.33)
Transfers from Stage 1 **	(13,614.35)	12,951.07	663.28	-
Transfers from Stage 2 **	853.16	(1,915.91)	1,062.75	-
Transfers from Stage 3 **	-	36.46	-	36.46
Amounts written off	(12.05)	-	(145.80)	(157.85)
New assets originated	56,826.43	1,905.53	9.19	58,741.15
Gross carrying amount closing balance	1,43,409.15	19,714.29	3,681.79	1,66,805.23

Note: The gross carrying value includes retail loans, term loans and investments.

* Excludes the unamortized component of sourcing cost/ income which is adjusted as part of loan balances.

** Represents the balance outstanding as at beginning of the year, net of repayments made during the year, if any. The repayments are forming part of "Assets repaid (excluding write offs)".

C. Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are mortgaged properties based on the nature of loans. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. The Company advances loan to maximum extent of 80% of the value of the mortgaged properties.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due. The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix. The total cash credit and working capital limit available to the Company is INR 15,500 lakhs spread across 5 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is individual housing loans. The company does not have any off book assets under management.



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

36 Financial risk management objectives and policies (continued)

(ii) Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

Particulars	As at 31 March 2021			As at 31 March 2020		
	Loans & Investments	Cash and cash equivalent	Other Financial Assets	Loans & Investments	Cash and cash equivalent	Other Financial Assets
1 day to 30/31days (onemonth)	7,104.94	1,032.80	737.45	4,558.42	1,390.02	495.42
Over one month to 2 months	3,610.27	-	-	2,377.28	-	-
Over 2 months up to 3 months	3,664.25	-	-	2,434.44	-	-
Over 3 months to 6 months	10,737.44	-	-	7,016.00	-	-
Over 6 months to 1 year	20,601.40	-	-	13,492.00	-	-
Over 1 year to 3years	70,546.74	-	1,086.50	47,897.03	-	141.58
Over 3 year to5 years	51,597.51	-	-	36,050.24	-	-
Over 5 years	81,286.93	-	-	52,740.96	-	-
Total	2,49,149.48	1,032.80	1,823.95	1,66,566.37	1,390.02	637.00

Particulars	As at 31 March 2021			As at 31 March 2020		
	Borrowings	Trade payable	Other Financial Liabilities	Borrowings	Trade payable	Other Financial Liabilities
1 day to 30/31days (onemonth)	2,951.59	264.61	930.56	2,170.02	182.39	454.25
Over one month to 2 months	2,104.76	-	-	1,370.79	-	-
Over 2 months up to 3 months	5,453.84	-	-	2,994.32	-	-
Over 3 months to 6 months	9,467.64	-	-	6,539.31	-	-
Over 6 months to 1 year	22,106.18	-	-	14,394.36	-	-
Over 1 year to 3years	78,841.39	-	-	53,757.01	-	-
Over 3 year to5 years	58,062.31	-	-	36,915.57	-	-
Over 5 years	37,427.52	-	-	24,080.34	-	-
Total	2,16,415.22	264.61	930.56	1,42,221.71	182.39	454.25

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.



HINDUJA HOUSING FINANCE LIMITED
Notes to the financial statements for the year ended 31 March 2021

(INR in lakh)

36 Financial risk management objectives and policies *(continued)*

(iii) Market risk *(continued)*

The sensitivity analysis have been carried out based on the exposure to interest rates lending and borrowings carried at variable rate.

Particulars	Year ended 31 March 2021		Year ended 31 March 2020	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Change in interest rates				
Variable rate borrowings				
Impact on profit for the year	(1,781.22)	1,781.22	(1,285.81)	1,285.81

37 Subsequent events

There are no significant subsequent events that have occurred after the reporting period till the date of these financial statements.

38 Note on COVID 19 Pandemic

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The standalone financial statements/results, includes the potential impact of the COVID-19 pandemic on the Company's standalone financial statements/results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered all information available upto the date of approval of these standalone financial statements/results. Accordingly, the Company has made provision for expected credit loss on financial assets as at March 31, 2021. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will further impact the Company's standalone financial statement/results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial Statements/results and the Company will continue to closely monitor any material changes to future economic conditions.



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

39 Disclosure required as per Annexure III of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI

Schedule to Balance sheet

S.No	Particulars	As at 31st March 2021	
		Amount Outstanding	Amount Overdue
	Liabilities Side		
1	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	-	-
	- Unsecured	-	-
(b)	(b) Deferred Credits	-	-
(c)	(c) Term Loans	1,95,768.55	-
(d)	(d) Inter-corporate loans and borrowing	-	-
(e)	(e) Commercial Paper	-	-
(f)	(f) Public Deposits	-	-
(g)	(g) Other Loans		
	- Cash credit and Working capital demand loans from bank	20,646.67	-
2	Break up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
(a)	(a) In form of Unsecured debentures	-	-
(b)	(b) In form of partly secured debentures	-	-
(c)	(c) Other public deposits	-	-
	Asset Side		Amount Outstanding
3	Break up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured		2,45,872.56
	(b) Unsecured		-
4	Break up of Leased Assets and stocks on hire and other assets counting towards asset financing activities		
	(i) Lease assets including lease rentals under sundry debtors		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stocks on hire including hire charges under sundry debtors		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards asset financing activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
5	Break-up of Investments		
	Current Investments		
	(i) Quoted		
	(a) Shares		
	- Equity		-
	- Preference		-
	(b) Debentures and Bond		-
	(c) Units of mutual fund		-
	(d) Government securities		-
	(e) Others		-
	(ii) Unquoted		
	(a) Shares		
	- Equity		-
	- Preference		-
	(b) Debentures and Bond		-
	(c) Units of mutual fund		-
	(d) Government securities		-
	(e) Others		-



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

39 Disclosure required as per Annexure III of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI

S.No	Particulars			Amount Outstanding
Asset Side				
5	Break-up of Investments			
	Long Term Investments			
	(i) Quoted			
	(a) Shares			
	- Equity			-
	- Preference			-
	(b) Debentures and Bond			-
	(c) Units of mutual fund			-
	(d) Government securities			-
	(e) Others			-
	(ii) Unquoted			
	(a) Shares			
	- Equity			-
	- Preference			-
	(b) Debentures and Bond			501.87
	(c) Units of mutual fund			-
	(d) Government securities			-
	(e) Others			
	- Investment in Alternative Investment Fund			1,000.66
	- Investment in pass-through certificates			2,901.88
6	Borrower group-wise classification of assets financed as in (3) and (4) above :			
	Category	Amount net of provision		
		Secured	Unsecured	Total
	(i) Related Party			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related party	-	-	-
	(ii) Other than related party	2,45,872.56	-	2,45,872.56
7	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)			
	Category	Market value/Break up or fair value/NAV	Book Value (net of provision)	
	(i) Related Party			
	(a) Subsidiaries	-	-	
	(b) Companies in the same group	-	-	
	(c) Other related party	-	-	
	(ii) Other than related party	-	4,404.40	
8	Other Information			
	Particulars			Amount
	(i) Gross Non-Performing Assets			
	(a) Related parties			-
	(b) Other than related parties			6,367.93
	(ii) Net Non-Performing Assets			
	(a) Related parties			-
	(b) Other than related parties			5,139.04
	(iii) Assets acquired in satisfaction of debt			-



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

40 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI

(i) Capital

Particulars	As at 31 March 2021	As at 31 March 2020
CRAR %	19.88%	21.51%
CRAR - Tier I Capital %	19.43%	21.13%
CRAR - Tier II Capital %	0.45%	0.38%
Amount of subordinated debt raised as Tier II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

(ii) Reserve fund u/s 29C of NHB Act, 1987

Statutory reserve	As at 31 March 2021	As at 31 March 2020
Balance at the beginning		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank	1,524.32	850.75
c) Total	1,524.32	850.75
Addition/Appropriation/withdrawals during the year		
Add:		
a) Amount transferred as per section 29C of the National Housing Bank Act, 1987	436.93	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank	810.46	673.57
Less:		
a) Amount appropriated as per section 29C of the National Housing Bank Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National	-	-
Balance as at end of the year		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	436.93	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank	2,334.78	1,524.32
c) Total	2,771.71	1,524.32

(iii) Investments

S.No	Particulars	As at 31 March 2021	As at 31 March 2020
1	Value of investment		
	(i) Gross value of investment		
	(a) In India	4,388.17	4,392.31
	(b) Outside India	Nil	Nil
	(ii) Provision for depreciation		
	(a) In India	Nil	Nil
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investment		
	(a) In India	4,388.17	4,392.31
	(b) Outside India	Nil	Nil
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance		
	(ii) Add : Provisions made during the year	Nil	Nil
	(iii) Less: Write off/ write back of excess provisions during the year		
	(iv) Closing balance		



HINDUJA HOUSING FINANCE LIMITED
Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

40 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI (Continued)

(iv) Derivatives

There have been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended 31 March 2021 and 31 March 2020.

(v) Disclosures relating to securitisation

(i) There have been no securitisation transactions carried out by the Company - Nil

(ii) Details of Financials Assets sold to Securitisation/ Reconstruction company for Asset Reconstruction - Nil

(iii) Details of Assignment transactions undertaken

Particulars	As at 31 March 2021	As at 31 March 2020
Number of accounts	905	-
Aggregate value (net of provision) of accounts assigned	8,333.39	-
Aggregate consideration	8,333.39	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

(iv) Details of non-performing financial assets purchased/sold - Nil



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

(vi) Asset Liability Management (ALM)

Maturity pattern of certain items assets and liabilities - As at 31 March 2021

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Borrowings from banks *	1,519.55	198.48	1,233.56	2,104.76	5,453.84	9,467.64	22,106.18	78,841.39	58,062.31	37,427.52	2,16,415.22
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	4,703.15	580.51	1,723.44	3,523.22	3,513.72	10,401.95	19,905.47	68,521.71	51,597.51	80,290.62	2,44,761.31
Investments	0.66	-	97.18	87.05	150.53	335.48	695.93	2,025.03	-	996.31	4,388.17
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items assets and liabilities - As at 31 March 2020

Particulars	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks *	1,281.20	165.27	723.55	1,370.79	2,994.32	6,539.31	14,394.36	53,757.01	36,915.57	24,080.34	1,42,221.71
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,880.95	388.60	1,243.83	2,346.12	2,340.34	6,854.25	13,163.53	45,675.45	34,540.03	52,740.96	1,62,174.06
Investments	-	-	45.04	31.16	94.10	161.76	328.47	2,221.57	1,510.21	-	4,392.31
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

*Cash credit borrowings and working capital demand loan from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating INR 20,646.67 Lakh (31 March 2020 - INR 6,532.59 Lakh) has been distributed over the same period as the maturity pattern of assets on finance.



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

41 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI

A. Exposure to Real Estate Sector

Category	As at 31 March 2021	As at 31 March 2020
(a) Direct exposure		
(i) Residential Mortgage Lending fully secured by mortgage on residential property that is or will be occupied by borrower or that is rented	2,21,130.91	1,43,115.46
(ii) Commercial real estate Lending fully secured by mortgage on commercial real estate (Office building or retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial building, industrial or warehouse space, hotels, land acquisitions, developments and constructions, etc.). Exposure would also include Non-Fund Based (NFB) limits.	-	-
(iii) Investment in mortgage back securities (MBS) and Other securitized exposures		
(a) Residential	2,901.88	3,644.77
(b) Commercial Real Estate	-	-
(b) Indirect Exposure Fund based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Corporations (HFCs)	26,244.18	20,045.00

* Includes exposures to Non-Housing loans secured by residential mortgages

B. Exposure to capital market

There is no exposure to capital market during the year ended 31 March 2021 and 31 March 2020.

C. Details of financing of parent company products

There is no exposure to financing of parent company products during the year ended 31 March 2021 and 31 March 2020.

D. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

During the year, the company had not exceeded the single borrower limit and group borrower limit as stipulated by the NHB Prudential Norms in respect of loans and advances.

E. Unsecured loans

There is no exposure to unsecured loans during the year ended 31 March 2021 and 31 March 2020.

F. Exposure to group companies engaged in real estate business

There is no exposure to group companies engaged in real estate business during the year ended 31 March 2021 and 31 March 2020.

42 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI

(i) Registration/ license/ authorization obtained from other financial sector regulators

Registration/ License	Authority issuing the registration/ license	Registration/ License reference
Certificate of registration	National Housing Bank	09.0129.15

(ii) Disclosure of Penalties imposed by NHB

Items	As at 31 March 2021	As at 31 March 2020
a) Penalty Penalty if any levied by National Housing Bank	-	-
b) Adverse remarks	-	-
c) Percentage of outstanding loans granted against collateral gold jewellery to their outstanding assets	-	-

**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

42 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI (Continued)**(iii) Ratings assigned by credit rating agency and migration of ratings during the year**

Facility	Rating agency	As at 31 March 2021	Date of rating
Long-term : Bank borrowings	CARE	AA-/Stable	15-Mar-21
Short-term : Bank borrowings	CARE	A1+	15-Mar-21
Short-term : Commercial paper	CARE	A1+	01-Oct-20
Long-term: Non-convertible debentures	CRISIL	AA-/Stable	06-May-21
Short-term : Commercial paper	CRISIL	A1+	06-May-21

(iv) Accounting Standard 21 - Consolidated Financial Statements, is not applicable**(v) Related Party Transactions - Refer note no 28 for disclosure relating to related party transactions****(vi) Group Structure - Refer note no 28 for disclosure relating to group structure****(vii) Remuneration to Director**

There are no pecuniary relationship or transaction with non-executive directors of the company during the year ended 31 March 2021 and 31 March 2020. For Remuneration paid to independent directors as sitting fee refer no 28.

(viii) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have an impact on current year's profit or loss.

(ix) Management - Refer Director's Report for relevant disclosures**(x) Revenue Recognition**

There has been no instance in which revenue recognition has been postponed pending the resolution of significant uncertainty.

43 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI**(i) Provisions and Contingencies**

Particulars	As at 31 March 2021	As at 31 March 2020
Provisions for depreciation on investment	-	-
Provisions made towards income tax	1,749.30	1,077.51
Provisions towards non-performing assets	1,228.89	497.24
Provision for Standard Assets	1,659.12	1,080.20
Other provision and contingencies		
- Provision for Expenses	264.61	157.53
- Provision for Employee Benefits	408.60	340.66



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

43 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI (continued)

(ii) break up of loans and advances and provisions thereon

Particulars	Housing loan		Non-housing loan	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Standard assets				
Total outstanding	1,47,877.03	1,00,044.06	96,031.99	63,079.39
Provisions	(1,114.85)	(820.38)	(544.28)	(259.81)
Sub-standard assets				
Total outstanding	2,467.75	1,561.30	493.07	161.14
Provisions	(292.15)	(139.02)	(58.38)	(14.35)
Doubtful assets 1				
Total outstanding	1,285.74	1,745.53	56.70	27.84
Provisions	(152.19)	(155.43)	(6.71)	(2.48)
Doubtful assets 2				
Total outstanding	1,487.18	-	30.61	-
Provisions	(176.04)	-	(3.62)	-
Doubtful assets 3				
Total outstanding	8.04	-	-	-
Provisions	(0.95)	-	-	-
Loss assets				
Total outstanding	504.44	185.97	34.40	-
Provisions	(504.44)	(185.97)	(34.40)	-
Total				
Total outstanding	1,53,630.19	1,03,536.86	96,646.77	63,268.36
Provisions	(2,240.62)	(1,300.80)	(647.39)	(276.64)

Note: The total outstanding amount mean principal + accrued interest + other charges pertaining to loans without netting off.

(iii) Draw Down from Reserves

There has not been any draw down from the reserves during the year ended 31 March 2021 and 31 March 2020.

(iv) Concentration of public deposits, Advances*, exposure# and NPAs

S.No	Particulars	As at 31 March 2021	As at 31 March 2020
1	Concentration of Public Deposits (for Public Deposit taking/holding HFCs)	NA	NA
2	Concentration of loans & advances		
	Total advances to twenty largest borrowers	24,051.88	19,452.49
	Percentage of Advances to twenty largest borrowers to Total Advances of the HFC	9.61%	11.66%
3	Concentration of all Exposures (including off-balance sheet exposures)		
	Total Exposure to twenty largest borrowers / customers	24,553.75	20,205.07
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	9.81%	12.11%
4	Concentration of NPAs		
	Total exposure to top ten NPA accounts	718.97	633.19

* Advances represents the outstanding balances as at the respective year end

Exposure represents the total amount financed as at the respective year end



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

43 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI (continued)

(v) Sector wise NPA

Particulars	% of NPAs to total advances in that sector	% of NPAs to total advances in that sector
	As at 31 March 2021	As at 31 March 2020
A.Housing Loans:		
Individuals	3.74%	3.37%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others (specify)	0.00%	0.00%
A. Non-Housing Loans:		
Individuals	0.64%	0.30%
Builders/Project Loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others (specify)	0.00%	0.00%

(vi) Movement of NPAs

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(i) Net NPAs to Net Advances (%)	2.06%	1.91%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	3,681.79	2,089.84
(b) Additions during the year	3,138.31	1,946.59
(c) Reductions during the year	(452.16)	(354.64)
(d) Closing balance	6,367.93	3,681.79
(iii) Movement of Net NPAs		
(e) Opening balance	3,184.54	1,637.52
(f) Additions during the year	2,652.50	1,848.83
(g) Reductions during the year	(698.00)	(301.81)
(h) Closing balance	5,139.04	3,184.54
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	497.25	452.32
(b) Provisions made during the year	771.69	306.63
(c) Write-off / write-back of excess provisions	(40.04)	(261.70)
(d) Closing balance	1,228.89	497.25

(vii) Overseas assets

The Company does not have any joint ventures and subsidiaries abroad during the year ended 31 March 2021 and 31 March 2020 and hence this disclosure is not applicable.

(viii) Off-balance sheet SPVs sponsored

There were no off-balance sheet SPVs sponsored by the Company during the year ended 31 March 2021 and 31 March 2020.



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

43 Disclosure required as per Annexure IV of the Notification No - RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136./2020-21 issued by RBI (continued)

(viii) Customer Complaints*

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	322	189
(c) No. of complaints redressed during the year	322	189
(d) No. of complaints pending at the end of the year	-	-

* As per the records of the Company

44 Comparison of Provision under IRACP Norms and Impairment Allowance under IND AS 109 as per RBI Guidelines.

For year ending 31st March 2021

Asset Classification as per RBI Norms	Asset Classification as per INDAS	Gross Carrying amount as per INDAS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	2,08,326.08	805.59	2,07,520.49	680.69	124.90
	Stage 2	35,582.95	853.53	34,729.42	115.78	737.75
Subtotal - Standard		2,43,909.03	1,659.12	2,42,249.90	796.48	862.65
Non performing assets						
Substandard	Stage 3	2,960.82	350.53	2,610.29	444.12	(93.60)
Doubtful - upto 1 year	Stage 3	1,342.43	158.91	1,183.53	335.61	(176.70)
1 to 3 years	Stage 3	1,517.79	179.66	1,338.13	607.12	(427.45)
More than 3 years	Stage 3	8.04	0.95	7.09	8.04	(7.09)
Subtotal - Doubtful		2,868.27	339.52	2,528.75	950.77	(611.25)
Loss assets	Stage 3	538.84	538.84	-	538.84	-
Subtotal - NPA		6,367.93	1,228.89	5,139.04	1,933.73	(704.84)
Total	Stage 1	2,08,326.08	805.59	2,07,520.49	680.69	124.90
	Stage 2	35,582.95	853.53	34,729.42	115.78	737.75
	Stage 3	6,367.93	1,228.89	5,139.04	1,933.73	(704.84)
	Total	2,50,276.96	2,888.01	2,47,388.94	2,730.21	157.80



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2021

(INR in lakhs)

44 Comparison of Provision under IRACP Norms and Impairment Allowance under IND AS 109 as per RBI Guidelines (continued)

For year ending 31st March 2020

Asset Classification as per RBI Norms	Asset Classification as per INDAS	Gross Carrying amount as per INDAS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Performing assets						
Standard	Stage 1	1,43,409.15	415.96	1,42,993.19	481.27	(65.31)
	Stage 2	19,714.30	664.23	19,050.06	65.02	599.21
Subtotal - Standard		1,63,123.45	1,080.19	1,62,043.25	546.29	533.90
Non performing assets						
Substandard	Stage 3	1,722.44	153.37	1,569.07	258.37	(105.00)
Doubtful - upto 1 year	Stage 3	1,773.37	157.90	1,615.47	443.34	(285.44)
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal - Doubtful		1,773.37	157.90	1,615.47	443.34	(285.44)
Loss assets	Stage 3	185.97	185.97	-	185.97	-
Subtotal - NPA		3,681.78	497.25	3,184.54	887.68	(390.43)
Total	Stage 1	1,43,409.15	415.96	1,42,993.19	481.27	(65.31)
	Stage 2	19,714.30	664.23	19,050.06	65.02	599.21
	Stage 3	3,681.78	497.25	3,184.54	887.68	(390.43)
	Total	1,66,805.23	1,577.44	1,65,227.79	1,433.97	143.47

45 Disclosure regarding Resolution Framework for COVID-19-related stress pursuant to Notification No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21

For quarter ending 31st March 2021

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	-	-	-	-	-

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

46 Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

For and on behalf of the **Board of Directors**

S Nagarajan
Chairman
DIN No. 00009236

Sachin Pillai
Managing Director
DIN No. 06400793

Prateek Parekh
Chief Financial Officer

Srinivas Rangarajan
Company Secretary

Place : Chennai
Date : May 24, 2021