

# B S R & Co. LLP

Chartered Accountants

KRM Tower, 1<sup>st</sup> & 2<sup>nd</sup> Floor,  
No 1, Harrington Road, Chetpet,  
Chennai - 600 031, India.

Telephone : +91 44 4608 3100  
Fax : +91 44 4608 3199

## INDEPENDENT AUDITORS' REPORT

To the Members of Hinduja Housing Finance Limited

Report on the Audit of the Financial Statements

### Opinion

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

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

### Basis for Opinion

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

### Other Information

The Company's management and 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 auditor's report thereon. The Company's director's report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Company's director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### Management's Responsibility for the Financial Statements

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

**INDEPENDENT AUDITORS' REPORT**  
**To the Members of Hinduja Housing Finance Limited**  
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In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

**INDEPENDENT AUDITORS' REPORT**

To the Members of Hinduja Housing Finance Limited

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**Report on Other Legal and Regulatory Requirements**

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) 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, 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 as at 31 March 2019.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Notes 6, 7 and 21 to the financial statements.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

**B S R & Co. LLP**

**INDEPENDENT AUDITORS' REPORT**

**To the Members of Hinduja Housing Finance Limited**

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

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

*for B S R & Co. LLP*

*Chartered Accountants*

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

**Naveen Raj R**

**Partner**

**Membership No: 217772**

**Place: Chennai**

**Date: 20 May 2019**

**Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited for the year ended 31 March 2019 (referred to in our report of even date)**

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- (i) (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 by which all fixed assets are verified over a period of two years in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, some of the fixed assets were verified during the year and as explained to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any immovable properties. Accordingly, the paragraph 3(i) (c) of the order is not applicable to the company.
- (ii) The Company is a housing finance company, primarily engaged in lending activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the Company.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required to be maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us, the Company has not given any loan, or made investment, or provided any guarantee or security as specified under section 185 and 186(1) of the Act. The remaining provisions of section 186 of the Act do not apply to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits either as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 of the Companies Act, 2013 for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, goods and service tax, income tax and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, duty of excise, value added tax, duty of customs and cess.

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

**Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited for the year ended 31 March 2019 (referred to in our report of even date)**

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- (b) According to the information and explanations given to us, there are no dues in respect of income tax and goods and services tax that have not been deposited on account of any disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution, government or debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. However, the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of records of the Company, the managerial remuneration for the year ended 31 March 2019 has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act and rules framed thereunder.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details as required by the applicable accounting standards has been disclosed in the financial statements.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with such directors. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company, being a housing finance company is registered with National Housing Bank and is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

**Naveen Raj R**  
Partner  
Membership No: 217772  
Place: Chennai  
Date: 20 May 2019

**Annexure B to the Independent Auditors' report on the financial statements of Hinduja Housing Finance Limited for the year ended 31 March 2019**

**Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

**Opinion**

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

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

**Annexure B to the Independent Auditors' report on the financial statements of Hinduja Housing Finance Limited for the year ended 31 March 2019**

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**Meaning of Internal Financial controls with Reference to Financial Statements**

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

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

*for B S R & Co. LLP*

*Chartered Accountants*

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

**Navcen Raj R**

**Partner**

**Membership No: 217772**

**Place: Chennai**

**Date: 20 May 2019**



HINDUJA HOUSING FINANCE LIMITED  
Balance sheet as at 31 March 2019

(INR In lakhs)

Particulars	Note No.	As at	As at	As at
		31 March 2019	31 March 2018	1 April 2017
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	5	1,127.31	983.08	202.15
Loans	6	122,040.42	69,801.41	44,557.65
Investments	7	5,292.86	3,854.16	-
Other financial assets	8	1,240.27	1,096.38	647.31
		<u>129,700.86</u>	<u>75,735.03</u>	<u>45,407.11</u>
<b>Non-financial assets</b>				
Current tax assets (net)	9	247.61	171.46	-
Deferred tax assets (net)	9	-	92.81	64.48
Property, plant and equipment	10	205.65	100.61	88.69
Intangible assets	10A	3.95	5.30	6.82
Other non-financial assets	11	20.21	53.33	95.12
		<u>477.42</u>	<u>423.51</u>	<u>255.11</u>
<b>TOTAL ASSETS</b>		<u><b>130,178.28</b></u>	<u><b>76,158.54</b></u>	<u><b>45,662.22</b></u>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>Financial liabilities</b>				
<b>Payables</b>				
<b>Trade Payables</b>				
(i) total outstanding dues of micro and small enterprises	12	-	-	-
(ii) total outstanding dues of creditors other than micro and small enterprises	12	42.66	31.61	20.30
Borrowings	13	109,981.34	61,977.49	36,155.81
Other financial liabilities	14	807.72	352.08	210.69
		<u>110,831.72</u>	<u>62,361.18</u>	<u>36,386.80</u>
<b>Non-financial liabilities</b>				
Provisions	15	36.65	29.87	71.54
Deferred tax liabilities (net)	9	60.93	-	-
Other non-financial liabilities	16	19.47	36.84	40.19
		<u>117.05</u>	<u>66.71</u>	<u>111.73</u>
<b>EQUITY</b>				
Equity share capital	17	15,000.00	12,000.00	9,000.00
Other equity	18	4,229.51	1,730.65	163.69
		<u>19,229.51</u>	<u>13,730.65</u>	<u>9,163.69</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><b>130,178.28</b></u>	<u><b>76,158.54</b></u>	<u><b>45,662.22</b></u>

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 BSR & Co. LLP  
Chartered Accountants  
Firm's registration number: 101248W/W-100022

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

Naveen Raj R  
Partner  
Membership No: 217772

S Nagarajan  
Chairman  
DIN No. 00009236

Sachin Pillai  
Managing Director  
DIN No. 06400793

Jayaprakash Sampath Kijinar  
Chief Financial Officer

Baalasubramanian N.  
Company Secretary

Place : Chennai  
Date : 20 May 2019

Place : Chennai  
Date : 20 May 2019



**HINDUJA HOUSING FINANCE LIMITED**  
Statement of Profit and Loss for the year ended 31 March 2019

(INR In lakhs)

Particulars	Note No.	Year ended 31 March 2019	Year ended 31 March 2018
<b>Revenue from operations</b>			
Interest income	19	12,958.24	7,763.04
Fees and commission income	19	64.46	22.32
Income from other services	19	1,000.00	876.57
<b>Total Revenue from operations</b>		<b>14,022.70</b>	<b>8,661.93</b>
<b>Expenses</b>			
Finance costs	20	7,003.39	4,337.08
Impairment on financial assets	21	410.36	473.61
Employee benefits expenses	22	1,814.77	897.34
Depreciation and amortization	23	59.88	37.60
Other expenses	24	1,202.88	674.58
<b>Total Expenses</b>		<b>10,491.28</b>	<b>6,420.21</b>
<b>Profit before tax</b>		<b>3,531.42</b>	<b>2,241.72</b>
<b>Tax expense:</b>	25		
Current tax		876.42	707.40
Deferred tax (net)		154.48	(29.58)
		<b>1,030.90</b>	<b>677.82</b>
<b>Profit for the year</b>		<b>2,500.52</b>	<b>1,563.90</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(2.34)	4.30
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.68	(1.24)
<b>Total other comprehensive income</b>		<b>(1.66)</b>	<b>3.06</b>
<b>Total comprehensive Income</b>		<b>2,498.86</b>	<b>1,566.96</b>
<b>Earnings per equity share (face value Rs.10 each)</b>	26		
- Basic (in Rs.)		1.96	1.60
- Diluted (in Rs.)		1.96	1.60
<b>Significant accounting policies</b>	2, 3 & 4		

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

As per our report of even date

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

Chartered Accountants

Firm's registration number: 101248W/ W-100022

For and on behalf of the Board of Directors of

**Hinduja Housing Finance Limited**

CIN No: U65922TN2015PLC100093

**Naveen Raj R**

Partner

Membership No: 217772

**S Nagarajan**

Chairman

DIN No. 00009236

**Sachin Pillai**

Managing Director

DIN No. 06400793

**Roopa Sampath Kumar**

Chief Financial Officer

**Baalasubramaniyan Ne.**

Company Secretary

Place : Chennai

Date : 20 May 2019

Place : Chennai

Date : 20 May 2019



**HINDUJA HOUSING FINANCE LIMITED**  
Statement of Changes in Equity for the year ended 31 March 2019

**A Equity Share Capital**

(INR In lakhs)

Particulars	Number of shares	Amount
Balance as at 1 April 2017	90,000,000	9,000.00
Add: Issued during the year	30,000,000	3,000.00
<b>Balance as at 31 March 2018</b>	<b>120,000,000</b>	<b>12,000.00</b>
Add: Issued during the year	30,000,000	3,000.00
<b>Balance as at 31 March 2019</b>	<b>150,000,000</b>	<b>15,000</b>

B Other equity	Reserves and Surplus		Total
	Statutory Reserves	Retained Earnings	
Balance as at 1 April 2017	37.87	125.82	163.69
Profit for the year	-	1,563.90	1,563.90
Transfer to reserve	312.78	(312.78)	-
Total other comprehensive income (net of tax)	-	3.06	3.06
<b>Balance as at 31 March 2018</b>	<b>350.65</b>	<b>1,380.00</b>	<b>1,730.65</b>
Profit for the year	-	2,500.52	2,500.52
Transfer to reserve	500.10	(500.10)	-
Total other comprehensive income (net of tax)	-	(1.66)	(1.66)
<b>Balance as at 31 March 2019</b>	<b>850.75</b>	<b>3,378.76</b>	<b>4,229.51</b>

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 **BSR & Co. LLP**

Chartered Accountants

Firm's registration number: 101248W/ W-100022

For and on behalf of the Board of Directors of

**Hinduja Housing Finance Limited**

CIN No: U65922TN2015PLC100093

**Naveen Raj R**

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**Sachin Pillai**

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**Roopa Sampath Kumar**

Chief Financial Officer

**Baalasubramanian Ne.**

Company Secretary

Place : Chennai

Date : 20 May 2019

Place : Chennai

Date : 20 May 2019

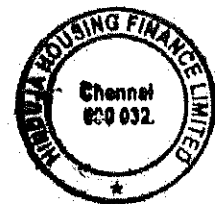
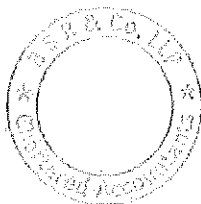


HINDUJA HOUSING FINANCE LIMITED  
Cash Flow Statement for the year ended 31 March 2019

(INR In lakhs)

	Year ended 31 March 2019	Year ended 31 March 2018
<b>A. Cash flow from operating activities</b>		
Net profit before tax	3,531.42	2,241.72
Adjustments:		
Depreciation and amortization	59.88	37.60
Impairment on financial assets	410.36	473.61
Finance cost	7,003.39	4,337.08
Interest on security deposit	(37.02)	(12.79)
Rent expense	32.36	17.90
Interest income on investments	(391.16)	(215.16)
<b>Operating cash flow before working capital changes</b>	<b>10,609.23</b>	<b>6,879.96</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(52,670.58)	(25,738.26)
Other financial assets	(148.14)	(456.32)
Other non- financial assets	33.12	41.79
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	11.05	11.31
Other financial liabilities	276.15	47.90
Other non financial liabilities	(17.37)	(3.35)
<b>Net cash (used in) operations</b>	<b>(41,906.54)</b>	<b>(19,216.97)</b>
Finance cost paid	(6,823.90)	(4,243.59)
Taxes paid (net)	(973.56)	(923.43)
<b>Net cash (used in) operating activities (A)</b>	<b>(49,704.00)</b>	<b>(24,383.99)</b>
<b>B. Cash flow from investing activities</b>		
Investment in pass through securities (net)	(1,438.84)	(2,854.27)
Investment in redeemable non-convertible debentures (net)	-	(1,000.00)
Interest income on investments	386.91	207.91
Purchase of fixed assets (tangible and intangible assets)	(103.69)	(10.40)
<b>Net cash (used in) investing activities (B)</b>	<b>(1,155.62)</b>	<b>(3,656.76)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares including securities premium (net)	3,000.00	3,000.00
Proceeds from borrowings (net)	48,003.85	25,821.68
<b>Net cash from financing activities (C)</b>	<b>51,003.85</b>	<b>28,821.68</b>
Net increase in cash and cash equivalents (A+B+C)	144.23	780.93
Cash and cash equivalents at the beginning of the year	983.08	202.15
Cash and cash equivalents at the end of the year	1,127.31	983.08

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**HINDUJA HOUSING FINANCE LIMITED**  
Cash Flow Statement for the year ended 31 March 2019

(INR In lakhs)

	Note No.	As at 31 March 2019	As at 31 March 2018
<b>Components of cash and cash equivalents</b>			
Cash and cheques on hand	5	11.69	6.65
Balances with banks			
-In current accounts	5	1,115.62	976.43
		<u>1,127.31</u>	<u>983.08</u>
<b>Significant accounting policies</b>	2, 3 & 4		

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

As per our report of even date  
for B S R & Co. LLP  
Chartered Accountants  
Firm registration number: 101248W/W-100022

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

Naveen Raj R  
Partner  
Membership No: 217772

S Nagarajan  
Chairman  
DIN No. 00009236

Sachin Pillai  
Managing Director  
DIN No. 06400793

Roopa Sampath Kalmar  
Chief Financial Officer

Baalasubramanian Ne.  
Company Secretary

Place : Chennai  
Date : 20 May 2019

Place : Chennai  
Date : 20 May 2019



**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**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**

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

The Company's financial statements up to and for the year ended 31 March 2018 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 38.

These financial statements were authorised for issue by the Company's Board of Directors on 20 May 2019.

Details of the Company's accounting policies are disclosed in note 3.

**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 liabilities 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 recognised 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

**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.

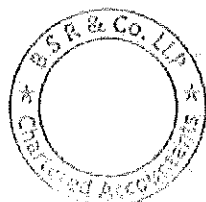
**2.4 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**2.5 Use of estimates and judgements**

The preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

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**2 Basis of preparation (continued)**

**2.5 Use of estimates and judgements (continued)**

**Judgements**

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**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. Monitoring is part of the Company's continuous assessment of whether the business model for which the 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.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

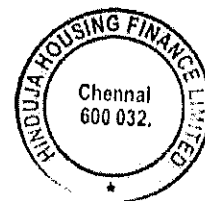
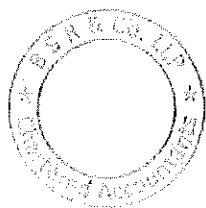
**ii) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

**iii) Effective Interest Rate ("EIR") method**

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well as expected changes to interest rates and other fee income/ expense that are integral parts of the instrument.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**2 Basis of preparation (continued)**

**2.5 Use of estimates and judgements (continued)**

**iv) 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, domestic demand 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.

**v) Provisions and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

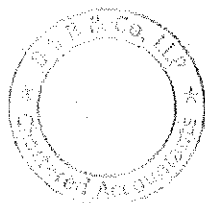
**3 Significant accounting policies**

**3.1 Recognition of Interest Income**

**A. EIR method**

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.1 Recognition of Interest Income (continued)**

**A. EIR method (continued)**

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

**B. Interest income**

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets.

When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

**3.2 Financial instrument - Initial recognition**

**A. Date of recognition**

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

**B. 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.

**C. 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**

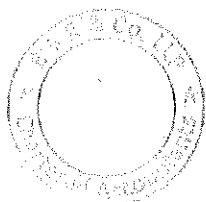
**A. Financial assets**

**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
- d) The expected frequency, value and timing of sales are also important aspects of the Company's assessment.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.3 Financial assets and liabilities (continued)**

**A. Financial assets (continued)**

**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.

**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 recognised in statement of profit or loss.

**ii) Financial assets carried at amortised cost (AC)**

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

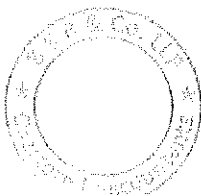
**B. Financial liability**

**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.





**HINDUJA HOUSING FINANCE LIMITED**  
Statement of Changes in Equity for the year ended 31 March 2019

**3 Significant accounting policies (continued)**

**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 2019 and 31 March 2018.

**3.5 Derecognition of financial assets and liabilities**

**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

**B. 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 derecognised 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 recognised 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 recognises 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 derecognised when the obligation under the liability is discharged, cancelled or expires. 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 recognised in the statement of profit and loss.

**3.6 Impairment of financial assets**

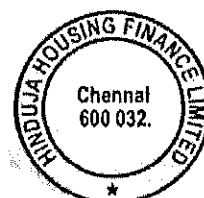
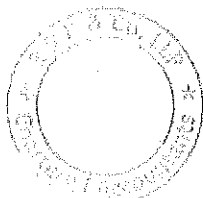
**A. Overview of ECL principles**

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 LTECLs and 12 months ECLs are calculated on collective basis.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

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**3 Significant accounting policies (continued)**

**3.6 Impairment of financial assets (continued)**

**A. Overview of ECL principles (continued)**

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

**Stage 1:**

When loans are first recognised, the Company recognises 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.

**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 derecognised 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 analysed.

The mechanics of the ECL method are summarised 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.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.6 Impairment of financial assets (continued)**

**A. Overview of ECL principles (continued)**

**Stage 2:**

When a loan has shown a significant increase in credit risk since origination (if financial asset is more than 30 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 recognises 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 recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

**C. Forward looking information**

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

- i) Gross domestic products
- ii) Domestic demand

**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**

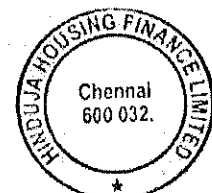
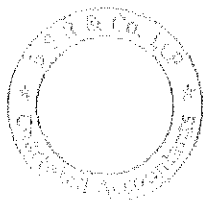
Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries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

**3.9 Determination of fair value**

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

**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;





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.9 Determination of fair value (continued)**

**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.

**3.10 Recognition of revenue and other income**

**A. Revenue from operations**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115 :

**Step 1: Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2: Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

**Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

**Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.**

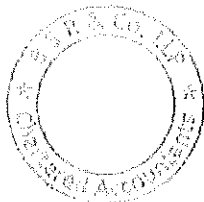
**B. Fees and commission income**

Fees and commission income such as cheque bounce charges and service income etc. are recognised on point in time basis.

**C. Income from other services**

Income from other services is recognised on the basis of the terms of the contract entered into with the parties.

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**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.11 Property, plant and equipment**

**i. Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalised 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 recognised in profit or loss.

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

**iii. Subsequent expenditure**

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

**iv. 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 recognised 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

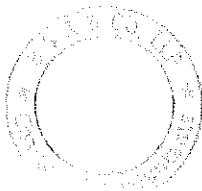
**3.12 Intangible assets**

**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 capitalised 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 recognised in profit or loss as incurred.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.12 Intangible assets (continued)**

**ii. Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

**iv. 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 softwares	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**

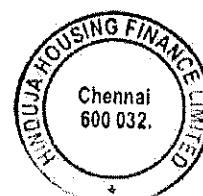
The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

**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 recognised 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.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

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**3 Significant accounting policies (continued)**

**3.14 Employee benefits (continued)**

**i. Post-employment benefits (continued)**

**Defined benefit plans (continued)**

**Gratuity (continued)**

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 recognised in OCI. Net interest expense and other expenses related to defined benefit plans are recognised 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 recognised immediately in Statement of profit or loss. The Company recognises 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 unutilised accrued compensated absences and utilise 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.

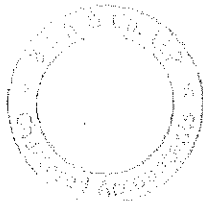
**iii. Short-term employee benefits**

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.

**3.15 Provisions, contingent liabilities and contingent assets**

**Provisions**

Provisions are recognised 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.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

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**3 Significant accounting policies (continued)**

**3.15 Provisions, contingent liabilities and contingent assets (Continued)**

**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.

**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 neither recognised nor disclosed in the financial statements.

**3.16 Leases**

**i. Determining whether an arrangement contains a lease**

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

**ii. Lease payments**

Payments made under operating leases are generally recognised in Statement of profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

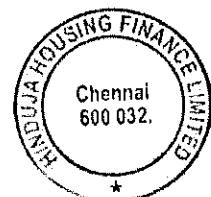
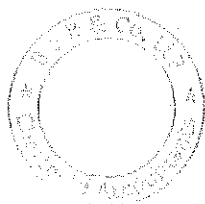
**3.17 Income tax**

Income tax comprises current and deferred tax. It is recognised in Statement of profit or loss except to the extent that it relates to a business combination or to an item recognised 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 recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.





**HINDUJA HOUSING FINANCE LIMITED**  
Statement of Changes in Equity for the year ended 31 March 2019

**3 Significant accounting policies (continued)**

**3.17 Income tax (continued)**

**ii. Deferred tax**

Deferred tax is recognised 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 recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for

- (a) 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;
- (b) 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
- (c) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised 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 – unrecognised or recognised, are reviewed at each reporting date and are recognised/ 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.

**iii. Minimum Alternate Tax**

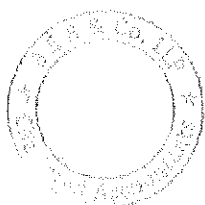
Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

**3.18 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.

**3.19 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.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

**3 Significant accounting policies (continued)**

**3.20 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.

**3.21 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 net profit / loss after tax 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 after tax 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.

**3.22 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.

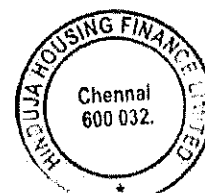
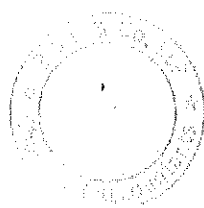
**4 Standard issued but not yet effective**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019

**Ind AS 116 - Leases**

Ind AS 116 Leases was notified on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind AS 116 is similar to existing Ind AS 17 accounting.

The Company will adopt Ind AS 116, effective annual reporting period beginning 1 April 2019. The Company will apply the standard to its leases, prospectively, using the modified prospective method with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019. The Company does not expect any significant impact of the amendment on its financial statements.





**HINDUJA HOUSING FINANCE LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2019**

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**4 Standard issued but not yet effective (continued)**

**Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an Company shall recognise the income tax consequences of dividends in the statement of profit or loss, other comprehensive income or equity according to where the Company originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the Company pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

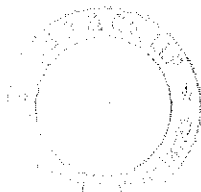
The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the Company has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the Company is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) Company has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**Ind AS 109 – Prepayment features with negative compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any significant impact on its financial statements.

**Ind AS 19 – Plan amendment, curtailment or settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR In lakhs)

**5 Cash and cash equivalents**

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Cash on hand	4.98	1.45	-
Balances with Banks			
- In current / cash credit accounts	1,115.62	976.43	202.15
Cheques on hand	6.71	5.20	-
<b>Total</b>	<b>1,127.31</b>	<b>983.08</b>	<b>202.15</b>

(i) Earmarked balances with banks	-	-	-
(ii) Balances with bank to the extent held as margin money or security against the borrowings, guarantees, other commitments	-	-	-
(iii) Repatriation restrictions in respect of cash and bank balances	-	-	-

Note: The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 31 March 2019.

**6 Loans**

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	<b>At amortised cost</b>		
<b>A. Based on nature</b>			
Retail Loans	104,159.90	66,004.37	44,773.57
Term Loans	18,385.30	4,451.78	-
<b>Total gross</b>	<b>122,545.20</b>	<b>70,456.15</b>	<b>44,773.57</b>
Less : Impairment loss allowance	(504.78)	(654.74)	(215.92)
<b>Total net</b>	<b>122,040.42</b>	<b>69,801.41</b>	<b>44,557.65</b>
<b>B. Based on security</b>			
(i) Secured by tangible assets	122,545.20	70,456.15	44,773.57
(ii) Unsecured	-	-	-
<b>Total gross</b>	<b>122,545.20</b>	<b>70,456.15</b>	<b>44,773.57</b>
Less : Impairment loss allowance	(504.78)	(654.74)	(215.92)
<b>Total net</b>	<b>122,040.42</b>	<b>69,801.41</b>	<b>44,557.65</b>
<b>C. Based on region</b>			
<b>(I) Loans in India</b>			
(i) Public Sector	-	-	-
(ii) Others	122,545.20	70,456.15	44,773.57
<b>Total gross</b>	<b>122,545.20</b>	<b>70,456.15</b>	<b>44,773.57</b>
Less : Impairment loss allowance	(504.78)	(654.74)	(215.92)
<b>Total net (I)</b>	<b>122,040.42</b>	<b>69,801.41</b>	<b>44,557.65</b>
<b>(II) Loans outside India</b>			
Loans outside India	-	-	-
<b>Total net (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (I)+(II)</b>	<b>122,040.42</b>	<b>69,801.41</b>	<b>44,557.65</b>

**Notes :**

- Retail loans are secured exposures that are secured by assets hypothecated to the company.
- Term loans are secured exposures that are secured by assets/ underlying portfolio provided to the company by





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR in Lakhs)

**6.1 An analysis of changes in the gross carrying amount\* and the corresponding ECL allowances**

Particulars	31 March 2019			31 March 2018				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	64,501.96	8,936.91	563.26	74,002.13	40,362.10	4,564.51	-	44,926.61
Assets repaid (excluding write offs)*	(14,728.50)	(3,935.96)	(119.28)	(18,783.74)	(7,334.99)	(944.20)	-	(8,279.19)
Transfers from Stage 1 **	(3,341.80)	2,946.80	395.00	-	(5,602.70)	5,106.37	496.33	-
Transfers from Stage 2 **	1,907.12	(3,151.76)	1,244.64	-	1,799.28	(1,860.05)	60.77	-
Transfers from Stage 3 **	44.45	62.29	(106.74)	-	-	-	-	-
Amounts written off	-	-	(197.02)	(197.02)	-	-	-	-
New assets originated	69,181.14	2,765.59	306.70	72,253.43	35,278.27	2,070.28	6.16	37,354.71
Gross carrying amount closing balance	117,564.37	7,623.87	2,086.56	127,274.80	64,501.96	8,936.91	563.26	74,002.13

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

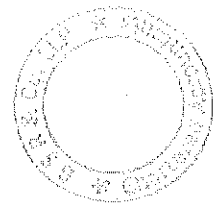
\* Excludes the unamortised component of sourcing cost/ income which is adjusted as part of loan balances.

\*\* 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)".

**6.2 Reconciliation of ECL balance is given below:**

Particulars	31 March 2019			31 March 2018				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	35.71	373.37	245.77	654.85	25.22	190.70	-	215.92
Addition during the year	20.96	130.48	279.57	431.01	18.45	299.83	245.77	564.05
Reversal during the year	(25.91)	(324.12)	(230.79)	(580.82)	(7.96)	(117.16)	-	(125.12)
ECL allowance - closing balance	30.76	179.73	294.55	505.04	35.71	373.37	245.77	654.85

The contractual amount outstanding on loans that have been written off during the year, but were still subject to enforcement activity is 197.02 lakhs as at 31 March 2019 (31 March 2018 : Nil).





HINDUJA HOUSING FINANCE LIMITED  
Notes to financial statements for the year ended 31 March 2019

(INR In lakhs)

7 Investments

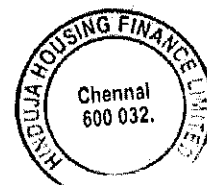
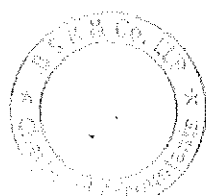
Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
	At amortised cost		
<b>Investment in debentures (unquoted)</b>			
Non-convertible redeemable debentures	1,000.00	1,000.00	-
<b>Investment in pass-through certificates (unquoted)</b>			
Investment in pass-through certificates	4,293.12	2,854.27	-
<b>Gross Investments</b>	<b>5,293.12</b>	<b>3,854.27</b>	-
(i) Investments outside India	-	-	-
(ii) Investments in India	5,293.12	3,854.27	-
<b>Gross Investments</b>	<b>5,293.12</b>	<b>3,854.27</b>	-
Less: Allowance for impairment loss	(0.26)	(0.11)	-
<b>Net Investments</b>	<b>5,292.86</b>	<b>3,854.16</b>	-
Aggregate book value of unquoted investments	5,293.12	3,854.27	-
Aggregate amount of impairment in value of investments	(0.26)	(0.11)	-

8 Other financial assets

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
Interest accrued			
- on loans and advances	1,052.10	644.03	349.72
- on investments	22.22	17.97	10.72
Employee advances	-	2.75	-
Security deposits (also refer note 27)	165.95	118.93	106.14
Others receivables	-	312.70	180.73
<b>Total</b>	<b>1,240.27</b>	<b>1,096.38</b>	<b>647.31</b>

9 Tax assets (net)

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
<b>Current tax assets (net)</b>			
Advance income tax (net of provision)	247.61	171.46	-
<b>Deferred tax assets (net) ( refer note 25 )</b>			
Deferred tax assets / (liability)	(60.93)	92.81	64.48





HINDUJA HOUSING FINANCE LIMITED  
Notes to financial statements for the year ended 31 March 2019

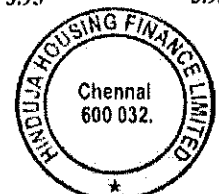
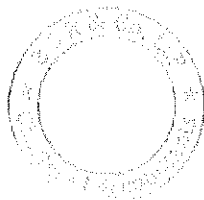
(INR In lakhs)

10 Property, plant and equipment

Particulars	Furniture and fixtures	Office equipment	Computers	Total
<b>Cost or deemed cost (gross carrying amount)</b>				
Balance as at 1 April 2017	11.90	10.13	66.66	88.69
Additions	1.61	14.31	34.08	50.00
Disposals	-	0.27	2.64	2.91
<b>Balance as at 31 March 2018</b>	<b>13.51</b>	<b>24.17</b>	<b>98.10</b>	<b>135.78</b>
Balance as at 1 April 2018	13.51	24.17	98.10	135.78
Additions	4.32	3.79	159.28	167.39
Disposals	-	-	5.06	5.06
<b>Balance as at 31 March 2019</b>	<b>17.83</b>	<b>27.96</b>	<b>252.32</b>	<b>298.11</b>
<b>Accumulated depreciation</b>				
Balance as at 1 April 2017	-	-	-	-
Depreciation for the year	1.63	3.79	30.66	36.08
Disposals	-	0.03	0.88	0.91
<b>Balance as at 31 March 2018</b>	<b>1.63</b>	<b>3.76</b>	<b>29.78</b>	<b>35.17</b>
Balance as at 1 April 2018	1.63	3.76	29.78	35.17
Depreciation for the year	1.97	8.76	47.80	58.53
Disposals	-	-	1.24	1.24
<b>Balance as at 31 March 2019</b>	<b>3.60</b>	<b>12.52</b>	<b>76.34</b>	<b>92.46</b>
<b>Carrying amount (net)</b>				
As at 1 April 2017	11.90	10.13	66.66	88.69
As at 31 March 2018	11.88	20.41	68.32	100.61
As at 31 March 2019	14.23	15.44	175.98	205.65

10A Intangible assets

Particulars	Computer Software	Total
<b>Cost or deemed cost (gross carrying amount)</b>		
Balance as at 1 April 2017	6.82	6.82
Additions	-	-
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>6.82</b>	<b>6.82</b>
Balance as at 1 April 2018	6.82	6.82
Additions	-	-
Disposals	-	-
<b>Balance as at 31 March 2019</b>	<b>6.82</b>	<b>6.82</b>
<b>Accumulated depreciation</b>		
Balance as at 1 April 2017	-	-
Depreciation for the year	1.52	1.52
Disposals	-	-
<b>Balance as at 31 March 2018</b>	<b>1.52</b>	<b>1.52</b>
Balance as at 1 April 2018	1.52	1.52
Depreciation for the year	1.35	1.35
Disposals	-	-
<b>Balance as at 31 March 2019</b>	<b>2.87</b>	<b>2.87</b>
<b>Carrying amount (net)</b>		
As at 1 April 2017	6.82	6.82
As at 31 March 2018	5.30	5.30
As at 31 March 2019	3.95	3.95





HINDUJA HOUSING FINANCE LIMITED  
Notes to financial statements for the year ended 31 March 2019

(INR In lakhs)

11 Other non-financial assets

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
Prepaid rent	17.90	50.26	68.16
Other advances	2.31	3.07	26.96
<b>Total</b>	<b>20.21</b>	<b>53.33</b>	<b>95.12</b>

12 Trade payable

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
(i) Total outstanding dues of micro and small enterprises	-	-	-
(ii) Total outstanding dues of creditors other than micro and small enterprises (refer note 34)	42.66	31.61	20.30
<b>Total</b>	<b>42.66</b>	<b>31.61</b>	<b>20.30</b>

13 Borrowings

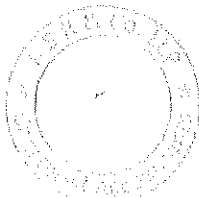
Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
At amortised cost			
<b>Secured borrowings</b>			
Term Loan from banks (refer note 13.1)	101,411.87	46,653.57	22,500.00
Cash credit and working capital demand loans from banks (refer note below)	8,632.46	15,417.08	13,758.21
Less: Unamortised borrowing costs	(62.99)	(93.16)	(102.40)
<b>Total</b>	<b>109,981.34</b>	<b>61,977.49</b>	<b>36,155.81</b>
Borrowings in India	109,981.34	61,977.49	36,155.81
Borrowings outside India	-	-	-
<b>Total</b>	<b>109,981.34</b>	<b>61,977.49</b>	<b>36,155.81</b>
<b>Total</b>	<b>109,981.34</b>	<b>61,977.49</b>	<b>36,155.81</b>

Terms of repayment of borrowings:

Secured borrowing

- 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.
- 2) The Company has not defaulted in repayment of borrowings and interest.

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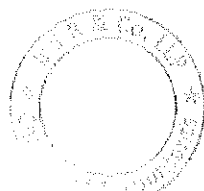


HINDUJA HOUSING FINANCE LIMITED  
Notes to financial statements for the year ended 31 March 2019

(INR In lakhs)

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

Particulars	Amount	Terms of redemption/ repayment	Security
<b>Term loans from banks</b>			
Term loan - 1	9,270.01	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 26	Exclusive charge on receivables of the company
Term loan - 2	10,000.00	Repayable in 16 Equal Quarterly installments Remaining no. of installments: 16	Exclusive charge on the unencumbered identified set of receivables from standard assets portfolio of receivables.
Term loan - 3	1,933.00	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 24	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 4	1,209.72	Repayable in 31 Equal Quarterly installments Remaining no. of installments: 25	Exclusive charge on specific receivables / book debts other than those specifically charged to other lenders
Term loan - 5	2,700.00	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 18	Exclusive charge on Specific receivables
Term loan - 6	2,625.00	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 21	Exclusive charge on specific loan receivables
Term loan - 7	3,750.00	Repayable in 8 Equal Half-yearly installments Remaining no. of installments: 6	Exclusive charge on specific loan receivables
Term loan - 8	9,996.38	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 24	Exclusive charge on specific receivables
Term loan - 9	100.05	Repayable in 28 Equal Quarterly installments Remaining no. of installments: 28	Exclusive Floating charge on specific book debts and future receivables
Term loan - 10	19,369.38	Repayable in 96 Equal Monthly installments Remaining no. of installments: 93	Exclusive charge
Term loan - 11	24,000.00	Repayable in 20 Equal Quarterly installments Remaining no. of installments: 20	Exclusive Charge on Book debts
Term loan - 12	4,583.33	Repayable in 12 Equal Quarterly installments Remaining no. of installments: 11	Hypothecation of exclusive charge on specific receivables
Term loan - 13	5,000.00	Repayable in 12 Equal Quarterly installments Remaining no. of installments: 12	Hypothecation of exclusive charge on specific receivables
Term loan - 14	6,875.00	Repayable in 24 Equal Quarterly installments Remaining no. of installments: 22	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
<b>Total term loans from banks</b>	<b>101,411.87</b>		





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR In lakhs)

**14 Other financial liabilities**

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
Interest accrued but not due on borrowings	313.02	133.53	40.04
Employee benefits	107.26	49.01	35.22
Payables to related parties			
Dues to Hinduja Leyland Finance Limited	-	26.32	88.78
Dues to HLF Services Limited	-	117.69	21.62
Others	387.44	25.53	25.03
<b>Total</b>	<b>807.72</b>	<b>352.08</b>	<b>210.69</b>

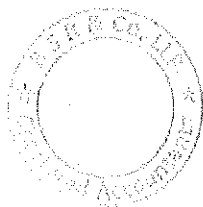
**15 Provisions**

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
Provision for gratuity	20.29	3.93	5.98
Provision for compensated absences	16.36	4.96	-
Provision for tax	-	20.98	65.56
<b>Total</b>	<b>36.65</b>	<b>29.87</b>	<b>71.54</b>

**16 Other non-financial liabilities**

Particulars	As at	As at	As at
	31 March 2019	31 Mar 2018	1 April 2017
Statutory liabilities	19.47	36.84	40.19
<b>Total</b>	<b>19.47</b>	<b>36.84</b>	<b>40.19</b>

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**HINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

**17 Equity Share Capital**

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
<b>Authorised</b>			
200,000,000 (31 March 2018: 200,000,000) (1 April 2017: 90,000,000) equity shares of Rs. 10/- each	20,000.00	20,000.00	9,000.00
	<u>20,000.00</u>	<u>20,000.00</u>	<u>9,000.00</u>
<b>Issued, Subscribed and fully paid up</b>			
150,000,000 (31 March 2018: 120,000,000) (1 April 2017: 90,000,000) equity shares of Rs. 10/- each	15,000.00	12,000.00	9,000.00
	<u>15,000.00</u>	<u>12,000.00</u>	<u>9,000.00</u>

**Notes:**

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

	Year ended		Year ended	
	31 March 2019		31 March 2018	
	No. of shares	Amount	No. of shares	Amount
<b>Equity shares</b>				
At the commencement of the year	120,000,000	12,000.00	90,000,000	9,000.00
Add: Shares issued during the year	<u>30,000,000</u>	<u>3,000.00</u>	<u>30,000,000</u>	<u>3,000.00</u>
At the end of the year	<u>150,000,000</u>	<u>15,000.00</u>	<u>120,000,000</u>	<u>12,000.00</u>

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 2019		As at 31 March 2018		As at 1 April 2017	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
<b>Equity shares</b>						
Hinduja Leyland Finance Limited, holding company and its nominees	150,000,000	100.00%	120,000,000	100.00%	90,000,000	100.00%

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

	As at 31 March 2019		As at 31 March 2018		As at April 2017	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
<b>Equity shares</b>						
Hinduja Leyland Finance Limited, holding company and its nominees	150,000,000	100.00%	120,000,000	100.00%	90,000,000	100.00%

**18 Other Equity**

Particulars	As at	As at
	31 March 2019	31 March 2018
<b>a) Statutory Reserves</b>		
(As per Section 29C of National Housing Bank Act,)		
Balance at the beginning of the year	350.65	37.87
Add: Amount transferred from surplus in statement of profit and loss	<u>500.10</u>	<u>312.78</u>
Balance at the end of the year	<u>850.75</u>	<u>350.65</u>
<b>b) Retained Earnings (Surplus in Statement of Profit and Loss)</b>		
Balance at the beginning of the year	1,376.94	125.82
Add: Profit for the year	<u>2,500.52</u>	<u>1,563.90</u>
Less: Transferred to Statutory Reserve	<u>(500.10)</u>	<u>(312.78)</u>
Balance at the end of the year	<u>3,377.36</u>	<u>1,376.94</u>
<b>c) Other comprehensive income</b>		
Balance at the beginning of the year	3.06	-
Add: Comprehensive Income for the year	<u>(1.66)</u>	<u>3.06</u>
Balance at the end of the year	<u>1.40</u>	<u>3.06</u>
<b>Total</b>	<u>4,229.51</u>	<u>1,730.65</u>

**Nature and purpose of reserve**

**Statutory Reserve u/s. 29C of National Housing Bank Act, 1987 ("the NHB Act, 1987")**

Reserve u/s. 29C of NHB Act, 1987 is created in accordance with section 29A of the NHB Act, 1987. As per Section 29C of the NHB Act, 1987, No appropriation of any sum from the reserve fund including any sum in the special reserve which has been taken into account for the purposes of reserve fund in terms of subsection (1), shall be made by such housing finance institution except for the purpose as may be specified by the National Housing Bank from time to time

**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.

**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 2019

(INR In lakhs)

19 Revenue from operations

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Interest income on financial assets measured at amortised cost</b>		
- Interest income on loans to customers	12,530.06	7,535.09
- Interest income from investments		
- Interest income on investment in pass through certificates	286.34	211.71
- Interest income on investment in debentures	104.82	3.45
- Other interest income	37.02	12.79
<b>Total (A)</b>	<b>12,958.24</b>	<b>7,763.04</b>
<b>Fees and commission income</b>		
- Service charges	11.09	0.20
- Other charges	53.37	22.12
<b>Total (B)</b>	<b>64.46</b>	<b>22.32</b>
Income from other services	1,000.00	876.57
<b>Total (C)</b>	<b>1,000.00</b>	<b>876.57</b>
<b>Total (A+B+C)</b>	<b>14,022.70</b>	<b>8,661.93</b>

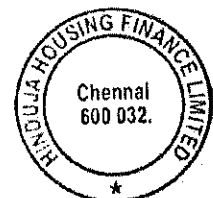
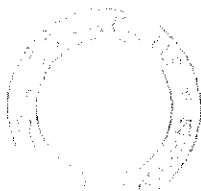
20 Finance costs

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>Finance costs on financial liabilities measured at amortised cost</b>		
Interest on borrowings		
- Interest on term loans	6,263.35	3,437.37
- Interest on cash credit and working capital demand loan	594.95	569.39
Other borrowing cost - Discount on commercial paper	145.09	330.32
<b>Total</b>	<b>7,003.39</b>	<b>4,337.08</b>

21 Impairment on financial assets

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
<b>On financial assets measured at amortised cost</b>		
Provision for expected credit loss		
- On loans	91.11	438.82
- On investments	0.15	0.11
Others - Bad debts written off	319.10	34.68
<b>Total</b>	<b>410.36</b>	<b>473.61</b>

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HINDUJA HOUSING FINANCE LIMITED  
Notes to Statement of Profit and Loss for the year ended 31 March 2019

(INR In lakhs)

22 Employee benefits expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	1,704.35	852.06
Contribution to provident and other funds	83.47	37.11
Staff welfare expenses	26.95	8.17
<b>Total</b>	<b>1,814.77</b>	<b>897.34</b>

23 Depreciation and amortization

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 10)	58.53	36.08
Amortisation of intangible assets (refer note 10A)	1.35	1.52
<b>Total</b>	<b>59.88</b>	<b>37.60</b>

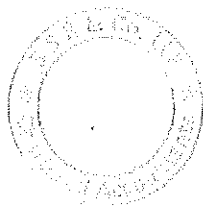
24 Other expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Rent	54.85	34.73
Insurance	28.75	36.82
Electricity charges	4.24	4.32
Communication expenses	47.07	32.48
Legal and professional charges (refer note below)	450.69	159.83
Rates and taxes	139.53	105.29
Bank charges	41.05	107.43
Printing and stationery	37.13	37.90
Travelling and conveyance	313.17	96.68
Subscription and licensing charges	15.60	3.31
Sitting fees to directors	6.60	5.70
Advertisement and sale promotion	45.56	43.47
Other expenses	18.64	6.62
<b>Total</b>	<b>1,202.88</b>	<b>674.58</b>

Note: payment to auditor (excluding goods and service tax) included in legal and professional charges

As auditor		
Statutory audit	20.00	12.00
Tax audit	1.25	1.00
Certification	2.50	2.00
Reimbursement of expenses	1.93	1.75
	<b>25.68</b>	<b>16.75</b>

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**HINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR In lakhs)

**25 Income Tax**

The components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax	876.42	707.40
Deferred tax	154.48	(29.58)
<b>Total tax charge</b>	<b>1,030.90</b>	<b>677.82</b>

**25.1 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 2019 and 31 March 2018 is, as follows:-

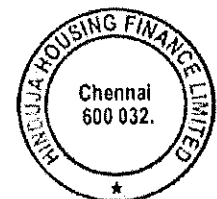
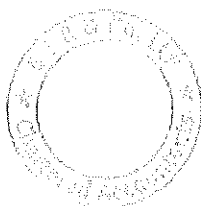
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Accounting profit before tax	3,531.42	2,241.72
Applicable tax rate	29.12%	28.84%
<b>Computed tax expense</b>	<b>1,028.35</b>	<b>646.51</b>
<b>Tax effect of :</b>		
Impact on account of change in tax rates	(2.59)	6.95
Non deductible items	5.14	24.36
<b>Tax expenses recognised in the statement of profit and loss</b>	<b>1,030.90</b>	<b>677.82</b>
Effective tax rate	29.19%	30.24%

**25.2 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 2018	Statement of profit and loss	Other comprehensive income	As at 31 March 2019
<b>Component of Deferred tax asset / (liability)</b>				
Deferred tax asset / (liability) in relation to:				
Difference between WDV of property, plant and equipment as per books of accounts and income tax	(5.68)	(4.50)	-	(10.18)
Impairment on financial assets	188.86	(41.79)	-	147.07
Provision for employee benefits	13.24	23.02	0.68	37.00
Others	(103.61)	(131.21)	-	(234.82)
<b>Total</b>	<b>92.81</b>	<b>(154.48)</b>	<b>0.68</b>	<b>(60.93)</b>

	As at 1 April 2017	Statement of profit and loss	Other comprehensive income	As at 31 March 2018
<b>Component of Deferred tax asset / (liability)</b>				
Deferred tax asset / (liability) in relation to:				
Difference between WDV of property, plant and equipment as per books of accounts and income tax	(7.68)	2.00	-	(5.68)
Impairment on financial assets	69.96	118.90	-	188.86
Provision for employee benefits	1.65	10.35	1.24	13.24
Others	0.55	(104.16)	-	(103.61)
<b>Total</b>	<b>64.48</b>	<b>27.09</b>	<b>1.24</b>	<b>92.81</b>





## HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

26 Earnings per share ("EPS")	Year ended 31 March 2019	Year ended 31 March 2018
<b>Earnings</b>		
Net profit attributable to equity shareholders for calculation of basic EPS	2,500.52	1,563.90
Net profit attributable to equity shareholders for calculation of diluted EPS	2,500.52	1,563.90
<b>Shares</b>		
Equity shares at the beginning of the year	120,000,000	90,000,000
Shares issued during the year	30,000,000	30,000,000
Total number of equity shares outstanding at the end of the year	150,000,000	120,000,000
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS	127,479,452	97,726,027
Face value per share	10.00	10.00
<b>Earnings per share</b>		
- Basic	1.96	1.60
- Diluted	1.96	1.60

### 27 Related party disclosure

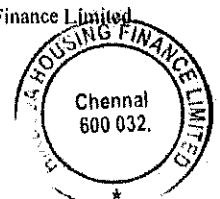
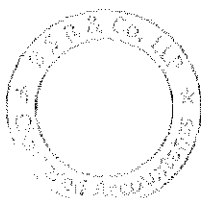
#### Name of the related parties and nature of relationship

Holding company / Ultimate holding company	Hinduja Leyland Finance Limited ("HLF") - Holding company of Hinduja Housing Finance Limited 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
Fellow subsidiary	HLF Services Limited ("HSL")
Key management personnel ("KMP")	Mr. Sachin Pillai, Managing Director Mr. Venkatesh Kannappan, Chief Operating Officer Ms. Roopa Sampath Kumar, Chief Financial Officer Mr. Baalasubramaniyan Ne., Company Secretary Mr. S Nagarajan, Managing Director (Upto 31 March 2018)

Related party transactions	Holding company (HLF)	Fellow subsidiary (HSL)	KMP
Allotment of equity shares	3,000.00 (3,000.00)	-	-
Reimbursement of expenses incurred on behalf of HHF	64.06 (326.69)	-	-
Service provider fees	-	940.57 (677.74)	-
Rental expense	32.36 (17.90)	-	-
Interest on security deposit	37.02 (12.79)	-	-
Income from other services	-	-	-
	-	(162.72)	-
Salaries and allowances **			
- Mr. Venkatesh Kannappan	-	-	22.96 (18.82)
- Ms. Roopa Sampath Kumar	-	-	1.59 (1.66)
- Mr. Baalasubramaniyan Ne.	-	-	0.49 (0.51)

Note: Figures in bracket represents the figures for FY 2017-18.

\*\* The salaries and allowance are paid by Hinduja Leyland Finance Limited and the same is reimbursed by Hinduja Housing Finance Limited



**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

**27 Related party disclosure (continued)**

Related party balances	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
<b>Hinduja Leyland Finance Limited</b>			
Payables	-	26.32	88.78
Security deposit (recoverable)	144.10	111.74	93.84
Prepaid rent	17.90	50.26	68.16
<b>HLF Services Limited</b>			
Payables	-	117.69	21.62

All transactions with these related parties are priced on an arm's length basis. None of the balances is secured.

**28 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director ('MD') to make decisions about resources to be allocated to the segments and assess their performance. The MD is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 Operating Segments.

The CODM considers the entire business of the Company on a holistic basis to make operating decisions and thus there are no segregated operating segments. The Company is engaged into the business of providing housing loans and property loans. The CODM of the Company reviews the operating results of the Company as a whole and therefore not more than one reportable segment is required to be disclosed by the Company as envisaged by Ind AS 108 Operating Segments. Accordingly, amounts appearing in these financial statements relates to the business of providing housing loans and property loans.

The Company does not have any separate geographic segment other than India. As such there are no separate reportable segments as per IND AS 108 operating segments.

**29 Contingent liabilities and commitments**

- a) Contingent liabilities - There are no contingent liabilities as at 31 March 2019. (31 March 2018: Nil)
- b) Commitments - There are no significant capital commitments as at 31 March 2019. (31 March 2018: Nil)

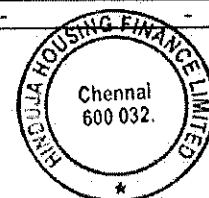
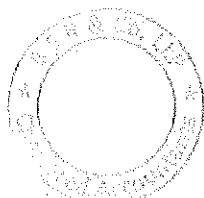
**30 Corporate Social Responsibility (CSR) expenses**

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(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	17.66	-
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	-

**31 Outstanding lease obligations**

The Company has taken its corporate office on an non-interest bearing cancellable operating leases arrangement with its holding company which is renewable at the option of the Company. Total rental expense under cancellable leases amounted to INR 54.85 lakhs (31 March 2018 : INR 34.73 lakhs), excluding fair valuation of security deposits.

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Within one year	-	-
After one year but not more than five	-	-
More than five years	-	-
<b>Total</b>	-	-





## HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

### 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 75.74 lakhs (31 March 2018 : INR 34.88 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:

**Actuarial risk:** It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse salary growth experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**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.

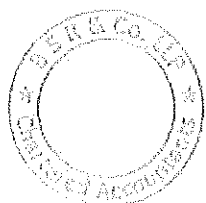
**Liquidity risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Company there can be strain on the cash flows.

**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 value of the defined benefit obligation.

Particulars	As at	As at
	31 March 2019	31 March 2018
Present value of obligations	20.29	3.93
Fair value of plan assets	-	-
<b>Asset/ (Liability) recognised in the Balance Sheet</b>	<b>(20.29)</b>	<b>(3.93)</b>



**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

**32 Retirement benefits (continued)****(b) Defined benefit plan (continued)****Gratuity plan (continued)****Movement in present values of defined benefit obligations**

Particulars	As at	
	31 March 2019	31 March 2018
Defined benefit obligation at the beginning of the year	3.93	5.98
Current service cost	13.71	1.90
Interest cost	0.31	0.35
Actuarial (gains) / losses	2.34	(4.30)
Benefits paid by the plan	-	-
Defined benefit obligation at the end of the year	20.29	3.93

**Expense recognised in the statement of profit or loss**

Particulars	Year ended	
	31 March 2019	31 March 2018
Current service cost	13.71	1.90
Interest on obligation	0.31	0.35
Expected return on plan assets	-	-
Net actuarial (gain)/ loss recognised in the year	2.34	(4.30)
Total	16.36	(2.05)

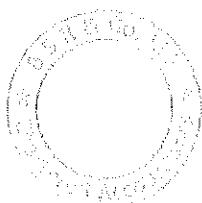
**Actuarial assumptions**

Particulars	As at	
	31 March 2019	31 March 2018
Discount rate	7.68%	7.08%
Estimated rate of return on plan assets	0.00%	0.00%
Attrition rate	29.00%	25.00%
Future salary increases	10.00%	10.00%
Retirement age	58 years	58 years

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	As at		As at		As at	
	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015	As at
Defined benefit obligation	20.29	3.93	5.98	-	-	-
Fair value of plan assets	-	-	-	-	-	-
Deficit in plan	20.29	3.93	5.98	-	-	-
Experience adjustments on plan liabilities	2.34	(4.30)	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-





HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

32 Retirement benefits (continued)

(b) Defined benefit plan (continued)

Gratuity plan (continued)

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
Defined benefit obligation (Base)	20.29		3.93	
Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Increase	Decrease	Increase	Decrease
'100 base points increase/decrease				
Discount rate (- / + 1%)	18.26	22.64	3.67	4.22
(% change compared to base due to sensitivity)	-9.99%	11.61%	-6.74%	7.42%
Future salary growth (- / + 1%)	22.46	18.38	4.18	3.70
(% change compared to base due to sensitivity)	10.68%	-9.40%	6.43%	-5.99%
Attrition rate (- / + 1%)	19.01	21.69	3.73	4.14
(% change compared to base due to sensitivity)	-6.31%	6.93%	-5.12%	5.37%

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 2019 is INR 16.36 lakhs (31 March 2018 - INR 4.96 lakhs).

33 Utilisation of the proceeds of rights issue

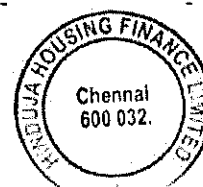
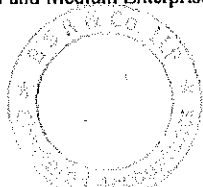
The Company raised a sum of INR 3,000 Lakhs (31 March 2018 - INR 3,000 Lakhs) through rights issue of equity shares to finance the business of lending loans to customers. The proceeds have been utilised as follows:

	Year ended 31 March 2019	Year ended 31 March 2018
Proceeds from rights issue	3,000.00	3,000.00
Utilisation during the year		
Loans to customer	(3,000.00)	(3,000.00)
<b>Unutilised amount at the end of the year</b>	<b>-</b>	<b>-</b>

34 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	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	-	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with amount of the payment made to supplier beyond the appointed day during each accounting year;	-	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
(d) the amount of interest accrued and remaining unpaid at the end of year; and	-	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-





**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

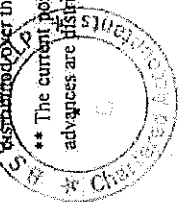
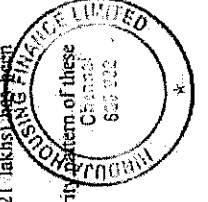
**35 Maturity Analysis of assets and liabilities**

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 behaviour as used for estimating the EIR.

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>ASSETS</b>									
Financial assets									
Cash and cash equivalents	1,127.31	-	1,127.31	983.08	-	983.08	202.15	-	202.15
Loans**	8,140.22	113,900.20	122,040.42	3,305.71	66,495.70	69,801.41	1,797.21	42,760.44	44,557.65
Investments	502.02	4,790.84	5,292.86	69.49	3,784.67	3,854.16	-	-	-
Other financial assets	1,240.27	-	1,240.27	1,096.38	-	1,096.38	647.31	-	647.31
<b>Non-financial assets</b>									
Current tax assets (net)	247.61	-	247.61	171.46	-	171.46	-	-	-
Deferred tax assets (net)	-	-	-	-	92.81	92.81	-	64.48	64.48
Property, plant and equipment	-	205.65	205.65	-	100.61	100.61	-	88.69	88.69
Intangible assets	-	3.95	3.95	-	5.30	5.30	-	6.82	6.82
Other non-financial assets	20.21	-	20.21	35.43	17.90	53.33	44.86	50.26	95.12
<b>TOTAL ASSETS</b>	<b>11,277.64</b>	<b>118,900.64</b>	<b>130,178.28</b>	<b>5,661.55</b>	<b>70,496.99</b>	<b>76,158.54</b>	<b>2,691.53</b>	<b>42,970.69</b>	<b>45,662.22</b>
<b>LIABILITIES</b>									
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	42.66	-	42.66	31.61	-	31.61	20.30	-	20.30
Borrowings*	19,892.48	90,088.86	109,981.34	3,899.60	58,077.89	61,977.49	2,563.94	33,591.87	36,155.81
Other financial liabilities	807.72	-	807.72	352.08	-	352.08	210.69	-	210.69
<b>Non-financial liabilities</b>									
Provisions	0.05	36.60	36.65	20.99	8.88	29.87	65.56	5.98	71.54
Deferred tax liabilities (net)	-	60.93	60.93	-	-	-	-	-	-
Other non-financial liabilities	19.47	-	19.47	36.84	-	36.84	40.19	-	40.19
<b>TOTAL LIABILITIES</b>	<b>20,762.38</b>	<b>90,186.39</b>	<b>110,948.77</b>	<b>4,341.12</b>	<b>58,086.77</b>	<b>62,427.89</b>	<b>2,900.68</b>	<b>33,597.85</b>	<b>36,498.53</b>
<b>NET</b>	<b>(9,484.74)</b>	<b>28,714.25</b>	<b>19,229.51</b>	<b>1,320.43</b>	<b>12,410.22</b>	<b>13,730.65</b>	<b>(209.15)</b>	<b>9,372.84</b>	<b>9,163.69</b>

\* 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 and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating INR 8,632.46 lakhs (31 March 2018 - INR 15,417.08 lakhs and 1 April 2017 - INR 13,758.21 lakhs) have been classified over the same period as the maturity pattern of assets on finance.

\*\* The current portion of housing loans in this note is shown based on contractual obligations as per the agreement. However, housing loan advances historically witness a high rate of prepayments. If the maturity advances are distributed in the respective time buckets considering the historic rates of prepayments on housing loan, it will not result in an asset liability mismatch.





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to the financial statements for the year ended 31 March 2019

(INR in lakhs)

**36 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 2019 were as follows:

Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value*</b>					
Cash and cash equivalents	1,127.31	-	-	-	-
Loans	122,040.42	-	-	121,260.17	121,260.17
Investments	5,292.86	-	-	3,894.73	3,894.73
Other financial assets	1,240.27	-	-	-	-
<b>Total</b>	<b>129,700.86</b>				
<b>Financial liabilities not measured at fair value*</b>					
Trade payables	42.66	-	-	-	-
Borrowings	109,981.34	-	-	109,981.34	109,981.34
Other financial liabilities	807.72	-	-	-	-
<b>Total</b>	<b>110,831.72</b>				

The carrying value and fair value of financial instruments by categories as at 31 March 2018 were as follows:

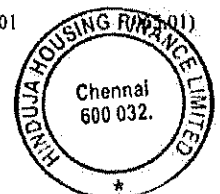
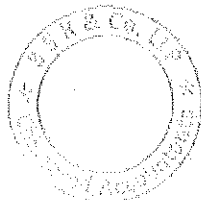
Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value*</b>					
Cash and cash equivalents	983.08	-	-	-	-
Loans	69,801.41	-	-	69,110.72	69,110.72
Investments	3,854.16	-	-	2,731.40	2,731.40
Other financial assets	1,096.38	-	-	-	-
<b>Total</b>	<b>75,735.03</b>				
<b>Financial liabilities not measured at fair value*</b>					
Trade payables	31.61	-	-	-	-
Borrowings	61,977.49	-	-	61,977.49	61,977.49
Other financial liabilities	352.08	-	-	-	-
<b>Total</b>	<b>62,361.18</b>				

The carrying value and fair value of financial instruments by categories as at 1 April 2017 were as follows:

Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
<b>Financial assets not measured at fair value*</b>					
Cash and cash equivalents	202.15	-	-	-	-
Loans	44,557.65	-	-	44,557.65	44,557.65
Investments	-	-	-	-	-
Other financial assets	647.31	-	-	-	-
<b>Total</b>	<b>45,407.11</b>				
<b>Financial liabilities not measured at fair value*</b>					
Trade payables	20.30	-	-	-	-
Borrowings	36,155.81	-	-	36,155.81	36,155.81
Other financial liabilities	210.69	-	-	-	-
<b>Total</b>	<b>36,386.80</b>				

\* 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	Other comprehensive income, net of tax	
	Increase	Decrease
For the year ended 31 March 2018		
Loans		
Interest rates (1% movement)	576.15	(576.15)
For the year ended 31 March 2019		
Loans		
Interest rates (1% movement)	965.01	





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to the financial statements for the year ended 31 March 2019

(INR in lakhs)

**36 Financial instrument fair value measurement (continued)**

**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.

**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

**Borrowings**

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

**Transfers between levels I and II**

There has been no transfer in between level I and level II.

**c. Capital**

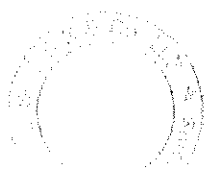
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulatory body, National Housing Bank (NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

**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 maximise 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.





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to the financial statements for the year ended 31 March 2019

(INR in lakhs)

**37 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 Company's

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		
	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
Retail loans	104,159.90	66,004.37	44,773.57
Term loans	18,385.30	4,451.78	-
Investments	5,293.12	3,854.27	-
	<b>127,838.32</b>	<b>74,310.42</b>	<b>44,773.57</b>

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:**

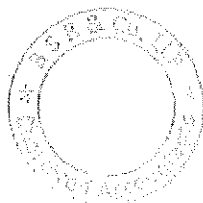
As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If 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 2019

(INR in lakhs)

37 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.

For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

**Marginal probability:**

The PDs derived from the Vasicek Single Factor Model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs, Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

**Conditional marginal probability:**

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios. The probability of default was calculated for 3 scenarios: upside (15%), downside (15%) and base (70%). This weightage has been decided on best practices and expert judgement. Marginal conditional probability was calculated for all 3 possible scenarios and one conditional PD was arrived as conditional weighted

**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).

Over and above the LGD has been floored using regulatory guidelines.

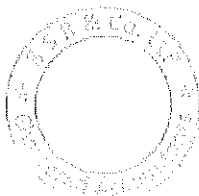
**Exposure at default ("EAD"):**

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 behavioural 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.

**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.





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to the financial statements for the year ended 31 March 2019

(INR in lakhs)

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

**(i) Credit risk (continued)**

**A. Loans and advances (continued)**

**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 summarised below:

Particulars	As at	As at	As at
	31 March 2019	31 March 2018	1 April 2017
Stage 1	30.76	35.71	25.22
Stage 2	179.73	373.37	190.70
Stage 3	294.55	245.77	-
<b>Amount of expected credit loss provided for</b>	<b>505.04</b>	<b>654.85</b>	<b>215.92</b>

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	As at	As at
	31 March 2019	31 March 2018
Opening provision of ECL	654.85	215.92
Addition during the year	431.01	564.05
Utilization / reversal during the year	(580.82)	(125.12)
<b>Closing provision of ECL</b>	<b>505.04</b>	<b>654.85</b>

**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 unutilised cash credit facility, term loans and direct assignment.

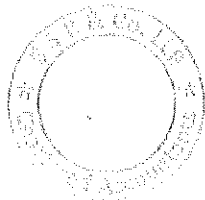
The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

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.

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Borrowings	Trade payable	Borrowings	Trade payable	Borrowings	Trade payable
1 day to 30/31 days (onemonth)	1,894.57	42.66	768.67	31.61	-	20.30
Over one month to 2 months	969.40	-	54.28	-	10.00	-
Over 2 months up to 3 months	1,841.01	-	128.31	-	416.75	-
Over 3 months to 6 months	4,575.18	-	281.05	-	517.40	-
Over 6 months to 1 year	10,612.33	-	2,667.29	-	1,619.79	-
Over 1 year to 3years	41,936.64	-	21,193.84	-	8,478.88	-
Over 3 year to 5 years	30,528.26	-	18,791.28	-	9,075.47	-
Over 5 years	17,686.94	-	18,185.93	-	16,139.92	-
<b>Total</b>	<b>110,044.33</b>	<b>42.66</b>	<b>62,070.65</b>	<b>31.61</b>	<b>36,258.21</b>	<b>20.30</b>





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to the financial statements for the year ended 31 March 2019

(INR in lakhs)

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

**(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

**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.

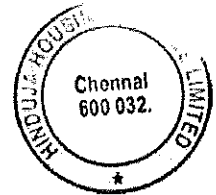
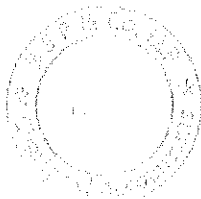
The sensitivity analysis have been carried out based on the exposure to interest rates lending and borrowings carried at variable rate.

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>Change in interest rates</b>				
Variable rate borrowings				
Impact on profit for the year	(859.79)	859.79	(490.67)	490.67

**(iv) Foreign currency risk**

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

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HINDUJA HOUSING FINANCE LIMITED  
Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

**38 Explanation of transition to Ind AS**

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information for the year ended 31 March 2018 and the opening consolidated Ind AS balance sheet on the date of transition i.e. 1 April 2017.

In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**Optional exemptions availed and mandatory exceptions**

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**38.1 Optional exemptions availed**

**(i) Property plant and equipment and intangible assets**

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
  - fair value;
  - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, *Intangible Assets*, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- (iii) use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets. The same election has been made in respect of intangible assets. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities, if any.

**38.2 Mandatory exceptions**

**(i) Accounting Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model
- Determination of discount value for financial instruments carried at amortised cost
- EIR on borrowings

**(ii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

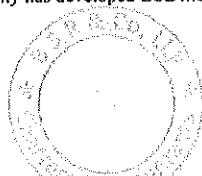
**(iii) Impairment of financial assets**

The Company being HFC company is required to assess the impairment of financial assets based upon the new model i.e. ECL instead of rule based guidance (NHB Prudential Norms) as prevailed under previous GAAP.

Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.





**HIINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

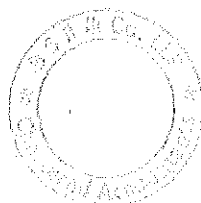
**38 Explanation of transition to Ind AS (continued)**

**38.3 Reconciliation of equity**

	As at date of transition 1 April 2017			As at 31 March 2018		
	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	202.15	-	202.15	983.08	-	983.08
Loans	44,603.95	(46.30)	44,557.65	69,935.30	(133.89)	69,801.41
Investments	-	-	-	3,854.27	(0.11)	3,854.16
Other financial assets	713.17	(65.86)	647.31	1,149.45	(53.07)	1,096.38
	<b>45,519.27</b>	<b>(112.16)</b>	<b>45,407.11</b>	<b>75,922.10</b>	<b>(187.07)</b>	<b>75,735.03</b>
<b>Non-financial assets</b>						
Current tax assets (net)	-	-	-	171.46	-	171.46
Deferred tax assets (net)	53.92	10.56	64.48	55.87	36.94	92.81
Other non financial assets	26.96	68.16	95.12	1.53	51.80	53.33
Property, plant and equipment	88.69	-	88.69	100.61	-	100.61
Intangible assets	6.82	-	6.82	5.30	-	5.30
	<b>176.39</b>	<b>78.72</b>	<b>255.11</b>	<b>334.77</b>	<b>88.74</b>	<b>423.51</b>
<b>Total assets</b>	<b>45,695.66</b>	<b>(33.44)</b>	<b>45,662.22</b>	<b>76,256.87</b>	<b>(98.33)</b>	<b>76,158.54</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Trade payables	20.30	-	20.30	31.61	-	31.61
Borrowings (Other than debt securities)	36,163.59	(7.78)	36,155.81	61,985.90	(8.41)	61,977.49
Other financial liabilities	210.69	-	210.69	352.08	-	352.08
	<b>36,394.58</b>	<b>(7.78)</b>	<b>36,386.80</b>	<b>62,369.59</b>	<b>(8.41)</b>	<b>62,361.18</b>
<b>Non-financial liabilities</b>						
Provisions	71.54	-	71.54	29.87	-	29.87
Other non-financial liabilities	40.19	-	40.19	36.84	-	36.84
	<b>111.73</b>	<b>-</b>	<b>111.73</b>	<b>66.71</b>	<b>-</b>	<b>66.71</b>
<b>EQUITY</b>						
Equity share capital	9,000.00	-	9,000.00	12,000.00	-	12,000.00
Other equity	189.35	(25.66)	163.69	1,820.57	(89.92)	1,730.65
	<b>9,189.35</b>	<b>(25.66)</b>	<b>9,163.69</b>	<b>13,820.57</b>	<b>(89.92)</b>	<b>13,730.65</b>
<b>Total liabilities and equity</b>	<b>45,695.66</b>	<b>(33.44)</b>	<b>45,662.22</b>	<b>76,256.87</b>	<b>(98.33)</b>	<b>76,158.54</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

	Note	1 April 2017	31 March 2018
<b>Total equity (shareholder's funds) as per previous GAAP</b>		<b>9,189.35</b>	<b>13,820.57</b>
Impact on recognition of processing fee on financial assets and financial liabilities under Effective Interest Rate method	(iv), (v)	(2.36)	(16.82)
Impact on application of Expected Credit Loss method for impairment allowance on financial assets	(iii)	(36.20)	(107.21)
Impact of fair valuation of security deposits given toward lease of property	(i)	2.34	(2.83)
Tax effects on above adjustments	(vi)	10.56	36.94
<b>Total adjustments</b>		<b>(25.66)</b>	<b>(89.92)</b>
<b>Total equity (shareholder's funds) as per Ind AS</b>		<b>9,163.69</b>	<b>13,730.65</b>





**HINDUJA HOUSING FINANCE LIMITED**  
Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

**38 Explanation of transition to Ind AS (continued)**

**38.4 Reconciliation of total comprehensive income for the year ended 31 March 2018**

	Note	Year ended 31 March 2018		Ind AS
		Previous GAAP*	Adjustment on transition to Ind AS	
Revenue from operations and other income	(i), (iv)	8,664.22	874.28	9,538.50
<b>Total income</b>		<b>8,664.22</b>	<b>874.28</b>	<b>9,538.50</b>
<b>Expenses</b>				
Finance costs	(v)	4,337.71	(0.63)	4,337.08
Impairment on financial instruments/write-offs	(iii)	402.60	71.01	473.61
Employee benefits expenses	(ii)	893.04	4.30	897.34
Depreciation and amortisation expenses		37.60	-	37.60
Other expenses	(i)	656.60	17.98	674.58
<b>Total expenses</b>		<b>6,327.55</b>	<b>92.66</b>	<b>6,420.21</b>
<b>Profit before income tax</b>		<b>2,336.67</b>	<b>781.62</b>	<b>3,118.29</b>
Current tax		707.40	-	707.40
Deferred tax	(vi)	(1.95)	(27.63)	(29.58)
<b>Income tax expense</b>		<b>705.45</b>	<b>(27.63)</b>	<b>677.82</b>
<b>Profit for the year</b>		<b>1,631.22</b>	<b>809.25</b>	<b>2,440.47</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit or loss, net of tax	(ii)	-	4.30	4.30
Remeasurement of the defined benefit liabilities	(vi)	-	(1.24)	(1.24)
Income tax impact on above				
<b>Total comprehensive income</b>		<b>1,631.22</b>	<b>812.31</b>	<b>2,443.53</b>

Particulars	Year ended 31 March 2018
<b>Profit as per previous GAAP</b>	<b>1,631.22</b>
<b>Adjustments resulting in increase / (decrease) in profit after tax as reported under previous GAAP:</b>	
Impact on recognition of processing fee on financial assets and financial liabilities under Effective Interest Rate method	(14.46)
Impact on application of Expected Credit Loss method for impairment allowance on financial assets	(71.01)
Impact of fair valuation of security deposits given toward lease of property	(5.17)
Remeasurement of the defined benefit liabilities	(4.30)
Tax impact on above adjustments	27.62
<b>Net Profit after tax for the year under Ind AS</b>	<b>1,563.90</b>
<b>Other comprehensive income</b>	
Remeasurement loss on defined benefit plan, net of taxes	3.06
<b>Total Comprehensive Income for the year under Ind AS</b>	<b>1,566.96</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**38.5 Notes to Ind AS first-time adoption**

**(i) Fair valuation of security deposits given toward lease of property**

Under the previous GAAP, security deposits given towards lease of property were presented at its transaction value. However, as per Ind AS 109, security deposits given are measured at its fair value at the time of its initial recognition. The difference between the initial fair value and transaction value of such deposits are considered as additional lease payment made, and is amortised over the term of such deposit. These deposits are fair valued at the end of each period based upon applicable interest rates and an interest income is recognised in statement of profit and loss.

**(ii) Actuarial gain and loss**

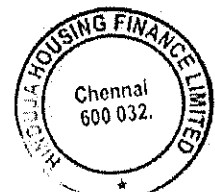
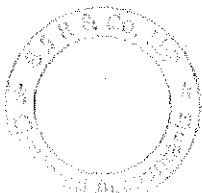
Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2017 or as on 31 March 2018.

**(iii) Impact of applying expected credit loss model on financial assets**

On transition to Ind AS 109, the Company had recognised impairment loss on financial assets based on the expected credit loss model as required by Ind AS 109. Consequently, financial assets primarily constituted by loans and investments have been provided for on the transition date with corresponding adjustment recognised in retained earnings.

**(iv) EIR**

Under previous GAAP, loan sourcing cost and sourcing income were recognised on amortization basis on straight line method, while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method.





HINDUJA HOUSING FINANCE LIMITED  
Notes to financial statements for the year ended 31 March 2019

(INR in lakhs)

38 Explanation of transition to Ind AS (continued)

38.5 Notes to Ind AS first-time adoption (continued)

(v) Term Loan Processing fee

Based on Ind AS 109, financial liabilities in the form of term loans have been accounted at amortised cost using effective interest rate method. Hence processing fee paid on loan have been amortised using effective interest method as against amortised for the tenor of loan under previous GAAP

(vi) Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under previous GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

(vii) Other comprehensive income

Under previous GAAP, the Company did not present other comprehensive income (OCI) separately. Hence, it has reconciled previous GAAP profit to profit as per Ind AS. Further, previous GAAP profit is reconciled to total comprehensive income as per Ind AS.

39 Transfer pricing

The Company has domestic transactions with related parties. The management confirms that it maintains documents required by the relevant provisions of the Income-tax Act, 1961 to prove that these transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

40 Subsequent events

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

As per our report of even date  
for BSR & Co. LLP  
Chartered Accountants  
Firm registration number: 101248W/W-100022

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

Naveen Raj R  
Partner  
Membership No: 217772

S Nagarajan  
Chairman  
DIN No. 00009236

Suchin Pillai  
Managing Director  
DIN No. 06400793

Roopa Sampath Kumar  
Chief Financial Officer

Baalasubramaniyan Ne.  
Company Secretary

Place : Chennai  
Date : 20 May 2019

Place : Chennai  
Date : 20 May 2019