



HINDUJA LEYLAND FINANCE LIMITED
Standalone Balance Sheet as at 31 March 2020

Particulars	Note No.	INR In Lakh	
		As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	5	82,879	24,227
Bank balance other than cash and cash equivalents	6	14,610	11,840
Receivables	7		
(i) Trade receivables		-	-
(ii) Other receivables		22,540	15,631
Loans	8	17,70,708	16,88,684
Investments	9	77,684	1,29,870
Other financial assets	10	89,788	1,36,115
		20,58,209	20,06,367
Non-financial assets			
Current tax assets (net)		7,130	7,214
Property, plant and equipment	11	4,969	4,901
Capital work-in-progress		116	-
Other intangible assets	11A	59	30
Right of use assets	11B	2,650	-
Other non-financial assets	12	2,929	1,557
		17,853	13,702
Total Assets		20,76,062	20,20,069
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
Trade payables	13	-	-
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,957	314
Debt securities	14	88,300	2,05,615
Borrowings (other than debt securities)	15	14,78,793	13,51,684
Deposits	16	162	162
Subordinated liabilities	17	1,31,588	1,43,408
Other financial liabilities	18	42,171	44,864
		17,42,971	17,46,047
Non-financial liabilities			
Provisions	19	291	217
Deferred tax liabilities (net)	33	7,722	779
Other non-financial liabilities	20	443	642
		8,456	1,638
EQUITY			
Equity share capital	21	46,975	46,967
Other equity	22	2,77,660	2,25,417
		3,24,635	2,72,384
Total Liabilities and Equity		20,76,062	20,20,069

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

As per our report of even date
for **Deloitte Haskins & Sells**
Chartered Accountants
Firm's registration number: 008072S

For and on behalf of the Board of Directors of
Hinduja Leyland Finance Limited
CIN : U65993TN2008PLC069837

G.K.Subramaniam
Partner
Membership No: 109839

Dheeraj G Hinduja
Chairman
DIN No : 00133410

S Nagarajan
Executive Vice Chairman
DIN No : 00009236

Sachin Pillai
Managing Director & CEO

Kishore Kumar Lodha
Chief Financial Officer

B Shanmugasundaram
Company Secretary
Membership No: F5949

Place : Mumbai
Date : 20 June 2020

Place : Chennai
Date : 20 June 2020



HINDUJA LEYLAND FINANCE LIMITED
Standalone Statement of Profit and Loss for the year ended 31 March 2020

Particulars	Note No.	INR In Lakh	
		Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations			
Interest income	23	2,67,866	2,24,285
Fees and commission income	24	5,315	4,768
Net gain on derecognition of financial instruments	25	18,751	16,816
Other income	26	816	10,195
Total revenue from operations		2,92,748	2,56,064
Expenses			
Finance costs	27	1,55,397	1,32,123
Fees and commission expense	28	8,722	6,229
Impairment on financial assets	29	61,687	56,696
Employee benefits expenses	30	13,083	10,390
Depreciation and amortization	31	1,052	662
Others expenses	32	8,904	7,679
Total expenses		2,48,845	2,13,779
Profit before tax		43,903	42,285
Tax expense:			
Current tax		11,157	13,017
Deferred tax	33	3,549	1,704
		14,706	14,721
Net profit for the year		29,197	27,564
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(76)	145
(ii) Income tax relating to items that will not be reclassified to profit or loss		(70)	(50)
(B) (i) Items that will be reclassified to profit or loss			
Gain on fair valuation of loans		26,482	34,674
(ii) Income tax relating to items that will be reclassified to profit or loss		(3,326)	(12,120)
Total other comprehensive income		23,010	22,649
Total comprehensive income		52,207	50,213
Earnings per equity share (face value Rs.10 each)	34		
- Basic (in Rs.)		6.22	6.01
- Diluted (in Rs.)		6.21	6.01

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HINDUJA LEYLAND FINANCE LIMITED
Standalone cash flow statement for the year ended 31 March 2020

	INR In Lakh	
	Year ended 31 Mar 2020	Year ended 31 Mar 2019
A. Cash flow from operating activities		
Net profit before tax	43,903	42,285
Adjustments for:		
Depreciation and amortization	1,052	662
Provision for employee benefits	(2)	(27)
Provision for expected credit loss and amounts written off	55,502	55,929
Impairment loss on other receivables	2,151	767
Share based payment expense	-	105
Amortisation of discount on commercial papers	7,788	8,013
Amortisation of ancillary costs relating to borrowings	2,168	1,295
Operating cash flow before working capital changes	1,12,562	1,09,029
Adjustments for (Increase) / Decrease in operating assets:		
Other receivables	(9,060)	(9,956)
Loans	(1,11,046)	(4,07,213)
Other non- financial assets	(1,372)	(578)
Other financial assets	46,327	(17,685)
Adjustments for Increase / (Decrease) in operating liabilities:		
Trade payables	1,643	223
Other financial liabilities	(2,693)	7,031
Other non financial liabilities	(199)	20
Net cash (used in) operations	36,162	(3,19,129)
Taxes paid (net)	(11,073)	(17,097)
Net cash (used in) operating activities (A)	25,089	(3,36,226)
B. Cash flow from investing activities		
Investment in pass through securities (net)	24,146	(39,300)
Investment in redeemable non-convertible debentures (net)	32,040	14,781
Investment in equity shares of subsidiary company	(4,000)	(3,000)
Bank deposits (having original maturity of more than three months)	(2,770)	3,432
Purchase of fixed assets including capital work-in-progress and right of use assets	(3,915)	(844)
Net cash (used in) investing activities (B)	45,501	(24,931)
C. Cash flow from financing activities		
Proceeds from issue of equity shares including securities premium (net)	44	20,044
Proceeds from borrowings	4,79,800	6,85,480
Repayments of borrowings	(4,93,957)	(3,77,125)
Proceeds from working capital loan / cash credit and commercial paper (net)	2,175	44,406
Net cash from financing activities (C)	(11,938)	3,72,805
Net increase in cash and cash equivalents (A+B+C)	58,652	11,648
Cash and cash equivalents at the beginning of the year	24,227	12,579
Cash and cash equivalents at the end of the year	82,879	24,227



HINDUJA LEYLAND FINANCE LIMITED
Standalone cash flow statement for the year ended 31 March 2020

	Note	As at 31 Mar 2020	As at 31 Mar 2019
Components of cash and cash equivalents			
	5		
Cash and cheques on hand		5,981	10,035
Balances with banks		76,898	14,192
		82,879	24,227
Operational cash flows from interest and dividends			
Interest paid		1,59,686	1,28,420
Interest received		11,982	11,299

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

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Chief Financial Officer Company Secretary
Membership No: F5949

Place : Mumbai
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HINDUJA LEYLAND FINANCE LIMITED
Statement of changes in equity for the year ended 31 March 2020

A Equity share capital

Particulars	INR In Lakh	
	Number of shares	Amount
Balance as at 1 April 2018	45,64,37,968	45,644
Change in equity share capital during the year		
Add: Issued during the year	1,32,33,022	1,323
Balance as at 31 March 2019	46,96,70,990	46,967
Change in equity share capital during the year		
Add: Issued during the year	81,500	8
Balance as at 31 March 2020	46,97,52,490	46,975

B Other equity	Reserves and Surplus				Other items of other comprehensive income	Total
	Statutory reserves	Securities premium	Other reserves - Employee stock option outstanding account	Retained earnings		
Balance as at 1 April 2018	17,903	77,490	188	60,769	28	1,56,378
Share based expenses	-	-	105	-	-	105
Premium on issue of share capital	-	18,721	-	-	-	18,721
Profit for the year	-	-	-	27,564	-	27,564
Transfer to / from reserve	5,513	-	-	(5,513)	-	0
Other comprehensive income (net of tax)	-	-	-	-	22,649	22,649
Balance as at 31 March 2019	23,416	96,211	293	82,820	22,677	2,25,417
Share based expenses	-	-	-	-	-	-
Premium on issue of share capital	-	36	-	-	-	36
Profit for the year	-	-	-	29,197	-	29,197
Transfer to / from reserve	5,839	-	-	(5,839)	-	-
Other comprehensive income (net of tax)	-	-	-	-	23,010	23,010
Balance as at 31 March 2020	29,255	96,247	293	1,06,178	45,687	2,77,659

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

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Place : Mumbai
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Date : 20 June 2020



HINDUJA LEYLAND FINANCE LIMITED

Notes to standalone financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

1 Reporting entity

Hinduja Leyland Finance Limited ('the Company'), incorporated on 12 November 2008 and headquartered in Chennai, India is a Non Banking Finance Company engaged in providing asset finance. The Company is a systemically important Non Deposit taking Non Banking Finance Company (ND-NBFC) as defined under Section 45 – IA of the Reserve Bank Of India Act, 1934. The Company received the certificate of registration dated 22 March 2010 from the Reserve Bank of India ("RBI") to carry on the business of Non Banking Financial Institution without accepting public deposits ("NBFC-ND"). Subsequently the Company was granted Asset Finance Company status pursuant to certificate of registration received from RBI dated 12 May 2014 with registration number N-07.00782.

2 Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) and the relevant provisions of the Companies Act, 2013 (the "Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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 liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the 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

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

2.3 Functional and presentation currency

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

2.4 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value in use in Ind AS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities



HINDUJA LEYLAND FINANCE LIMITED

Notes to standalone financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

2 Basis of preparation (continued)

Items	Measurement basis
Certain financial assets	Fair value through other comprehensive income
Liabilities for equity-settled share-based payment arrangements	Fair value
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 preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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 or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

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 behavioural 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 behaviour 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 LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated)

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, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

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 and financial instrument measured at Fair value through other comprehensive income ("FVOCI"). 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.

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.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies *(continued)*

3.1 Recognition of Interest Income *(continued)*

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 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 profit and loss (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 either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

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

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

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



HINDUJA LEYLAND FINANCE LIMITED

Notes to standalone financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies (continued)

3.3 Financial assets and liabilities (continued)

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial 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.

iv) Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost.

B. Financial liability

i) Initial recognition and measurement

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

ii) Subsequent measurement

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

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities during the year ended 31 March 2020 and 31 March 2019.



HINDUJA LEYLAND FINANCE LIMITED

Notes to standalone financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies (continued)

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 expected credit loss (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



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020
(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies *(continued)*

3.6 Impairment of financial assets *(continued)*

- 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.

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

B. Calculation of ECLs

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.



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(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies *(continued)*

3.6 Impairment of financial assets *(continued)*

B. Calculation of ECLs *(continued)*

Stage 2:

When a loan has shown a significant increase in credit risk since origination, 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, 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%.

C. 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.

D. 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 fixed investment (% of GDP)
- ii) Oil price
- iii) Interest rates

3.7 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.

3.8 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;

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.



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(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies (continued)

3.10 Recognition of revenue

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 and supersedes current revenue recognition guidance found within Ind ASs.

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

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend

B. Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit and loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Fees and commission income

Fees and commission income such as stamp and document charges, guarantee commission, service income etc. are recognised on point in time basis.

E. Income from other services

Income from other services are recognised on a time proportionate basis.

3.11 Foreign currency transactions

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

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



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3 Significant accounting policies (continued)

3.12 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. 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.

iii. Depreciation

Depreciation on property, plant and equipment is provided using the straight line method over the estimated useful lives of the assets, 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 period is as follows:

Asset category	Estimated Useful life
Buildings	60 years
Furniture and fittings	10 years
Office equipment	5 years
Servers and computers	Computers 3 years, Servers 6 years
Vehicles	Motor Cars 8 years, Motor Cycles 10 years
Leasehold improvements	Primary lease period or three years, whichever is earlier

Assets individually costing less than or equal to Rs. 5,000/- are fully depreciated in the year of acquisition. The Company has estimated a Nil residual value at the end of the useful life for all block of assets. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.13 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.



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Notes to standalone financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies (continued)

3.13 Intangible assets (continued)

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.

iii. Amortisation

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

Asset category	Estimated Useful life
Computer softwares	5 years

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

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 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.



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Notes to standalone financial statements for the year ended 31 March 2020

(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies (continued)

3.14 Employee benefits (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. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in 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 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 or receive cash compensation on termination of employment. 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 and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

iv. Stock based compensation

The grant date fair value of equity settled share based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. The company revisits its estimate each year of the number of equity instruments expected to vesting.

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.

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.



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3 Significant accounting policies *(continued)*

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

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

Operating lease:

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116.

The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

- a) the use of an identified asset,
- b) the right to obtain substantially all the economic benefits from use of the identified asset, and
- c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, for all lease arrangements in which it is a lessee, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

For lease liabilities at inception, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate is readily determined, if that rate is not readily determined, the lease payments are discounted using the incremental borrowing rate.

The Company recognizes the amount of the re-measurement of lease liability as an adjustment to the right-of-use assets. Where the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in the Statement of profit and loss.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

Lease liability has been presented in Note 18 “Other Financial Liabilities” and ROU asset has been presented in Note 11B “Property, Plant and Equipment” and lease payments have been classified as financing cash flows.



HINDUJA LEYLAND FINANCE LIMITED

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Finance lease:

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs

3.17 Income tax

Income tax comprises current and deferred tax. It is recognised in 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.

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 temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction; temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are 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.



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(All amounts are in Indian Rupees in lakhs, except share data and as stated)

3 Significant accounting policies (continued)

3.17 Income tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

3.18 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. Other borrowings costs are recognized as an expense in the statement of profit and loss account on an accrual basis using the effective interest method.

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

3.19 Cash and cash equivalents

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

3.20 Segment reporting- Identification of segments:

An operating segment is a component of the Company that engages in business activities from which it many 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 (Before other Comprehensive Income) 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. Cash flows in foreign currencies are accounted at the actual rates of exchange prevailing at the dates of the transactions. Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

4 STANDARD ISSUED BUT NOT YET EFFECTIVE

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



HINDUJA LEYLAND FINANCE LIMITED
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INR In Lakh

5 Cash and cash equivalents

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Cash on hand	1,316	3,938
Cheques on hand	4,665	6,097
Balances with banks	76,898	14,192
Total	82,879	24,227

6 Bank balance other than cash and cash equivalents

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Bank deposits	14,610	11,840
Total	14,610	11,840

Notes :

a) The bank deposits earn interest at fixed rates.

b) The Company has given fixed deposits as credit enhancement for securitisation transactions entered by it, amounting to INR 14,336 Lakhs (31 March 2019 : INR 11,594 Lakhs)

7 Receivables

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Trade receivables	-	-
EIS receivables		
Receivables considered good - secured	26,705	17,645
Less: Impairment loss allowance	(4,165)	(2,014)
Total	22,540	15,631



HINDUJA LEYLAND FINANCE LIMITED
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8 Loans

Particulars	INR In Lakh					
	As at 31 Mar 2020			As at 31 Mar 2019		
	At amortised cost	At fair value through other comprehensive income	Total	At amortised cost	At fair value through other comprehensive income	Total
A. Based on nature						
Retail loans	9,25,367	6,98,932	16,24,299	9,09,788	6,34,006	15,43,794
Term loans	2,02,546	-	2,02,546	1,55,358	-	1,55,358
Inter-corporate deposits	-	-	-	39,500	-	39,500
	11,27,913	6,98,932	18,26,845	11,04,645	6,34,006	17,38,652
Less : Impairment loss allowance	(60,171)	4,034	(56,137)	(54,614)	4,646	(49,968)
Total	10,67,742	7,02,966	17,70,708	10,50,032	6,38,652	16,88,684
B. Based on Security						
(i) Secured by tangible assets	11,27,913	6,98,932	18,26,845	10,65,145	6,34,006	16,99,152
(ii) Unsecured	-	-	-	39,500	-	39,500
Total Gross Loans	11,27,913	6,98,932	18,26,845	11,04,645	6,34,006	17,38,652
Less : Impairment loss allowance	(60,171)	4,034	(56,137)	(54,614)	4,646	(49,968)
Total Net Loans	10,67,742	7,02,966	17,70,708	10,50,032	6,38,652	16,88,684
C. Based on region						
(I) Loans in India						
(i) Public Sector	-	-	-	-	-	-
(ii) Others	11,27,913	6,98,932	18,26,845	11,04,645	6,34,006	17,38,652
Total Gross	11,27,913	6,98,932	18,26,845	11,04,645	6,34,006	17,38,652
Less : Impairment loss allowance	(60,171)	4,034	(56,137)	(54,614)	4,646	(49,968)
Total (I)-Net	10,67,742	7,02,966	17,70,708	10,50,032	6,38,652	16,88,684
(II) Loans outside India						
Loans outside India	-	-	-	-	-	-
Total (I) and (II)	10,67,742	7,02,966	17,70,708	10,50,032	6,38,652	16,88,684

Notes :

- 1 The retail loans above includes loans amounting to INR 8,519 (31 March 2019: 5,849) where the underlying securities have been repossessed by the Company. The Impairment loss allowance includes expected credit loss provision on the aforesaid loans amounting to INR 3,013 (31 March 2019: INR 2,209)
- 2 Security details
 - a) Retail loans are secured exposures that are secured by assets hypothecated to the company.
 - b) Term loans are secured exposures that are secured by assets/ underlying portfolio provided to the company by the borrower.
- 3 The Company has derecognised certain Financial Assets on account of assignment without recourse. However, the company has retained 10% of the Financial Assets and below are the disclosures of assets and liabilities associated with the continuing involvement in the Financial Assets.

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Carrying amount of the assets that represents the entity's continuing involvement in the derecognised financial assets	59,797	24,491
Carrying amount of the associated liabilities	-	-
Maximum exposure to loss from company's continuing involvement in the derecognised financial assets	59,797	24,491
Fair Value (FV) of assets of the assets that represents the entity's continuing involvement in the derecognised financial assets	64,287	25,651
Fair value of associated liabilities	-	-
Net position at FV	64,287	25,651
Gain or loss recognised at the date of transfer of the assets	18,751	16,816



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INR In Lakh

11 Property, plant and equipment

Particulars	Freehold land *	Buildings	Plant and machinery	Servers and computers	Furniture and fittings	Vehicles	Office equipment	Leasehold improvements	Total
Cost or deemed cost (gross carrying amount)									
Gross block									
As at 1 April 2018	2,066	1,639	57	516	289	540	48	137	5,292
Additions	-	-	-	476	166	66	22	112	842
Deletions	-	-	-	5	-	38	-	-	43
As at 31 March 2019	2,066	1,639	57	987	455	568	70	249	6,091
Additions	-	-	-	630	80	46	19	95	870
Deletions	-	175	-	14	-	8	-	-	197
As at 31 March 2020	2,066	1,464	57	1,603	535	606	89	344	6,764
Accumulated depreciation									
As at 1 April 2018	-	83	14	196	62	161	17	44	577
Depreciation for the year	-	88	21	228	75	150	15	77	654
Deletion	-	-	-	3	-	38	-	-	41
As at 31 March 2019	-	171	35	421	137	273	32	121	1,190
Depreciation for the year	-	33	-	341	69	88	26	82	639
Deletion	-	19	-	7	-	8	-	-	34
As at 31 March 2020	-	185	35	755	206	353	58	203	1,795
Carrying amount (net)									
As at 31 March 2019	2,066	1,468	22	566	318	295	37	128	4,901
As at 31 March 2020	2,066	1,279	22	848	329	253	31	141	4,969

* Land having a value of INR 350 lakhs situated in Koodapakkam has been issued as security for issue of non-convertible debentures.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

11A Intangible Assets

Particulars	Computer Softwares	Total
Gross block		
As at 1 April 2018	53	53
Additions	3	3
Deletion	-	-
As at 31 March 2019	56	56
Additions	44	44
Deletion	-	-
As at 31 March 2020	100	100
Accumulated amortisation		
As at 1 April 2018	19	19
Amortisation for the year	7	7
Deletion	-	-
As at 31 March 2019	26	27
Amortisation for the year	15	15
Deletion	-	-
As at 31 March 2020	41	41
Carrying amount (net)		
As at 31 March 2019	30	30
As at 31 March 2020	59	59

11B Right of use asset

Particulars	Right of use asset	Total
Cost or deemed cost (gross carrying amount)		
Gross block		
Additions	3,048	3,048
Deletion	-	-
As at 31 March 2020	3,048	3,048
Accumulated amortisation		
Amortisation for the year	398	398
Deletion	-	-
As at 31 March 2020	398	398
Carrying amount (net)		
As at 31 March 2019	-	-
As at 31 March 2020	2,650	2,650



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

9 Investments

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Investments in equity instruments of subsidiary, at cost		
Hinduja Housing Finance Limited	19,000	15,000
Investments in equity instruments of associate, at cost		
HLF Services Limited	2	2
<i>Measured at amortised cost</i>		
Investment in debentures (quoted)		
Non-convertible redeemable debentures	7,750	39,790
Investment in debentures (unquoted)		
Non-convertible redeemable debentures	1,507	3,000
Investment in pass-through certificates (unquoted)		
Investment in pass-through certificates	41,425	62,078
Investment in funds (unquoted)		
Investment in funds	8,000	10,000
Gross investments	77,684	1,29,870
(i) Investments outside India	-	-
(ii) Investments in India	77,684	1,29,870
Gross Investments	77,684	1,29,870
Less: Allowance for impairment loss	-	-
	77,684	1,29,870
Aggregate market value of quoted investments	7,750	39,790

10 Other financial assets

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Receivables from related parties		
Dues from HLF Services Limited (Associate Company)	5,186	11,359
Dues from Gulf Ashley Motors Limited (Fellow Subsidiary)	-	713
Dealer trade advances (Unsecured, considered good)	29,660	85,799
Employee advances	104	97
Lease advance	507	744
Security deposits	70	42
Other receivables	813	553
Asset acquired under satisfaction of debt (net of provisions)	53,448	36,808
Total	89,788	1,36,115



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

12 Other non-financial assets

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Prepaid expenses	1,654	1,557
Balance receivable from government authorities	1,275	-
Total	2,929	1,557

13 Payables

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Trade payables (refer note)		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,957	314
Total	1,957	314

Note: Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to dues to micro, small and medium enterprises (MSME). On the basis of the information and records available with the Management, none of the Company's suppliers are covered under the MSMED and accordingly, disclosure of information relating to principal, interest accruals and payments are not applicable.

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

14 Debt securities

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Measured at amortised cost:		
Secured		
8,010 (31 March 2019: 19,360) Redeemable non-convertible debentures (refer note 14.1 & 14.2)	88,300	2,05,615
Total (A)	88,300	2,05,615
Debt securities in India	88,300	2,05,615
Debt securities outside India	-	-
Total (B)	88,300	2,05,615
Total	88,300	2,05,615

14.1 Terms of repayment of debt securities:

Redeemable non-convertible debentures are secured by first ranking mortgage of an immovable property in favour of trustees in addition to exclusive charge on hypothecation of loan receivables with a security cover ranging from 105% to 110% as per the terms of issue.

14.2 Out of the debentures issued and outstanding:

- a) 3,510 (31 March 2019: 14,860) debentures were issued with a face value of Rs. 1,000,000/-. As at 31 March 2020 these debentures carry interest rates ranging from 8.55% p.a. to 10.55% p.a. and the redemption period is ranging from 1 year to 5 years from the date of allotment.
- b) 4,500 (31 March 2019: 4,500) debentures were issued with a face value of Rs. 1,000,000/-. These debentures carry interest rates ranging from "Base rate of State Bank of India" to "Base rate of State Bank of India + 0.35%" and the redemption period is 5 years from the date of allotment. As at 31 March 2019, the rate of interest was 8.50% p.a.

The aforesaid debentures are listed at Bombay Stock Exchange.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

15 Borrowings (Other than debt securities)

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Measured at amortised cost		
Secured borrowings		
Term Loan from banks (refer note 15.1 & 15.3)	14,31,955	12,01,868
Cash credit and working capital demand loans from banks	46,838	36,875
Total (A)	14,78,793	12,38,744
Unsecured borrowings		
Commercial papers (refer 15.2)	-	1,12,941
Total (B)	-	1,12,941
Borrowings in India	14,78,793	13,51,684
Borrowings outside India	-	-
Total	14,78,793	13,51,684
Total (A+B)	14,78,793	13,51,684

15.1 Secured borrowing

Cash credit and working capital demand loans from banks are secured by pari passu charge on receivables other than those that are specifically charged to the lenders. These facilities carry interest rates ranging from "MCLR of the respective bank" per annum" to "MCLR of the respective bank + 1.10% per annum". As at 31 March 2020, the rate of interest across the loans was in the range of 6.95% p.a to 10.25% p.a.

15.2 Unsecured Borrowing

As at 31 March 2020, the exposure to commercial paper stands to be NIL. As at 31 March 2019, the interest was 7.67% p.a. to 8.12% p.a. and the redemption period was 90 days.

16 Deposits

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
<i>From related parties</i>		
Security deposits from Hinduja Housing Finance Limited (Subsidiary Company)	162	162
Total	162	162

17 Subordinated liabilities

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Measured at amortised cost:		
Unsecured subordinated redeemable non-convertible debentures (refer note 17.1)	1,24,088	1,35,908
Other subordinated unsecured loans (refer note 17.2)	7,500	7,500
Total (A)	1,31,588	1,43,408
Subordinated Liabilities in India	1,31,588	1,43,408
Subordinated Liabilities outside India	-	-
Total (B)	1,31,588	1,43,408

17.1 Details relating to subordinated redeemable non-convertible debentures

11,750 (31 March 2019: 12,850) debentures were issued with a face value of Rs. 1,000,000/-. These debentures carry interest rates ranging from 9.20% p.a. to 12.40% p.a. and the redemption period is 5 to 7 years.

The aforesaid debentures are listed at Bombay Stock Exchange.

17.2 Details relating to Other sub-ordinated unsecured loans

As at 31 March 2020, the Unsecured subordinated loans carries interest rate is 11.21% p.a. and the redemption period is 5 years.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

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

Particulars	Amount	Terms of redemption/ repayment	Security
Term Loan - 1	8,331	Repayable in 5 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 2	13,750	Repayable in 11 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 3	15,000	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 4	10,500	Repayable in 2 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 5	27,500	Repayable in 6 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 6	24,400	Repayable in 9 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 7	10,000	Repayable in 16 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 8	20,000	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 9	30,000	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 10	5,333	Repayable in 24 Monthly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 11	20,000	Repayable in 8 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 12	34,375	Repayable in 11 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 13	3,104	Repayable in 5 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 14	34,375	Repayable in 11 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 15	47,500	Repayable in 19 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 16	50,000	Repayable in 19 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

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

Particulars	Amount	Terms of redemption/ repayment	Security
Term Loan - 17	19,500	Repayable in 13 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 18	24,375	Repayable in 13 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 19	20,001	Repayable in 18 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 20	8,750	Repayable in 14 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 21	7,564	Repayable in 64 Monthly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 22	7,500	Repayable in 2 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 23	7,500	Repayable in 3 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 24	9,091	Repayable in 10 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 25	5,000	Repayable in 11 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 26	50,000	Repayable in 8 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 27	11,250	Repayable in 3 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 28	30,000	Repayable in 16 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 29	4,999	Repayable in 4 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 30	6,250	Repayable in 5 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 31	26,250	Repayable in 14 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 32	30,000	Repayable in 16 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

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

Particulars	Amount	Terms of redemption/ repayment	Security
Term Loan - 33	20,625	Repayable in 3 Annual instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 34	18,000	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 35	5,000	Repayable in 16 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 36	3,333	Repayable in 1 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 37	30,000	Repayable in 6 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 38	35,000	Repayable in 7 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 39	50,000	Repayable in 20 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 40	983	Repayable in 1 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 41	79,922	Repayable in 16 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 42	49,997	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 43	13,125	Repayable in 7 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 44	12,500	Repayable in 10 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 45	20,000	Repayable in 8 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 46	27,500	Repayable in 11 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 47	50,000	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 48	6,250	Repayable in 2 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

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

Particulars	Amount	Terms of redemption/ repayment	Security
Term Loan - 49	1,00,000	Repayable in 4 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 50	37,500	Repayable in 6 Half yearly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 51	30,000	Repayable in 12 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 52	4,000	Repayable in 1 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 53	9,167	Repayable in 33 Monthly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 54	21,250	Repayable in 17 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 55	20,000	Repayable in 16 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 56	21,750	Repayable in 8 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 57	42,500	Repayable in 17 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 58	4,968	Repayable in 5 Annual instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 59	10,000	Repayable in 10 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 60	833	Repayable in 1 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 61	1,250	Repayable in 6 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 62	2,500	Repayable in 6 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 63	1,667	Repayable in 2 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 64	5,000	Repayable in 8 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 65	1,250	Repayable in 6 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

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

Particulars	Amount	Terms of redemption/ repayment	Security
Term Loan - 66	6,250	Repayable in 10 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 67	10,500	Repayable in 27 Monthly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Term Loan - 68	5,000	Repayable in 15 Quarterly instalments	Secured by exclusive charge by way of hypothecation of specific receivables and investments in pass through certificates with security covers ranging from 110% to 112% of loan amount.
Borrowings - PTC	51,133		
EIR adjustments	1,004		
Total Term Loans from Banks	14,31,955		

**HINDUJA LEYLAND FINANCE LIMITED**

Notes to standalone financial statements for the year ended 31 March 2020

18 Other financial liabilities**INR In Lakh**

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
Payable to assignees towards collections in assigned assets	23,205	22,572
Interest participation payable	11,772	8,765
Dealer payables	3,509	8,200
Payable to employees	1,077	743
Lease liability	2,608	-
Other payable	-	4,584
Total	42,171	44,864

19 Provisions

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
Provision for employee benefits		
- gratuity	170	112
- compensated absences	121	105
Total	291	217

20 Other non-financial liabilities

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
Statutory liabilities	443	642
Total	443	642



HINDUJA LEYLAND FINANCE LIMITED

Notes to standalone financial statements for the year ended 31 March 2020

21 Equity share capital	INR In Lakh	
	As at 31 Mar 2020	As at 31 Mar 2019
Authorised		
622,907,700 (31 March 2019: 622,907,700) equity shares of INR10/- each	62,291	62,291
	62,291	62,290.77
Issued, subscribed and fully paid up		
469,752,490 (31 March 2019 : 469,670,990) equity shares of INR 10/- each	46,975	46,967
	46,975	46,967

Notes:

a) **Reconciliation of number of Equity shares subscribed**

	As at 31 Mar 2020		As at 31 Mar 2019	
	No. of shares	Amount in Lakhs	No. of shares	Amount in Lakhs
Equity shares				
At the commencement of the year	46,96,70,990	46,967	45,64,37,968	45,644
Add: Shares issued during the year	81,500	8	1,32,33,022	1,323
At the end of the year	46,97,52,490	46,975	46,96,70,990	46,967

b) **Terms/ rights attached to equity shares**

The Company has a single class of equity shares having face value of INR 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 Mar 2020		As at 31 Mar 2019	
	No. of shares	% held	No. of shares	% held
Equity shares				
Ashok Leyland Limited; holding company	31,56,42,021	67.19%	29,04,31,937	61.84%

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

	As at 31 Mar 2020		As at 31 Mar 2019	
	No. of shares	% held	No. of shares	% held
Equity shares				
Ashok Leyland Limited; holding company	31,56,42,021	67.19%	29,04,31,937	61.84%
IndusInd International Holdings Limited	7,89,79,303	16.81%	7,89,79,303	16.82%
Hinduja Power Limited	3,07,86,550	6.55%	3,07,86,550	6.55%

e) **Shares reserved for issue under employee stock option plan**

	As at 31 Mar 2020		As at 31 Mar 2019	
	Number	Amount	Number	Amount
Under Employee stock option scheme, 2013, at an exercise price as determined by the Nomination and Remuneration Committee	1,99,06,191	1,991	1,99,06,191	1,991

**HINDUJA LEYLAND FINANCE LIMITED****Notes to standalone financial statements for the year ended 31 March 2020****f) Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

During the five-year period ended 31 March 2020, 2,864,500 (31 March 2019: 2,783,000) equity shares issued under employee stock option plan for which only exercise price has been received in cash.

22 Other Equity

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
a) Securities premium account		
Balance at the beginning of the year	96,211	77,490
Add: Premium on issue of shares	36	18,721
Add: Transferred from Employee Stock Option Outstanding account	-	-
Balance at the end of the year	96,247	96,211
b) Employee stock option outstanding account		
Balance at the beginning of the year	293	188
Add: Share based payment expense for the year	-	105
Less: Transferred to securities premium	-	-
Balance at the end of the year	293	293
c) Statutory reserves (As per Section 45-IC of Reserve Bank of India Act, 1934)		
Balance at the beginning of the year	23,416	17,903
Add: Amount transferred from surplus in statement of profit and loss	5,839	5,513
Balance at the end of the year	29,255	23,416
d) Retained earnings (Surplus in Statement of Profit and Loss)		
Balance at the beginning of the year	82,820	60,769
Add: Profit for the year	29,197	27,564
Less :Transferred to statutory reserve	(5,839)	(5,513)
Balance at the end of the year	1,06,178	82,820
e) Other comprehensive income		
Balance at the beginning of the year	22,677	28
Add: Comprehensive Income for the year	23,010	22,649
Balance at the end of the year	45,687	22,677
Total (a+b+c+d+e)	2,77,660	2,25,417

Nature and purpose of reserve**Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

Employee stock option outstanding

The Company has established various equity settled share based payment plans for certain categories of employees of the Company.

Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 ("the RBI Act, 1934")

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

Surplus in the statement of profit and loss

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

Other comprehensive income

a) The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

b) 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 LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

23 Interest income

INR In Lakh

Particulars	Year ended 31 Mar 2020			Year ended 31 Mar 2019		Total
	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	Total	On financial assets measured at fair value through OCI	On financial assets measured at amortised cost	
Interest Income						
- Interest income on loans to customers (refer note)	82,502	1,74,524	2,57,026	37,626	1,75,866	2,13,492
- Interest on investment in pass through certificates	-	6,966	6,966	-	5,007	5,007
- Interest income on investment in debentures	-	3,862	3,862	-	5,786	5,786
- Interest income on lease assets	-	12	12	-	-	-
Total	82,502	1,85,364	2,67,866	37,626	1,86,659	2,24,285

Note: Interest income on loans to customers includes, as part of loan Origination Income, Other than Interest Income such as processing charges, documentation charges, services charges of INR 8,113.37 lakhs (31 March 2019 - INR 7,400.26 lakhs) and loan origination expenses, netted off against Interest Income on loan to customers, such as stamp charges, brokerage & commission, service provider payments and marketing expenses of INR 13,702.20 lakhs (31 March 2019 - INR 11,271 lakhs).

24 Fees and commission income

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Other charges	5,315	4,768
Total	5,315	4,768

25 Net gain on derecognition of financial instruments

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Income on assignment of loans	18,751	16,816
Total	18,751	16,816

26 Other income

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Interest on fixed deposits	761	889
Other income (including income earned from related parties amounting to INR Nil (31 March 2019 - INR 9,305 lakh))	55	9,305
Total	816	10,195



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

27 Finance Costs

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
<i>Finance costs on financial liabilities measured at amortised cost</i>		
Interest on borrowings		
- term loans from banks	1,10,820	79,701
- cash credits and working capital demand loans	5,735	4,575
- securitised portfolio	2,622	2,581
Interest on debt securities	11,797	23,211
Interest on subordinated liabilities	14,382	12,747
Amortisation of discount on commercial papers	7,788	8,013
Amortisation of ancillary costs relating to borrowings	2,168	1,295
Interest on lease assets	85	-
Total	1,55,397	1,32,123

28 Fees and commission expense

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Service provider and sourcing expenses	2,930	3,358
Others	5,792	2,871
Total	8,722	6,229

29 Impairment on financial assets

Particulars	Year ended 31 Mar 2020		Year ended 31 Mar 2019	
	On financial assets measured at fair value through OCI	On financial assets measured at amortised Cost	On financial assets measured at fair value through OCI	On financial assets measured at amortised Cost
Provision for expected credit loss and amounts written off	4,034	55,502	4,646	51,283
Impairment loss on other receivables	-	2,151	-	767
Total	4,034	57,653	4,646	52,050
Total impairment of financial assets		61,687		56,696

30 Employee benefits expenses

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Salaries, wages and bonus	12,170	9,577
Contribution to provident and other funds	576	382
Contribution to gratuity (refer note 36)	94	112
Staff welfare expenses	243	214
Employee stock option expenses (refer note 35)	-	105
Total	13,083	10,390



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

31 Depreciation and amortization

Particulars	Year ended	Year ended
	31 Mar 2020	31 Mar 2019
Depreciation of property, plant and equipment	639	654
Amortisation of intangible assets	15	8
Depreciation on right of use assets	398	-
Total	1,052	662

32 Other expenses

Particulars	Year ended	Year ended
	31 Mar 2020	31 Mar 2019
Legal and professional charges	1,964	1,354
Rent (refer note 41)	1,349	1,338
Communication expenses	733	639
Insurance	339	320
Electricity charges	279	256
Rates and taxes	119	63
Office maintenance	557	693
Repairs and maintenance	208	142
Bank charges	221	305
Printing and stationery	429	436
Travelling and conveyance	1,129	911
Auditor remuneration (refer note 32.1)	93	88
Meeting and conference expenses	60	169
Commission to directors	168	155
Sitting fees to directors	72	96
Expenditure on corporate social responsibility (refer note 42)	705	210
Miscellaneous expenses	480	504
Total	8,904	7,679

32.1 Payments to auditor (excluding goods and services tax)

(a) As auditor:		
Statutory audit	35	35
Tax audit	2	2
Limited review	15	15
Consolidation	10	8
(b) In other capacity:		
Certification	5	5
Other services	21	18
(c) Reimbursement of expenses	5	5
	93	88



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

33 Income Tax

The components of income tax expense for the years ended 31 March 2020 and 2019 are:

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Current tax	11,157	13,017
Deferred tax	3,549	1,704
Total tax charge	14,706	14,721

33.1 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 2020 and 2019 is, as follows:-

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Accounting profit before tax	43,903	42,285
Applicable tax rate	25.17%	34.94%
Computed tax expense	11,049	14,776
Tax effect of :		
Permanent differences	3,656	(55)
Tax expenses recognised in the statement of profit and loss	14,705	14,721
Effective tax rate	33.49%	34.81%

33.2 Deferred tax

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

Component of Deferred tax asset / (liability)	As at 31 Mar 2019	Statement of profit and loss	Other comprehensive income	As at 31 Mar 2020
Deferred tax asset / (liability) in relation to:				
Fixed assets	94	(49)	-	45
Impact of fair value of assets	(12,120)	-	(3,326)	(15,446)
Impairment on financial assets	15,886	(2,624)	-	13,262
Provision for employee benefits	127	(3)	(70)	54
Impact on ESOP fair valuation	-	-	-	-
Impact on other receivables	(5,462)	(212)	-	(5,674)
Impact on leases	-	36	-	36
Others	696	(695)	-	1
Total	(779)	(3,547)	(3,396)	(7,722)

Component of Deferred tax asset / (liability)	As at 1 Apr 2018	Statement of profit and loss	Other comprehensive income	As at 31 Mar 2019
Deferred tax asset / (liability) in relation to:				
Fixed assets	45	49	-	94
Impact of fair value of assets	-	-	(12,120)	(12,120)
Impairment on financial assets	14,461	1,425	-	15,886
Provision for employee benefits	99	77	(50)	127
Impact on ESOP fair valuation	27	(27)	-	-
Impact on other receivables	(2,229)	(3,233)	-	(5,462)
Others	691	5	-	696
Total	13,094	(1,704)	(12,170)	(779)



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

34 Earnings per share ('EPS')

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Earnings		
Net profit attributable to equity shareholders for calculation of basic EPS	29,197	27,564
Net profit attributable to equity shareholders for calculation of diluted EPS	29,197	27,564
Shares		
Equity shares at the beginning of the year	46,96,70,990	45,64,37,968
Shares issued during the year	81,500	1,32,33,022
Total number of equity shares outstanding at the end of the year	46,97,52,490	46,96,70,990
Weighted average number of equity shares outstanding during the year for calculation of basic EPS	46,97,25,326	45,83,39,358
Effect of dilutive potential equity shares		
Employee stock options	2,05,296	3,71,286
Weighted average number of equity shares outstanding during the year for calculation of diluted EPS	46,99,30,622	45,87,10,644
Face value per share	10.00	10.00
Earnings per share		
Basic	6.22	6.01
Diluted	6.21	6.01

35 Employee stock option

The Company has granted certain stock options to its employees under Employee stock option scheme, 2013 ("ESOP Scheme"). The employee stock options granted entitle the employees to purchase equity shares at an exercise price either at INR 10/- per option or fair value at the date of the grant or as determined by the Nomination and Remuneration Committee at the date of grant.

Options to employees are usually granted with a four-year rateable vesting. The options would need to be exercised within a 3 year period from the date of vesting.

The vesting pattern is indicated below

Particulars	Vesting pattern	Vesting pattern	Vesting pattern	Vesting pattern	Vesting pattern
Grant date	26-Mar-14	10-Nov-16	23-May-17	29-Jan-18	22-May-19
At the end of one year of service from grant date	20%	20%	20%	20%	20%
At the end of two years	20%	20%	20%	20%	20%
At the end of three years	30%	30%	30%	30%	30%
At the end of four years	30%	30%	30%	30%	30%

Share based payment expense

The expense recognised during the current year:

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Share based payment expense:		
Total expense recognised in 'employee benefits' (refer note 30)	-	105

Reconciliation of outstanding options

The number and the weighted average exercise prices of share options under employee stock option plan are as follows:

Particulars	Year ended 31 Mar 2020		Year ended 31 Mar 2019	
	No of options	Weighted average exercise price	No of options	Weighted average exercise price
Outstanding at beginning of the year	13,14,000	69.82	15,18,500	65.87
Granted during the year	1,60,000	110.00	-	-
Forfeited during the year	1,29,500	88.75	10,000	54.40
Exercised during the year	81,500	56.95	1,81,500	41.33
Expired during the year	-	-	13,000	27.95
Outstanding at the end of the year	12,63,000	73.96	13,14,000	69.82

The options outstanding at the year-end have an exercise price and a weighted average contractual life as given below:

Particulars	As at 31 March 2020			As at 31 March 2019		
	No of outstanding options	Range of exercise price	Weighted average remaining life	No of outstanding options	Range of exercise price	Weighted average remaining life
ESOP Scheme	12,63,000	INR/- 56.95 to 110	1 – 4 years	13,14,000	INR/- 27.95 to 110	1 – 4 years

Measurement of fair values

The fair value of employee stock options is measured using the Black Scholes Model.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

35 Employee stock option (continued)

The inputs used in the computation of fair value of the grant date fair value are as follows:

Grant date	26-Mar-2014	10-Nov-2016	23-May-2017	29-Jan-2018	22-May-2019
No of shares	29,95,000	11,90,000	50,000	4,10,000	1,60,000
Value of the share at the grant date	27.95	79	95	110	110
Exercise price	INR/- 10 to 37.95	INR/- 54.40	INR/- 75	INR/- 110	INR/- 110
Expected volatility	0.00%	0.00%	0.00%	0.00%	0.00%
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (based on government bonds)	8.00%	6.88%	7.08%	7.08%	7.08%
Expected life	4 years	4 years	4 years	4 years	4 years

Note: The Exercise Period shall commence from the date of Vesting and the Vested Options can be Exercised within a period of 3 years from date of Vesting of Option or till it is cancelled as per the provisions of the Scheme.

36 Employee benefit – post employment benefit plans

a) Defined contribution plans

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

The Company's contribution to Provident Fund aggregating INR 576 lakhs (31 March 2019 : INR 382 lakhs) (refer note 30) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Defined benefit obligation

The liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

The plan is of a final salary defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. The actuarial risks associated are:

Interest rate risk: The risk of government security yields falling due to which the corresponding discount rate used for valuing liabilities falls. Such a fall in discount rate will result in a larger value placed on the future benefit cash flows whilst computing the liability and thereby requiring higher accounting provisioning.

Longevity risk: Longevity risks arises when the quantum of benefits payable under the plan is based on how long the employee lives post cessation of service with the company. The gratuity plan provides the benefit in a lump sum form and since the benefit is not payable as an annuity for the rest of the lives of the employees, there is no longevity risks.

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

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Significant assumptions		
Discount rate	5.60%	7.00%
Expected rate of salary escalation	10.00%	10.00%
Other assumption		
Mortality rate	Indian Assured Lives Mortality 2006-08 (modified) Ult	Indian Assured Lives Mortality 2006-08 (modified) Ult

b) Gratuity benefit 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. 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.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

36 Employee benefit – post employment benefit plans (continued)

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.

Amount recognised in balance sheet in respect of these defined benefit obligation :

Particulars	For the year ended 31 Mar 2020	For the year ended 31 Mar 2019
Present value of obligations	487	332
Fair value of plan assets	330	220
Liability recognised in the Balance Sheet	(157)	(112)

Amount recognised in statement of profit and loss in respect of these defined benefit obligation :

Particulars	For the year ended 31 Mar 2020	For the year ended 31 Mar 2019
Current service cost	91	68
Past service cost	-	-
Net interest cost	3	1
Components of defined benefits costs recognised in profit or loss.	94	69
Remeasurements on the net defined benefit liability :		
- Actuarial (gain)/loss from change in demographic assumptions	-	-
- Actuarial (gain)/loss from change in financial assumptions	26	1
- Actuarial (gain)/loss from change in experience adjustments	51	44
- Return on plan assets (greater)/less than discount rate	(2)	(2)
Total amount recognised in other comprehensive income	75	43
Total	169	112

The current service cost and the net interest expense for the year are included in the "Employee Benefit Expense" line item in the statement of profit and loss

Particulars	For the year ended 31 Mar 2020	For the year ended 31 Mar 2019
Opening defined benefit obligation	333	236
Current service cost	91	68
Past service cost	-	-
Interest cost	22	16
Remeasurements (gains)/losses:		
- Actuarial (gain)/loss from change in demographic assumptions	-	-
- Actuarial (gain)/loss from change in financial assumptions	26	2
- Actuarial (gain)/loss from change in experience adjustments	51	44
Benefits paid	(35)	(33)
Closing defined benefit obligation	488	333

*On account of inter group transfer

Movement in present values of defined benefit obligations

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Defined benefit obligation at the beginning of the year	333	236
Current service cost	91	68
Interest cost	22	16
Actuarial (gains) / losses	77	46
Benefits paid by the plan	(23)	(33)
Benefits paid directly by the company	(13)	-
Defined benefit obligation at the end of the year	487	333

Movement in fair value of plan assets

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Fair value of plan assets at the beginning of the year	220	206
Contributions paid into the plan	112	29
Benefits paid by the plan	(23)	(33)
Expected return on plan assets	19	15
Actuarial (losses) / gains	2	2
Fair value of plan assets at the end of the year	330	219

Expense recognised in the statement of profit or loss

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Current service cost	91	68
Interest on obligation	22	16
Expected return on plan assets	(19)	(15)
Net actuarial (gain)/ loss recognised in the year	76	43
Benefits paid directly by the company	(13)	-
Total	157	112



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

36 Employee benefit – post employment benefit plans (continued)

Actuarial assumptions

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
Discount rate	5.60%	7.00%
Estimated rate of return on plan assets	5.60%	7.00%
Attrition rate	25.00%	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	As at	As at
	31 Mar 2020	31 Mar 2019	31 Mar 2018	31 Mar 2017	31 Mar 2016
Defined benefit obligation	487	333	236	164	139
Fair value of plan assets	330	219	206	115	108
Deficit in plan	157	112	30	48	31
Experience adjustments on plan liabilities	77	46	(1)	(45)	(23)
Experience adjustments on plan assets	2	2	36	-	(2)

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is as follows :

100 base points increase/decrease	Year ended		Year ended	
	31 Mar 2020		31 Mar 2019	
	Increase	Decrease	Increase	Decrease
Discount rate	(19)	21	(12)	13
Future salary growth	20	(19)	13	(12)
Attrition rate	(2)	2	(4)	2

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note (a) above.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
Expected benefits for year 1	92.95	53.08
Expected benefits for year 2	81.91	61.16
Expected benefits for year 3	99.72	70.51
Expected benefits for year 4	126.31	86.15
Expected benefits for year 5	153.68	113.99
Expected benefits for year 6	158.53	123.35
Expected benefits for year 7	142.64	115.49
Expected benefits for year 8	131.72	103.13
Expected benefits for year 9	117.07	94.89
Expected benefits for year 10 and above	105.39	83.25

The weighted average duration of the payment of these cash flows is 4 years (FY 2018-19 - 4 years)

c) Other long term employee benefits

The liability for compensated absences as at 31 March 2020 is INR 121 lakhs and as at 31 March 2019 is INR 104 lakhs.

37 Segment reporting

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

38 Contingent liabilities and commitments

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
Claims against the Company not acknowledged as debts: Value added taxes [bank guarantee provided against the claim INR 75 lakhs (31 March 2019 : INR 75 lakhs)]	180	180
Bank guarantee against securitisation transactions	4,558	4,552

The Company also receives claims, including those on collection and repossession related matters, which arise in the ordinary course of the business. However, the management does not believe that such matters would have a material effect on the financial statements.

There are no significant capital commitments as at the year end.



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Notes to standalone financial statements for the year ended 31 March 2020

39 Related party disclosures

Name of the related parties and nature of relationship

Holding company / Ultimate Holding Company	Ashok Leyland Limited ("ALL") – Holding Company of Hinduja Leyland Finance Limited 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
Subsidiary company	Hinduja Housing Finance Limited ("HHF")
Associate company	HLF Services Limited ("HSL")
Fellow subsidiary	Hinduja Energy (India) Limited Gulf Ashley Motors Limited
Key management personnel (KMP)	Mr. S. Nagarajan, Executive Vice Chairman Mr. Sachin Pillai, Managing Director & CEO Mr. Kishore Kumar Lodha, Chief Financial Officer Mr. B Shanmugasundaram, Company Secretary

Related party transactions

Nature of transaction	Holding company (ALL)	Associate	Subsidiary	Fellow subsidiary	KMP
Investment in equity shares	-	-	4,000 (3,000)	-	-
Inter-corporate deposits (Hinduja Energy (India) Limited)	-	-	-	17,500 (9,000)	-
Repayment of Inter-corporate deposits (Hinduja Energy (India) Limited)	-	-	-	22,000 (4,500)	-
Advance given (Gulf Ashley Motors Limited)	-	-	-	4,160 (9,766)	-
Advance repayment (Gulf Ashley Motors Limited)	-	-	-	4,855 (9,092)	-
Reimbursement of expenses incurred on behalf of the related party	1 (0)	-	104 (64)	-	-
Interest income	-	-	-	-	-
- Hinduja Energy (India) Limited	-	-	-	691 (462)	-
- Gulf Ashley Motors Limited	-	-	-	8 (1)	-
Purchase of services including tax:	-	-	-	-	-
a. Service provider fee	-	8,622 (7,410)	-	-	-
b. Sourcing / marketing expenses	-	-	-	-	-
Income from other services	-	-	-	-	-
Salaries and allowances	-	-	-	-	-
- Mr. S. Nagarajan	-	-	-	-	378
- Mr. Sachin Pillai	-	-	-	-	(321)
- Mr. Kishore Kumar Lodha	-	-	-	-	283
- Mr. B Shanmugasundaram	-	-	-	-	(253)
Number of equity shares allotted on exercise of options	-	-	-	-	-
- Mr. Sachin Pillai	-	-	-	-	10,000 (70,000)

Also refer note 46

Figures in bracket represent previous year figures.

Year end balances

Particulars	As at 31 March 2020	As at 31 March 2019
Amounts due from related parties		
- Hinduja Energy (India) Limited	-	4,500
- HLF Services Limited	5,186	11,359
- Hinduja Housing Finance Limited	-	-
- Gulf Ashley Motors Limited	-	713
Amounts due to related parties		
- Hinduja Housing Finance Limited	162	162
- Ashok Leyland Limited	-	-

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

The transactions disclosed above are exclusive of GST.

The Company enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties.



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INR In Lakh

40 Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/ or be repaid within 12 months, regardless of the actual contractual maturities of the products. 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 2020			As at 31 March 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	82,879	-	82,879	24,227	-	24,227
Bank Balance other than cash and cash equivalents	14,610	-	14,610	-	11,840	11,840
Other Receivables	17,500	5,040	22,540	6,200	9,431	15,631
Loans	7,04,350	10,66,358	17,70,708	6,13,714	10,74,970	16,88,684
Investments	17,681	60,003	77,684	75,084	54,786	1,29,870
Other financial assets	88,397	1,391	89,788	1,00,523	35,592	1,36,115
Current tax assets (net)	7,130	-	7,130	7,214	-	7,214
Property, Plant and Equipment	-	4,969	4,969	-	4,901	4,901
Capital work-in-progress	-	116	116	-	-	-
Other Intangible assets	-	59	59	-	30	30
Right of use assets	-	2,650	2,650	-	-	-
Other non-financial assets	2,929	-	2,929	1,557	-	1,557
Total Assets	9,35,476	11,40,586	20,76,062	8,28,519	11,91,550	20,20,069
Liabilities						
Other payables	-	-	-	-	-	-
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,957	-	1,957	314	-	314
Debt Securities	61,602	26,698	88,300	1,00,160	1,05,455	2,05,615
Borrowings (other than debt securities)	5,26,310	9,52,483	14,78,793	5,44,196	8,07,488	13,51,684
Deposits	-	162	162	-	162	162
Subordinated liabilities	20,570	1,11,018	1,31,588	11,000	1,32,408	1,43,408
Other financial liabilities	36,606	5,565	42,171	44,864	-	44,864
Provisions	-	291	291	-	217	217
Deferred tax liabilities (net)	-	7,722	7,722	-	779	779
Other non-financial liabilities	443	-	443	642	-	642
Total Liabilities	6,47,488	11,03,939	17,51,427	7,01,176	10,46,509	17,47,685
Net	2,87,988	36,647	3,24,635	1,27,343	1,45,041	2,72,384



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INR In Lakh

41 Leases

Effective April 1, 2019, the company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using modified retrospective method. The company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use assets at an amount equal to the lease liability discounted at the incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for the year ended March 31, 2019.

On the date of initial application, the adoption of the new standard resulted in recognition of 'Right to Use' asset (ROU) of INR.3,048.18 Lakhs and a lease liability of NR.2,607.70 Lakhs. The weighted average of discount rate applied to lease liabilities as at April 1, 2019 is 9.31%. The company has recognised amortisation of ROU aggregating of INR. 398.42 Lakhs and interest expenses on lease liabilities of INR.85 Lakhs in the Statement of Profit and Loss for the year ended March 31, 2020. Lease payments during the year have been disclosed under financial activities in the cash flow statements.

The following is the summary of practical expedients elected on initial application:

- (a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- (b) Applied the exemption not to recognise right to use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- (c) Excluded the initial direct costs from the measurement of the right to use asset at the date of initial application.

The difference between the lease obligation recorded as March 31, 2019 under Ind AS 17 disclosed under note 31 of annual financial statements forming part of 2019 annual report and the value of lease liability as of April 1, 2019 is primarily on account of discounting the lease liabilities to the present value under Ind AS 116.

Following are the changes in the carry value of the right of use assets for the year ended March 31, 2020:

Category of ROU Asset	Gross Block			Accumulated Depreciation			Net Block
	As at 1 April 2019	Additions	As at 31 March 2020	As at 1 April 2019	Depreciation	As at 31 March 2020	As at 31 March 2020
Office Premises	-	3,048	3,048	-	398	398	2,650

The aggregate depreciation expenses on ROU assets is included under depreciation and amortization expenses in the Statement of Profit and Loss.

Table showing contractual cash maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Within one year	943	-
After one year but not more than five years	1,290	-
More than five years	318	-
Total	2,551	-

The Company does not face significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The company has taken vehicles on finance lease for a period of 48 months. The company's obligation under finance lease is secured by the minimum lease rentals outstanding as at the year end as under:

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Within one year	24	-
After one year but not more than five years	34	-
More than five years	-	-
Total	57	-
Less : Future finance charges	8	-
Present value of minimum lease payments	49	-
Total	57	-

42 Corporate social responsibility (“CSR”) expenditure

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
(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	638	512
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	705	210

43 Utilisation of the proceeds of rights issue

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Proceeds from rights issue	-	19,969
Utilisation during the year – Loan to customers	-	(19,969)
Un-utilised amount at the end of the year	-	-

44 Expenditure in foreign currency

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
Legal and professional charges	41	79



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

45 Financial instrument

A Fair value measurement

Valuation principles

Fair value 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., exit price. This is regardless of whether that price is directly observable or estimated using a valuation technique.

Financial instruments by category

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

Particulars	Carrying amount		Fair value		
	FVOCI	Level 1	Level 2	Level 3	Total
As at 31 March 2020					
Loans	6,98,932	-	-	7,51,408	7,51,408
As at 31 March 2019					
Loans	6,34,006	-	-	6,64,034	6,64,034

The company does not have any financial assets measured at fair value as on 31 March 2020 and 1 April 2019.

Reconciliation of level 3 fair value measurement is as follows

Loans	Year ended	
	31 Mar 2020	31 Mar 2019
<i>Loans, measured at FVOCI</i>		
Balance at the beginning of the year	30,028	-
Total gains measured through OCI for additions made during the year	22,448	30,028
Balance at the end of the year	52,476	30,028

Sensitivity analysis

31 March 2020	Equity, net of tax	
	Increase	Decrease
Loans		
Interest rates (1% movement)	15,325.39	15,325.39

45 Financial instrument (continued)

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

Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
Assets:					
Loans	18,26,845	-	-	19,20,014	19,20,014
Investments	58,682	8,000	-	53,469	61,469
Total	18,85,527				
Liabilities:					
Debt securities	88,300	88,300	-	-	88,300
Borrowings	14,78,793	-	-	14,78,793	14,78,793
Security deposits	162	-	-	162	162
Subordinated liabilities	1,31,588	1,31,588	-	-	1,31,588
Total	16,98,843				

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Carrying amount		Fair value		
	Amortised cost	Level 1	Level 2	Level 3	Total
Assets:					
Loans	17,38,652	-	-	18,80,767	18,80,767
Investments	1,14,868	10,000	-	1,08,540	1,18,540
Total	18,53,520				
Liabilities:					
Debt securities	2,05,615	2,05,615	-	-	2,05,615
Borrowings	13,51,684	-	-	13,51,684	13,51,684
Security deposits	162	-	-	162	162
Subordinated liabilities	1,43,408	1,43,408	-	-	1,43,408
Total	17,00,869				



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

INR In Lakh

45 Financial instrument (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

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.

Borrowings

The debt securities, borrowings and subordinated liabilities are primarily variable rate instruments. Accordingly, the fair value has been assumed to be equal to the carrying amount.

Loans, Dealer trade advances and other receivables

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, foreign exchange risk, probability of default and loss given default estimates.

Investments

The fair values financial of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk. Investment in mutual funds has been taken as Level II and value has been considered based on mutual fund statement.

Transfers between levels I and II

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

C Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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.

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

Particulars	As at	As at
	31 March 2020	31 March 2019
Gross debt	16,98,681	17,00,707
Less:		
Cash and cash equivalents	82,879	24,227
Other bank deposits	14,610	11,840
Adjusted net debt	16,01,192	16,64,640
Total equity	3,24,635	2,72,384
Adjusted net debt to equity ratio	4.93	6.11

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements. Breaches in financial covenants would permit the bank to immediately call loans and borrowings.

Regulatory capital *

Particulars	Carrying amount	
	As at	As at
	31 March 2020	31 March 2019
Tier I Capital	2,73,400	2,17,017
Tier II Capital	53,130	1,15,931
Total Capital	3,26,530	3,32,948
Risk weighted assets	18,93,450	19,61,873
Tier I Capital Ratio (%)	14.44%	11.06%
Tier II Capital Ratio (%)	2.81%	5.91%

Tier I capital consists of shareholders' equity and retained earnings. Tier II Capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier I). Tier I and Tier II has been reported on the basis of Ind AS financial information.

* The above computations are as per IND AS. RBI related accounting implications on account of IND AS adoption are not considered in the above computations, as RBI is yet to provide guidance on Ind AS implications in CRAR computations.



HINDUJA LEYLAND FINANCE LIMITED
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46 Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings from banks and debentures. 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 loan and advances, investments and cash and cash equivalents 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 and asset liability 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 activities.

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 held at amortised cost and debt instrument held at FVOCI fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

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

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 Board 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

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows. All these exposures are within India.

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Retail loans	16,24,299	15,43,794
Term loans	2,02,546	1,55,358
Inter-corporate deposits	-	39,500
	18,26,845	17,38,652
Less : Impairment loss allowance	(56,137)	(49,968)
	17,70,708	16,88,684

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

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
31-90 Days	Stage 2	Lifetime Provision
90+ Days	Stage 3	Lifetime Provision

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:

- Commercial vehicle loans
- Two wheeler loan
- Construction equipments
- Three wheeler loan
- 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

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



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

46 Financial risk management objectives and policies (continued)

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from the internal data which is calibrated with forward looking macroeconomic factors.

The company has made overlays to the ECL Model to consider the impact of the Covid-19 pandemic on the provision. The probability of default has been stressed depending on the type of portfolio, credit risk and likely consequential default due to pandemic. The impact on collateral values is also stressed for determination of loss given default wherever necessary as appropriate. Also refer note 49

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. The Company has considered the workout LGD approach by considering historical losses and recoveries. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS)
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
 - d) Collateral (security) amount

The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$

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. The 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 future interest for the outstanding exposure. 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.

46 Financial risk management objectives and policies (continued)

Analysis of changes in the gross carrying amount and the corresponding ECL allowances:

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Revised Stage 1	Stage 2	Revised Stage 3	Total
Gross carrying amount opening balance	13,91,831	2,27,779	1,19,042	17,38,652	11,54,563	1,46,868	97,777	13,99,208
Assets derecognised or repaid (including write offs)	(5,20,184)	(76,978)	(16,606)	(6,13,768)	(4,35,064)	(28,749)	(20,636)	(4,84,449)
Transfers from Stage 1 **	(3,03,129)	1,90,746	14,492	(97,891)	(1,61,712)	1,32,337	37,182	7,807
Transfers from Stage 2 **	21,427	(95,003)	17,344	(56,232)	39,345	(56,265)	5,923	(10,997)
Transfers from Stage 3 **	932	3,367	(17,543)	(13,244)	5,232	2,573	(6,073)	1,732
Amounts written off	-	-	-	-	-	-	-	-
New assets originated*	7,88,306	80,278	744	8,69,328	7,89,467	31,015	4,869	8,25,351
Gross carrying amount closing balance	13,79,184	3,30,189	1,17,472	18,26,845	13,91,831	2,27,779	1,19,042	17,38,652

* New assets originated are those assets which have originated during the year.

** 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 derecognised or repaid".

Reconciliation of ECL balance is given below:

Particulars	31 March 2020				31 March 2019			
	Stage 1	Stage 2	Stage 3	Total	Revised Stage 1	Stage 2	Revised Stage 3	Total
ECL allowance - opening balance	3,434	1,159	45,376	49,969	5,240	1,404	43,681	50,325
Assets derecognised or repaid (excluding write offs)	(1,283)	(392)	(6,330)	(8,005)	(2,016)	(275)	(9,230)	(11,521)
Transfers from Stage 1	(748)	467	6,024	5,743	(749)	673	14,173	14,097
Transfers from Stage 2	101	(483)	7,209	6,827	97	(538)	2,258	1,817
Transfers from Stage 3	4	8	(6,687)	(6,674)	13	13	(2,716)	(2,690)
New assets originated and incremental charge during the year	4,537	283	8,596	13,415	2,484	46	9,676	12,206
Write offs during the year	-	-	(1,104)	(1,104)	-	-	(9,618)	(9,618)
Transfer to OCI	454	(233)	(4,254)	(4,034)	(1,634)	(164)	(2,848)	(4,646)
Closing provision of ECL	6,499	809	48,830	56,137	3,434	1,159	45,376	49,969

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, vehicles, loan portfolios and 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 Group advances loan to maximum extent of 70% of the value of the mortgaged properties and 100% in case of vehicles respectively.

The Company also physically repossess commercial vehicles for the recovery of loans. These balances are also disclosed in loan to customers as such repossessed assets are disposed.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of the aforesaid balances.



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

46 Financial risk management objectives and policies (continued)

(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 limit available to the Company is INR 1,475 lakhs spread across 16 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand.

The Company's portfolio is loans which qualifies as Priority Sector Lending. The Company has also made sales through direct assignment route (off book) approximately 10% to 25% of assets under management. This further strengthens the liability 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.

As at 31 March 2020	Contractual cash flows				
	Carrying amount	0-1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade Payables	1,957	1,957	-	-	-
Borrowings	14,78,793	5,26,310	7,57,812	1,94,218	453
Debt Securities	88,300	61,602	26,698	-	-
Subordinated liabilities	1,31,588	20,570	40,477	70,541	-
Lease liability	2,608	967	1,048	275	318
Other financial liabilities	39,725	35,639	3,924	-	162
Total	17,42,971	6,47,045	8,29,959	2,65,034	933
Financial assets					
Cash and Cash Equivalents	82,879	82,879	-	-	-
Bank balances other than (a) above	14,610	14,610	-	-	-
Loans	17,70,708	7,04,350	6,96,680	1,94,374	1,75,304
Investments	77,684	17,681	28,382	9,573	22,048
Other financial assets	1,12,328	76,238	26,731	8,782	577
Total	20,58,209	8,95,758	7,51,793	2,12,729	1,97,929

As at 31 March 2019	Contractual cash flows				
	Carrying amount	0-1 year	1-3 years	3-5 years	More than 5 years
Financial liabilities					
Trade Payables	314	314	-	-	-
Borrowings	13,51,684	5,42,807	6,39,897	1,63,119	5,861
Debt Securities	2,05,615	1,12,175	93,440	-	-
Subordinated liabilities	1,43,408	11,000	39,500	23,000	69,908
Other financial liabilities	45,026	30,560	10,715	3,520	231
Total	17,46,047	6,96,856	7,83,552	1,89,639	76,000
Financial assets					
Cash and Cash Equivalents	24,227	24,227	-	-	-
Bank balances other than (a) above	11,840	11,840	-	-	-
Loans	16,88,684	7,15,115	6,54,861	2,15,653	1,03,055
Investments	1,29,870	77,407	26,467	6,996	19,000
Other financial assets	1,51,746	1,02,991	36,111	11,863	781
Total	20,06,367	9,31,580	7,17,439	2,34,512	1,22,836

46 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 parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate 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.

Fair value sensitivity analysis for Floating-rate instruments

The sensitivity analysis below have been determined based on exposure to the interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in case of instruments that have floating rates. A 25 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates

If interest rates had been 25 basis points higher or lower and all other variables were constant, the Company's profit before tax would have changed by the following:

Loans extended by the Company are fixed and floating rate loans.

The sensitivity analysis have been carried out based on the exposure to interest rates for term loans from banks, debt securities and borrowings carried at variable rate.

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	25 bps increase	25 bps decrease	25 bps increase	25 bps decrease
Impact on profit for the year	(2,969)	2,969	(2,923)	2,923

(v) Foreign currency risk

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



HINDUJA LEYLAND FINANCE LIMITED
Notes to standalone financial statements for the year ended 31 March 2020

47 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.

48 The disclosures required in terms of Annexure II of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are given in Annexure B forming part of these Financial Statements.

49 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and May 22, 2020 and in accordance therewith, the Company has proposed a moratorium of three months on the payment of all principal instalments and/ or interest, as applicable falling due between April, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if overdue as on February 29, 2020, excluding the collections made/already made in the month of March 2020.as per the RBI guidelines and approval by its Board of directors.

Further, the Company has, based on current available information and based on the policy approved by the board determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these financial results. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

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

50 Subsequent events

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

51 Previous year figures

Previous year figures have been restated / regrouped / re-classified wherever necessary in line with the financial results for the year ended March 31, 2020.

For and on behalf of the Board of Directors of
Hinduja Leyland Finance Limited
CIN : U65993TN2008PLC069837

Dheeraj G Hinduja
Chairman
DIN No : 00133410

S Nagarajan
Executive Vice Chairman
DIN No : 00009236

Sachin Pillai
Managing Director & CEO

Kishore Kumar Lodha
Chief Financial Officer

B Shanmugasundaram
Company Secretary
Membership No: F5949

Place : Chennai
Date : 20 June 2020



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

INR In Lakh

Annexure A

Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (Updated as on 22 February 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non - Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

A. Capital

Particulars	As at	As at
	31 Mar 2020	31 Mar 2019
CRAR %	17.25%	16.97%
CRAR - Tier I Capital %	14.44%	11.06%
CRAR - Tier II Capital %	2.81%	5.91%
Amount of subordinated debt raised as Tier II Capital (INR In Lakh)	Nil	89,300
Amount raised by issue of perpetual debt instruments (INR In Lakh)	Nil	Nil

Note : Capital to risk asset ratio (CRAR) has been arrived on the basis of Ind AS financial statements in consideration of the following:

- a. Other comprehensive income has not been considered in calculations as of 31 Mar 2020 while it has been considered in the calculations of 31 Mar 2019.
- b. Expected credit Loss (ECL) provision on Stage 1 is considered as contingency provision for the purposes of Tier II Capital.
- c. Receivable from HLF Services Limited (Associate Company): These balances are receivables from services rendered and are not loan balances. Therefore, these have not been deducted from net-owned funds.
- d. ECL provision with respect to stage 3 assets has been netted off in determination of risk weighted assets.

B. Investments

#	Particulars	As at	As at
		31 Mar 2020	31 Mar 2019
1	Value of investment		
	(i) Gross value of investment		
	(a) In India	77,684	1,29,870
	(b) Outside India	Nil	Nil
	(ii) Provision for depreciation		
	(a) In India	Nil	-
	(b) Outside India	Nil	Nil
	(iii) Net Value of Investment		
	(a) In India	77,684	1,29,870
	(b) Outside India	Nil	Nil
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	Nil	701
	(ii) Add : Provisions made during the year	Nil	Nil
	(iii) Less : Write-off / write-back of excess provisions during the year	Nil	701
	(iv) Closing balance	Nil	Nil

Note: Previous year balances have been reported on the basis of the Ind AS financial statements.

C. Derivatives

There have been no forward rate contracts / interest rate swaps or any other derivative transactions carried out by the Company during the year ended 31 March 2020 and 31 March 2019.

D. Disclosures relating to securitisation

i) Outstanding amount of securitised assets as per the books of the SPVs

#	Particulars	As at	As at
		31 Mar 2020	31 Mar 2019
1	No of SPVs sponsored for securitisation transactions	5	4
2	Total amount of securitised assets as per the books of the SPVs sponsored	51,133	43,282
3	Total amount of exposure retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposure		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposure		
	- First loss	12,287	7,425
	- Others	505	1,937



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

INR In Lakh

Annexure A

D. Disclosures relating to securitisation (continued)

i) Outstanding amount of securitised assets as per the books of the SPVs (continued)

#	Particulars	As at 31 Mar 2020	As at 31 Mar 2019
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposure		
	i) Exposure to own securitisation		
	- First loss	-	-
	- Others	4,558	4,552
	ii) Exposure to third party securitisation		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisation		
	- First loss	-	-
	- Others	5,804	4,164
	ii) Exposure to third party securitisation		
	- First loss	-	-
	- Others	41,425	61,578

Note: The above are inclusive of the securitisation transactions which have not been de-recognised in the books of account in accordance with Ind AS 109.

ii) Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

The Company has not sold financial assets to securitisation / reconstruction company for asset reconstruction during the year (previous year Nil), (also refer note D(iv) to Annexure A)

iii) Details of assignment transactions undertaken

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Number of accounts	30,464	33,394
Aggregate value (net of provisions) of accounts sold	4,08,165	3,80,796
Aggregate consideration	4,08,165	3,80,796
Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
Aggregate gain/ loss over net book value	Nil	Nil

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

i) Details of non-performing financial assets purchased

The Company has not purchased any non-performing assets during the financial year ended 31 March 2020 and 31 March 2019.

ii) Details of non-performing financial assets sold

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Number of accounts sold	-	-
Aggregate outstanding, net of provisions	-	-
Aggregate consideration received	-	-

Note: The Company has not de-recognised these assets in accordance with Ind AS 109 read with Ind AS 110.

v) Details of net book value of investments in security receipts

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Backed by non-performing assets sold by the Company as underlying	-	-
Backed by non-performing assets sold by other banks / financial institutions / nonbanking financial	Nil	Nil
Total book value of investments in security receipts	-	-

Note: Refer note D(iv) to Annexure A



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

Annexure A (continued)

INR In Lakh

E. Assets liability management maturity pattern of certain items of assets and liabilities

As at 31 March 2020

Particulars	Upto 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances *	73,095	45,614	50,423	1,31,494	3,93,724	7,30,460	1,94,374	1,75,304	17,94,488
Investment	236	354	1,551	701	14,838	28,382	9,573	22,048	77,684
Borrowings	51,832	34,045	1,07,396	1,10,941	3,04,268	8,24,986	2,64,759	453	16,98,681
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* Advances for the purpose of the above;

- the advances are gross of impairment loss allowance
- includes dealer trade advances amounting to INR 29,660 lakhs and included in the ratio of 15%, 40% and 45% in the buckets of 15 days to 1 month, 1-2 months and 2-3 months
- excludes gain on fair valuation of loans amounting to INR 52,476 lakhs
- excludes unamortised component of loan origination cost/income (net) amounting to INR 9,542 lakhs
- includes repossessed assets amounting to INR 53,448 lakhs (net of expected credit loss), for which the cash inflows are expected to come over a 3 months period and included in the 8-14 days, 1-2 months and 2-3 months equally.

Note: Advances and borrowings are inclusive of the securitisation transactions which have not been de-recognised in the books of accounts in accordance with Ind AS 109.

As at 31 March 2019

Particulars	Upto 30/31 days	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances#	59,435	83,332	1,14,543	1,72,065	2,85,740	6,54,861	2,15,653	1,89,584	17,75,213
Investment	6,353	5,203	4,756	13,765	47,330	26,467	5,839	19,000	1,29,870
Borrowings	40,499	94,102	1,30,671	1,31,855	2,58,229	7,72,834	1,84,562	65,033	16,77,785
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Advances for the purpose of the above;

- the advances are gross of impairment loss allowance
- includes dealer trade advances amounting to INR 85,799 and included in the ratio of 15%, 40% and 45% in the first three buckets considering expected settlement
- excludes gain on fair valuation of loans amounting to INR 30,028
- excludes unamortised component of loan origination cost/income (net) amounting to INR 5,343
- includes repossessed assets amounting to INR 40,447 lakhs (net of expected credit loss), for which the cash inflows are expected to come over a 3 months period and included in the first three buckets equally

Note: Advances and borrowings are inclusive of the securitisation transactions which have not been de-recognised in the books of accounts in accordance with Ind AS 109.



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

Annexure A (continued)

F. Exposures

1 Exposure to real estate sector

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
A Direct exposure		
(i) Residential mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower of that is rented; (Individual housing loans up to INR 15 lakh may be shown separately)	2,12,405	1,66,416
(ii) Commercial real estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	82,554	67,271
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures		
a. Residential	Nil	Nil
b. Commercial real estate	Nil	Nil
B Indirect exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	12,652	35,183

2 Exposure to capital market

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	19,002	15,002
ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	19,002	15,002

G. Details of financing of parent company products

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Loan outstanding as at year end out of the amount financed to parent company products (i)	4,95,792	5,39,813
Company portfolio (ii)	18,26,845	17,38,652
Percentage of financing for parent product upon Company's portfolio ((i) / (ii))	27.14%	31.05%

Note:

i) Company portfolio is gross of impairment loss allowance.

ii) Previous year balances have been reported on the basis of Ind AS financial statements.

iii) Loan outstanding as at year end out of the amount financed to parent company products does not include contracts that have been sold as part of assignment transactions.



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

Annexure A (continued)

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

The Company has not exceeded the prudential exposure limits during the year ended 31 March 2020 and 31 March 2019.

I. Unsecured advances

	As at 31 Mar 2020	As at 31 Mar 2019
a) Unsecured advances	29,660	1,25,299

b) The Company has not granted any advances against intangible securities (31 March 2018: Nil).

Note :

- 1 Previous year balances have been reported on the basis of the Ind AS financial statements.
- 2 Unsecured advances includes inter-corporate deposits (also refer note 46) and dealer trade advances.

J. Registration/ licence/ authorization obtained from other financial sector regulators

Registration/ License	Authority issuing the registration/ license	Registration/ License reference
Certificate of registration NBFC-AFC – Regularization	Reserve Bank Of India Reserve Bank Of India	N-07-00782 dated 22 March 2010 DNBS.Che/2165/ 13.27.068/2013-14 dated 12 May 2014

K. Disclosure of penalties imposed by RBI and other regulators

There has been no penalty imposed by RBI and other regulators during the year ended 31 March 2020 and 31 March 2019.

L. Related Party Transactions

Refer Note 39 and 46 to the Ind AS financial statements.

M. Ratings assigned by credit rating agency and migration of ratings during the year

Facility / Rating agency	Rating assigned		
	CRISIL	CARE	India Rating
Redeemable non-convertible debentures	AA-	AA-	Not applicable
Subordinated redeemable non-convertible debentures	AA-	AA-	AA-
Commercial paper	A1+	A1+	Not applicable
Bank facilities	AA-	AA-	Not applicable
Date of rating	27-Mar-20	26-Sep-19	

During the year ended March 31, 2020, there are no other changes in the rating except rating of ICRA Limited for sub debt instruments has been surrendered.

N. Remuneration of Directors

Refer Note 39 to the Ind AS financial statements.

O. Provisions and contingencies

Break up of provisions and contingencies shown in the statement of profit and loss	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Provision for depreciation on investment	-	-
Provision towards expected credit loss	11,575	18,558
Provision made towards income tax	14,706	14,721
Other provisions and contingencies	-	-

P. Draw down from reserves

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Drawdown from reserves	-	-

Q. Concentration of deposits

Not applicable



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

Annexure A (continued)

R. Concentration of advances*, exposure[#] and Stage 3 assets

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
1 Concentration of advances		
Total advances to twenty largest borrowers	77,659	73,662
Percentage of Advances to twenty largest borrowers to Total Advances ** of the NBFC	4.25%	4.24%
2 Concentration of exposures		
Total Exposure to twenty largest borrowers / customers	1,14,898	1,06,304
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	6.29%	5.92%
3 Concentration of stage 3 assets		
Total exposure to top four stage 3 assets	3,125	2,652

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

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

Represents Company portfolio as mentioned in Note G to the Annexure A.

S. Sector wise Stage 3 assets (Gross) - Percentage of Stage 3 assets to total advances in that sector

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Agriculture & allied activities	7.04%	10.06%
MSME	8.33%	8.65%
Corporate borrowers **	Nil	Nil
Services	Nil	Nil
Unsecured personal loans	Nil	Nil
Auto loans	8.77%	8.23%
Other personal loans	Nil	Nil

** corporate borrowers is included in the respective sector

T. Comparison between ECL as per books and RBI provision calculated as per the IRACP norms are as follows:

Asset Classification as per RBI Norms	Asset Classification as per INDAS	Gross Carrying amount as per INDAS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
-1	-2	-3	(4)	(5) = (3) - (4)	-6	(7) = (4) - (6)
Performing assets						
Standard	Stage 1	14,01,831	3,485	13,98,346	5,607	(2,122)
	Stage 2	3,30,189	809	3,29,381	1,321	(512)
Subtotal		17,32,020	4,293	17,27,727	6,928	(2,635)
Non performing assets						
Substandard	Stage 3	42,405	11,767	30,638	4,241	7,526
Doubtful - upto 1 year	Stage 3	28,653	12,889	15,764	6,896	5,993
1 to 3 years	Stage 3	33,773	16,044	17,730	13,028	3,016
More than 3 years	Stage 3	21,160	11,144	10,017	13,118	(1,974)
Subtotal – Doubtful		83,587	40,076	43,511	33,042	7,034
Loss assets	Stage 3	-	-	-	-	-
Subtotal - NPA		1,25,992	51,843	74,149	37,283	14,560
Total						
Total	Stage 1	14,01,831	3,485	13,98,346	5,607	(2,122)
	Stage 2	3,30,189	809	3,29,380	1,321	(512)
	Stage 3	1,25,992	51,843	74,149	37,283	14,560
	Total	18,58,012	56,137	18,01,875	44,211	11,926



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

Annexure A (continued)

U. Movement of Stage 3 assets

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
(i) Net Stage 3 assets to Net Advances (%)		
(a) On total asset under management (refer note 1)	2.65%	3.04%
(b) On own book asset under management (refer note 2 & 3)	4.11%	4.12%
(ii) Movement of Stage 3 assets (Gross)		
(a) Opening balance	1,19,042	97,777
(b) Additions during the year	41,100	47,973
(c) Reductions during the year	34,149	26,708
(d) Closing balance	1,25,992	1,19,042
(iii) Movement of Net Stage 3 assets		
(a) Opening balance	73,666	54,096
(b) Additions during the year	33,529	36,660
(c) Reductions during the year	33,045	17,090
(d) Closing balance	74,150	73,666
(iv) Movement of provisions for Stage 3 assets (excluding provisions on stage 1 and 2 assets)		
(a) Opening balance	45,376	43,681
(b) Provisions made during the year	7,571	11,313
(c) Write-off / write-back of excess provisions	1,104	9,618
(d) Closing balance	51,843	45,376

Note:

- For the purpose of the Net Stage 3 assets to Net Advances %, Stage 3 assets are assets defined as Stage 3 assets as per the ECL model of the Company. Total assets under management include retail loans, corporate term loans, inter-corporate deposits, fixed deposits, assets acquired in satisfaction of debt, assigned contract balances, investment in pass through securities, investment in debentures, investment in funds and dealer trade advances/ balances.
- For the purpose of the Net NPAs to Net Advances % on own book - Asset under management, NPAs include Stage 3 assets as per the ECL model of the company and certain portion of assets acquired under satisfaction of debt which are also treated as NPAs for the purpose of regulatory reporting.
- For the purpose of the Net NPAs to Net Advances % on own book - Asset under management, Net advances include retail loans, corporate term loans, inter-corporate deposits, dealer trade advances, unquoted investment in debentures and certain portion of assets acquired under satisfaction of debt which are also treated as Loans for the purpose of regulatory reporting.

V. Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint ventures and subsidiaries abroad during the year ended 31 March 2020 and 31 March 2019 and hence this disclosure is not applicable.

W. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

There were no off-balance sheet SPVs sponsored by the Company during the year ended 31 March 2020 and 31 March 2019.

X. Customer complaints*

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
No. of complaints pending at the beginning of the year	353	128
No. of complaints received during the year	4,954	7,003
No. of complaints redressed during the year	4,489	6,778
No. of complaints pending at the end of the year	818	353

* As per the records of the Company



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

Annexure A (continued)

Y. Disclosure of Frauds as per the Master Direction DNBS. PPD.01/66.15.001/2016-17, dated 29 September 2016

	Less than Rs.1 Lakh		Rs.1Lakh to Rs. 25 Lakhs		Above Rs.25 Lakhs	
	No's	Value	No's	Value	No's	Value
Person involved						
Staff	-	-	2.00	9.39	-	-
Staff and Outsiders	-	-	-	-	-	-
Total	-	-	2.00	9.39	-	-
Type of fraud						
Misappropriation and criminal breach of trust	-	-	2.00	9.39	-	-
Cheating and forgery	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	2.00	9.39	-	-

Note: Based on the filings made by the Company with the Reserve Bank of India.

For and on behalf of the Board of Directors of
Hinduja Leyland Finance Limited
CIN : U65993TN2008PLC069837

Dheeraj G Hinduja
Chairman
DIN No : 00133410

S Nagarajan
Executive Vice Chairman
DIN No : 00009236

Sachin Pillai
Managing Director & CEO

Kishore Kumar Lodha
Chief Financial Officer

B Shanmugasundaram
Company Secretary
Membership No : F5949

Place : Chennai
Date : 20 June 2020



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

INR In Lakh

Annexure B: Disclosure required as per Annexure II of the Master Direction DNBR PD 008/03.110.119/2016-17 issued by RBI

Particulars	Amount Outstanding as at		Amount overdue as at	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
1 Liabilities: Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid				
(a) Debentures				
-Secured	88,300	2,05,615	Nil	Nil
-Unsecured	Nil	Nil	Nil	Nil
(b) Subordinated liabilities	1,31,588	1,43,408	Nil	Nil
(c) Deferred credits	Nil	Nil	Nil	Nil
(d) Term loans	14,31,955	12,01,868	Nil	Nil
(e) Inter-corporate loans and borrowings	Nil	Nil	Nil	Nil
(f) Public deposits	Nil	Nil	Nil	Nil
(g) Commercial paper	Nil	1,12,941	Nil	Nil
(h) Other loans (Represents cash credits and working capital demand loans from banks)	46,838	36,875	Nil	Nil
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid)				
(a) In the form of Unsecured debentures	Nil	Nil	Nil	Nil
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil	Nil	Nil
(c) Other public deposits	Nil	Nil	Nil	Nil

Assets Side

Particulars	Amount outstanding as at	
	31 Mar 2020	31 Mar 2019
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
(a) Secured	18,28,352	17,02,152
(b) Unsecured	29,660	1,25,299
4 Break up of Leased Assets and Stock on Hire and other Assets counting towards asset financing activities		
(i) Lease Assets including Lease rentals under sundry debtors:		
(a) Financial Lease	Nil	Nil
(b) Operating Lease	Nil	Nil
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	Nil	Nil
(b) Repossessed Assets	Nil	Nil
(iii) Other Loans counting towards asset financing activities		
(a) Loans where assets have been repossessed (net of impairment loss allowance)	5,490	3,640
(b) Loans other than (a) above	18,52,522	18,23,810

5 Breakup of investments

Current Investments

I Quoted:		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	7,250	39,790
(iii) Units of Mutual Fund	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Please Specify)	Nil	Nil
II Unquoted:		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	757	3,000
(iii) Units of Mutual Fund	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Pass through securities)	15,523	72,078



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

INR In Lakh

Annexure B: Disclosure required as per Annexure II of the Master Direction DNBR PD 008/03.110.119/2016-17 issued by RBI

Particulars	Amount outstanding as at	
	31 Mar 2020	31 Mar 2019
<i>Long term investments</i>		
I Quoted:		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	500	8,833
(iii) Units of Mutual Funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Please Specify)	Nil	Nil
II Unquoted:		
(i) Shares : (a) Equity	19,002	15,002
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	750	Nil
(iii) Units of Mutual Funds	8,000	10,000
(iv) Government Securities	Nil	Nil
(v) Others (Pass through securities and security receipts)	25,902	33,836

6 Borrower group-wise classification of assets financed as in (3) and (4) above

Category	Amount, net of provisions					
	As at 31 Mar 2020			As at 31 Mar 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
a. Related parties						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	39,500	39,500
(iii) Other related parties	-	-	-	-	713	713
b. Other than related parties	18,58,012	-	18,58,012	17,87,237	-	17,87,237
Total	18,58,012	-	18,58,012	17,87,237	40,213	18,27,450

7 Investor group-wise classification of all Investments (Current and Long-term) in Shares and Securities (both quoted and unquoted)

Particulars	As at 31 Mar 2020		As at 31 Mar 2019	
	Market value/ Break up of fair value or NAV	Book value (Net of provisions)	Market value/ Break up of fair value or NAV	Book value (Net of provisions)
1 Related Parties				
(a) Subsidiaries	19,000	19,000	15,000	15,000
(b) Companies in the same group	2	2	2	2
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	-	-	-	-
Total	19,002	19,002	15,002	15,002



HINDUJA LEYLAND FINANCE LIMITED
Annexures forming part of Standalone Financial Statements for the year ended 31 March 2020

INR In Lakh

Annexure B: Disclosure required as per Annexure II of the Master Direction DNBR PD 008/03.110.119/2016-17 issued by RBI

8 Other information

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Gross Stage 3 assets		
a) Related Parties	Nil	Nil
b) Other than related parties	1,25,992	1,19,042
(ii) Net Stage 3 assets		
a) Related Parties	Nil	Nil
b) Other than related parties	74,150	73,666
(iii) Assets Acquired in satisfaction of Debt	5,490	3,640

For and on behalf of the Board of Directors of
Hinduja Leyland Finance Limited
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Chairman
DIN No : 00133410

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Executive Vice Chairman
DIN No : 00009236

Sachin Pillai
Managing Director & CEO

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Company Secretary
Membership No: F5949

Place : Chennai
Date : 20 June 2020