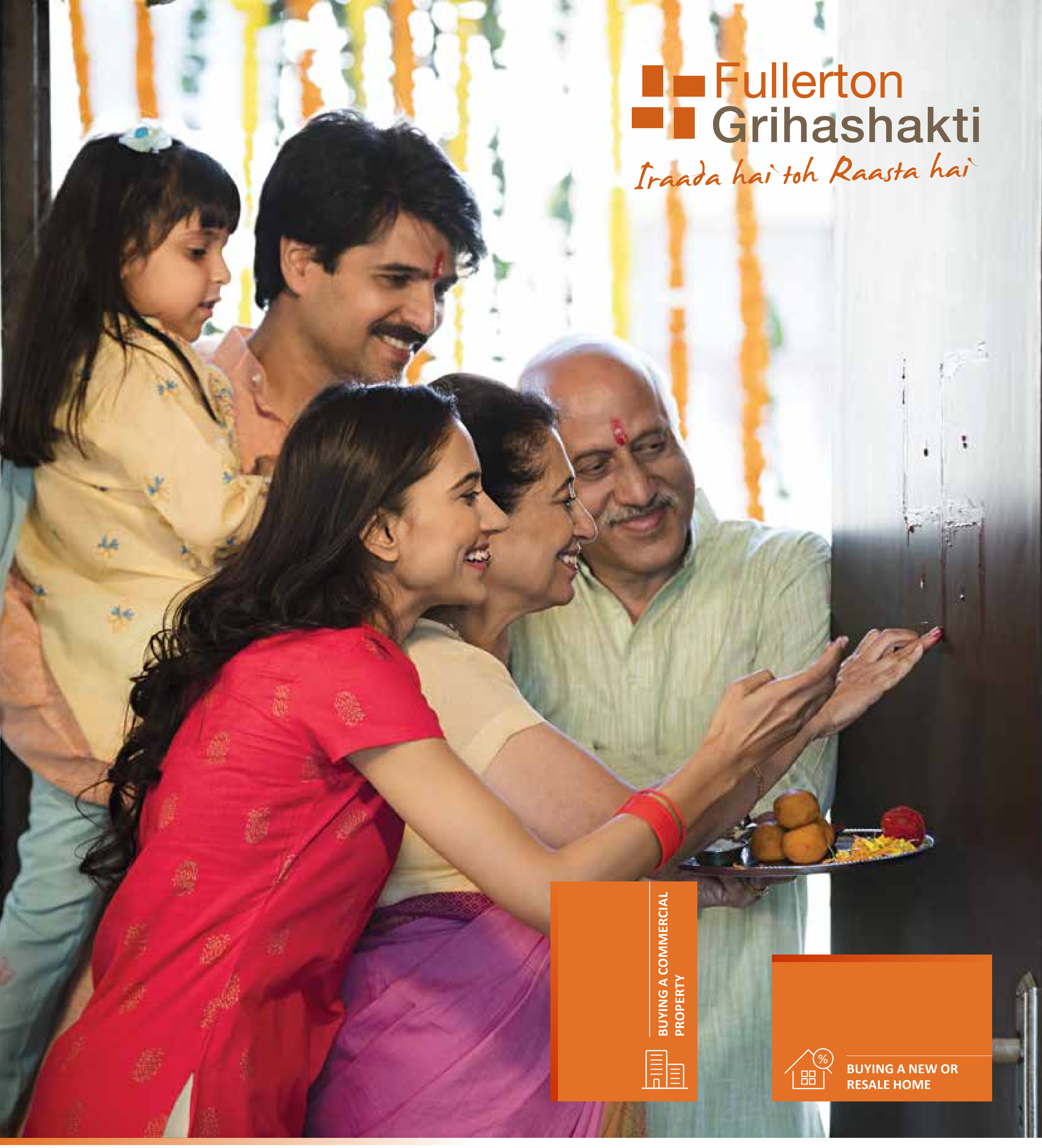


LOAN AGAINST PROPERTY

HOME IMPROVEMENT

You Aspire. We Deliver.

Fullerton India Home Finance Company Limited

Annual Report **2020**

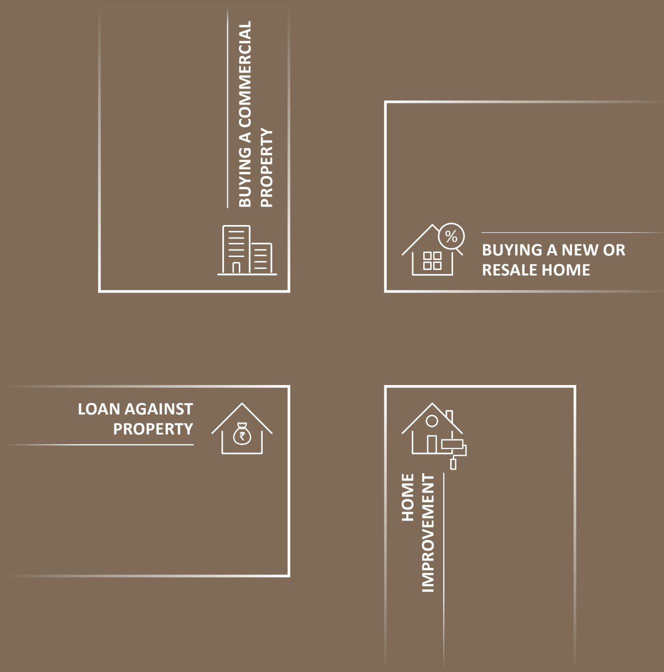
To view Annual Report 2020 Online, visit:
https://www.grihashakti.com/

Fullerton India Home Finance Company Limited
Annual Report 2020

Enhancing Value for
Our Customers

Leveraging Digital Technology for a
Seamless Experience

Consolidating our Risk Management Framework and Strategies



You Aspire.
We Deliver.

Owning a home is a universal dream. At Grihashakti, we consistently work towards turning this dream into reality for hundreds and thousands of Indians. Our customer-centric approach has been the driving force behind our steady success.

From the very beginning, our business operations were designed, keeping in mind the convenience and comfort of our every single customer. Our emphasis has always been on strengthening our foundations in customer service, specifically tailored products, digital footprint, and our branch network. To cater to our large customer base in the best effective way, we continuously review and innovate our product portfolio to ensure that both housing and non-housing finance needs are met.

During the fiscal year, we expanded our portfolio to offer a wide range of products to our customers and channel partners. The unexpected advent of a global pandemic has stood as a challenge to several business operations in the world. To address this challenge and minimise its impact on us, we have developed strategies to keep our business running while serving our customers uninterruptedly. We have also advanced our technology platforms to connect with them and cater to their needs most efficiently and smoothly. Through our digital touchpoints, we not only offer our customers a window where they can meet their financing requirements, but also provide them with a gateway to access our 24*7 service.

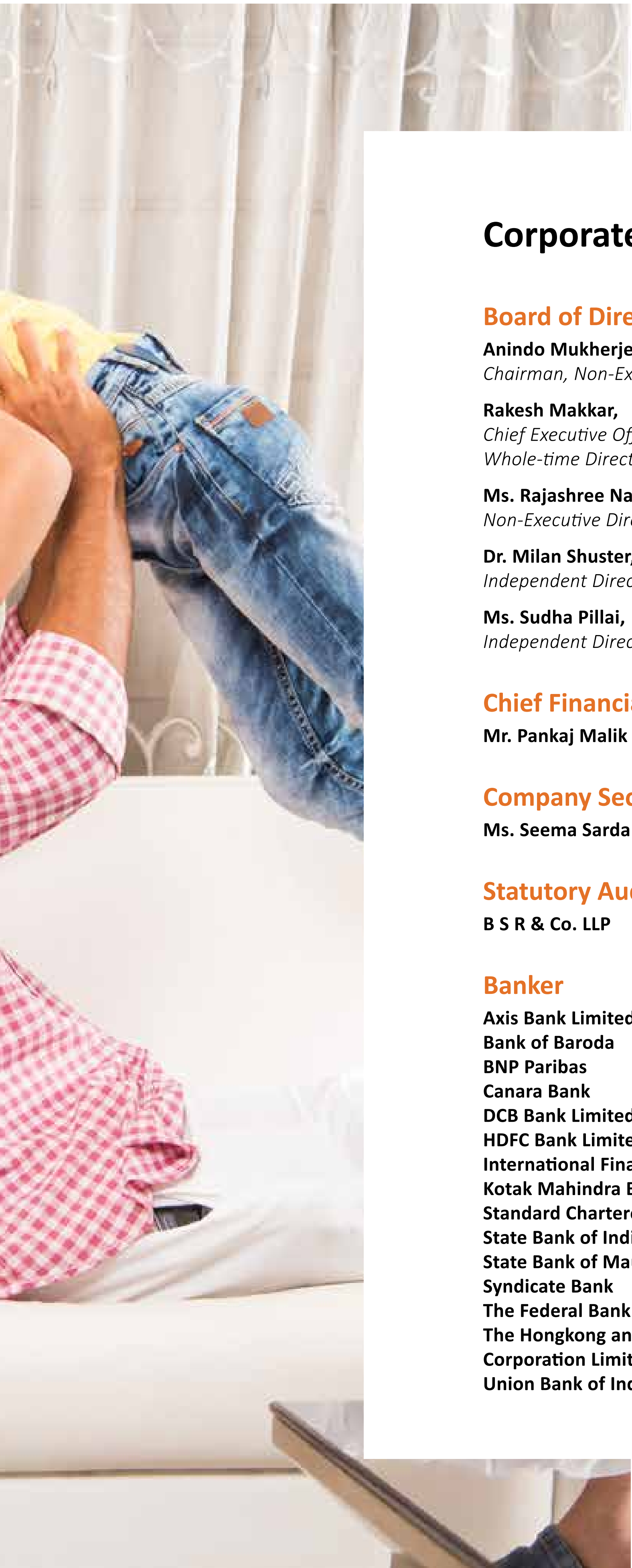
Going forward, we believe that our will to perform and protect our customers will help us pave a way to serve them even in the most challenging times. We aim to make ‘owning a home’ an easy aspiration. Our constant effort to deliver superior services will help us earn and maintain the trust of our customers while leading us towards a strong and positive future.

What's Inside

Strategic Report

Statutory Reports

Financial Statements



Corporate Information

Board of Directors*

Anindo Mukherjee,
Chairman, Non-Executive Director

Rakesh Makkar,
Chief Executive Officer &
Whole-time Director

Ms. Rajashree Nambiar,
Non-Executive Director

Dr. Milan Shuster,
Independent Director

Ms. Sudha Pillai,
Independent Director

Chief Financial Officer

Mr. Pankaj Malik

Company Secretary

Ms. Seema Sarda

Statutory Auditor

B S R & Co. LLP

Banker

Axis Bank Limited
Bank of Baroda
BNP Paribas
Canara Bank
DCB Bank Limited
HDFC Bank Limited
International Finance Corporation
Kotak Mahindra Bank
Standard Chartered Bank
State Bank of India
State Bank of Mauritius Ltd
Syndicate Bank
The Federal Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Union Bank of India

Rating Agency

CARE
CRISIL

Registered Office

Megh Towers, Third Floor, New No. 165, Old No.307, Poonamallee High Road,Maduravoyal,
Chennai- 600095

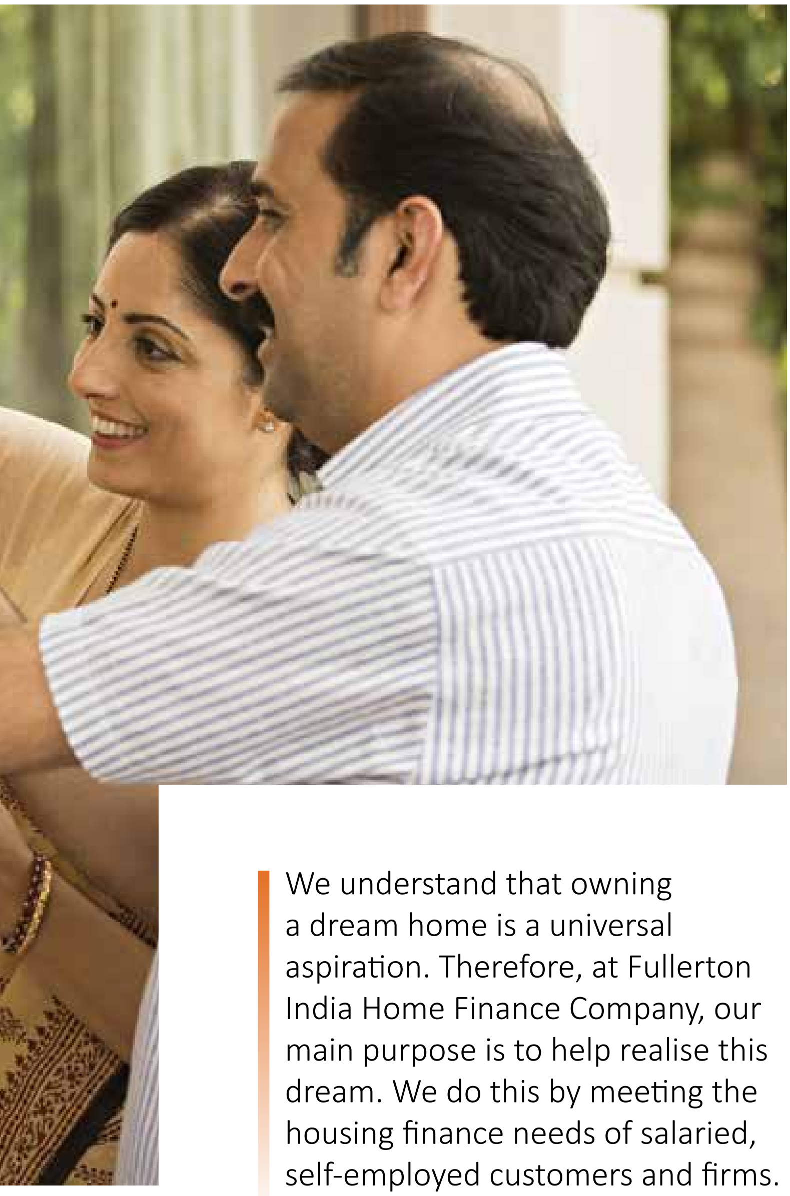
Corporate Office

Floor 5 & 6, B Wing, Supreme Business Park, Supreme City, Behind lake Castle, Powai, Mumbai- 400076.

* Board of Directors as on 30 June, 2020

At a Glance

'Fullerton Grihashakti' (Fullerton India Home Finance Company Limited) is a wholly-owned subsidiary of Fullerton India Credit Company Limited and offers loans to salaried or self-employed individuals, and organisations. Launched in December 2015 and headquartered in Mumbai, the Company caters to the housing finance needs of customers through its 78 branches across India.



We understand that owning a dream home is a universal aspiration. Therefore, at Fullerton India Home Finance Company, our main purpose is to help realise this dream. We do this by meeting the housing finance needs of salaried, self-employed customers and firms.

We offer a wide variety of products to home buyers, including loans for the purchase of a new home, home improvement, home construction and home extensions. Our product suite also includes loans against property, loans for purchase and construction of a new commercial property, commercial plots, and developer finance.

Our parent company, Fullerton India Credit Company Limited (Fullerton India) is one of India's leading Non-Banking Finance Companies (NBFCs) 638 branches and 3.2 million customers.

23,000
Customers

78
Branches

800+
Employees

₹43,016 million
Asset Under Management

Chief Executive Officer's Message

Rakesh Makkar
Chief Executive Officer & Whole-Time Director

Dear Shareholders,

We are pleased to present to you our Annual Report for FY2020. The fiscal was an exciting year for us, where we have taken several meaningful initiatives to enhance the experience of our customers and generate profitability. During FY2020, our Assets Under Management (AUM) grew by 40% YoY from ₹30,645 million to ₹43,016 million. Through our extensive network of 78 branches, we cater to around 23,000 customers present across the country.

Our growth story is founded on our mission "Iraada hai to Raasta hai". The motto has empowered us to work towards achieving our goal of making our customers capable of owning their dream home. With India speeding towards digitisation, we too have realised the significance of adopting a digital platform to offer our customers quick and hassle-free service experience. In addition to this, we continuously monitor our digital platform to ensure that we are in sync with the advanced technological upgrades and can cater to even the most complex requirement of our customers. With a right combination of strategic digital initiatives and reliable governing policies, we are able to generate long-term value for our customers. In FY2020, to enhance the digital experience of our customers, we further advanced our well-positioned strategy called AGILE IT. The approach is in sync with our business success and is regularly reviewed for assessing its impact and performance.

129%

Increase in our operating profit

In FY2020, we recorded an operating profit of ₹ 1,065 million.

> At Fullerton Grihashakti, we aim to emerge as the most preferred housing finance company for our customers.

We operate in a demanding business environment, which is surrounded by dynamic macro-economic conditions. Despite the challenges, the net advance disbursal of our Company exceeded by ₹16,389 million. While we have focused on achieving profitable growth, we have also regularly supervised and improved our portfolio quality. For FY2020, we witnessed a 129% increase in operating profit to ₹ 1,065 million. Aligned with the objective of maintaining a healthy customer mix, the sourcing of salaried customers increased to an average of 38% during the year under review.

At Fullerton Grihashakti, we give significant importance to ensure that we are working with adequate liquidity for smooth business operations and debt servicing capabilities. During FY2020, the diversification and maintenance of sufficient liquidity remained the critical objectives of our Company. As a result, the liquidity maintained in our Company was more than the regulatory requirements.

One of our many accomplishments during the year was achieving excellent ratings from recognised institutions. CRISIL and CARE assigned its 'CRISIL AAA/Stable/CRISIL A1+' and 'CARE AAA; Stable' ratings respectively to the long term bank facility and debt instruments of our Company. The ratings are a reflection of our experienced management and strong capitalisation.

During FY2020, we have also undertaken several policy initiatives to tighten norms, set process and policy controls, and implement fraud checks to ensure superior portfolio quality. In addition to this, we have also made significant investments in risk analytics to improve collections efficiency. Early allocation of high risk accounts through risk segmentation of customers has been done to improve customer contact ratio and conversion.

FY2020 came with another major headwind, which has resulted in great human tragedy. The unprecedented advent of COVID-19 has posed to be a difficult challenge, even for the leading economies across the world. To contain the virus, the Indian Government announced a complete lockdown that has resulted in a notable decline in business activities. Despite the slowdown in economic activities, we endeavour to cater to the financial needs of our customers with the utmost care and seamless execution. To ensure this, we have invested in infrastructure, people, processes, and systems that will help us serve our customers even in these testing times.

As we move ahead, our aim to emerge as the most preferred housing finance company for our customers. We also aim to become the partner of choice for our employees and channel partners. Our goal is to focus on a consistent and profitable growth within the guardrails of risk management and governance framework. Furthermore, we aim to maintain a strong capital position with adequate funds, which is well above regulatory requirements. As we continue our journey to achieve these objectives, we would like to thank all those who have been a part of our success in all these years. It is their undeterred trust and faith in us that is helping us achieve great heights and combat various challenges. We stand driven by our values, initiatives and a comprehensive portfolio of quality products and services to serve our customers and stakeholders. We are grateful to the regulators, bankers, and financial institutions for their continuous support. We will maintain our efforts to enhance our people and processes, use technology to upgrade distribution and ensure higher customer engagement.

Yours Sincerely,

Rakesh Makkar

Chief Executive Officer &
Whole-Time Director

Board of Directors*

*As on 30 June, 2020

Rakesh Makkar

Chief Executive Officer and Whole-time Director

Mr. Rakesh comes with over two decades of expertise in establishing new and successful businesses; managing large and multi-pronged distribution networks; and developing unique and customer-centric products- all within a robust Risk Management framework. Prior to assuming the role of CEO at Grihashakti, Rakesh spearheaded Business, Marketing & CSR functions at Fullerton India. Before joining Fullerton India, Rakesh held the position of President and Chief Distribution Officer at DHFL. It has been Rakesh's forte to set up new finance companies and scale up business volumes. Prior to his stint with DHFL, Rakesh was the CEO at Future Money (Capital First) and was a part of the senior leadership team at Citigroup India. Not only is he a national rank holder at the Institute of Chartered Accountants of India but also a Certified International Credit and Risk trainer within Citigroup. He also holds a Masters from the Institute of Management Technology, Ghaziabad and Bachelors from Delhi University.

Anindo Mukherjee

Chairman, Non-Executive Director

Mr. Mukherjee is the Chairman of Fullerton India Home Finance Co. Ltd. and Non-Executive Director. He is also the Chairman of Audit Committee and Wilful Defaulter Review Committee, sub-committees of the Board. Currently, he is the Chief Operating Officer at Fullerton Financial Holdings Pte Ltd (FFH), Singapore. Mr. Mukherjee oversees the company's operational activities and works closely with the investee companies to implement their business plans, manage risk and governance, and develop operational capabilities.

Mr. Mukherjee has more than 25 years of banking experience. Prior to joining FFH, he was responsible for the Risk Management, Legal and Compliance functions in Fullerton India. His vast experience includes working with Standard Chartered Bank, where he was the Regional Credit Officer for the Consumer Business in India & South Asia and having exposure across a variety of other international and private banks, including Bank of America, ABN AMRO Bank and HDFC Bank.

He is a Chartered Accountant from the Institute of Chartered Accountants of India and Cost & Management Accountant from Institute of Cost and Works Accountants of India.

Rajashree Nambiar

Non-Executive Director

Ms. Nambiar is the Non-Executive Director at Fullerton India Home Finance Company Limited. She is the Chairperson of the Risk Oversight Committee, a sub-committee of the Board. She is also the Chief Executive Officer and Managing Director at Fullerton India where she is responsible for the overall corporate strategy of the Company and its subsidiaries. Prior to joining Fullerton India, Ms. Nambiar served as the CEO and Executive Director of India Infoline Finance Ltd, the NBFC arm of IIFL group. At IIFL Finance, she successfully developed and executed on a long term business strategy focused on diversification of the retail segment into retail housing, commercial vehicles, Gold loans and SME loans; she has created a robust organisational structure with centers of excellence for core functions, and a strong future leadership pipeline. During her stint, IIFL Finance has shown strong year on year profitability with doubling of the book in a short span of 3 years. Prior to joining IIFL, Ms. Nambiar spent 22 years with Standard Chartered Bank within the retail segment where she held various management roles such as Head of Branch Banking, Country Head of Distribution and General Manager-Distribution & Alternate Channels, India & South Asia. Her last position at the Bank was as Head of Retail Products for India & South Asia. Ms. Nambiar is an MBA from Jamnalal Bajaj Institute of Management Studies.

Dr. Milan Shuster

Independent Director

Dr. Shuster is an Independent Director on the Board of Fullerton India Home Finance Co. Ltd. He is the Chairman of the Nomination and Remuneration Committee, a sub-committee of the Board. Dr. Shuster, is a professional with several decades of experience in the banking sector. He has served at Asian Development Bank, ING Bank, National Bank of Canada and Nippon Credit Bank in various capacities. After working as the President and CEO of P.T. Bank PDFCI, he served Bank Danamon Indonesia in various capacities. He became its president and CEO and later its Independent Commissioner. He has also served many other entities in Directorial and advisory capacities.

Dr. Shuster holds PhD in international Law and Economics from Oxford University, Master of Law from London School of Economics, Bachelor of Law from University of Western Ontario and Bachelor of Business Administration from Ivey Business School.

Sudha Pillai

Independent Director

Ms. Sudha Pillai is an Independent Director on the Board of Fullerton India Home Finance Co. Ltd. She is the Chairperson of the IT Strategy Committee, a sub-committee of the Board. Ms. Pillai, is a 1972 batch IAS officer who held numbers of senior positions in the Government of India and the State Government of Kerala for 40 years. Her last assignment was as Member Secretary (in the rank of Minister of State) Planning Commission, Government of India.

She handled Industry and Finance portfolios for nearly twenty years. In Government of India, she worked in the Ministries of Industry, Corporate Affairs, Labour and Employment. She contributed notably to 1991 reforms in Industrial and FDI Policies, as also in bringing amendments to corporate laws and in formulation of the National Skill Development Policy. In Kerala, as Principal Secretary Finance, she worked to achieve enhanced development outcomes, coupled with efficient fiscal management. Earlier, as CMD, Kerala Finance Corporation, she had dealt with the project financing to SMEs.

She is currently on the Boards of many other companies. She holds a masters' degree in Public Administration from Kennedy School of Government, Harvard University.

" Our Board's responsible guidance steers us towards a promising and sustainable future.

Leadership Team

Rakesh Makkar

Chief Executive Officer and Whole-time Director

Mr. Makkar comes with over two decades of expertise in establishing new and successful businesses; managing large and multi-pronged distribution networks; and developing unique and customer-centric products- all within a robust Risk Management framework. Prior to assuming the role of CEO at Grihashakti, Rakesh spearheaded Business, Marketing & CSR functions at Fullerton India. Before joining Fullerton India, Rakesh held the position of President and Chief Distribution Officer at DHFL. It has been Mr. Makkar's forte to set up new finance companies and scale up business volumes. Prior to his stint with DHFL, he has been a part of senior leadership at various organisations including Capital First, Citi Financial Consumer Finance India Ltd and Bank of America. Not only is Mr. Makkar a national rank holder at the Institute of Chartered Accountants of India but also a Certified International trainer within Citigroup. He also holds a Master's from the Institute of Management Technology, Ghaziabad and Bachelors from Delhi University.

Pankaj Malik

Chief Financial Officer

Mr. Pankaj Malik is the CFO and Chief Compliance Officer of Fullerton India Credit Company Limited. He also holds the position of Chief Financial Officer at Fullerton India Home Finance Company Limited.

Mr. Malik has over 20 years of experience and worked in various capacities across finance & allied functions. Prior to joining Fullerton India, Pankaj was associated with COLT Telecom ("COLT"), an affiliate of Fidelity international. As their Financial Controller and Company Secretary, he was instrumental in setting up their India operations. In his earlier stints, he was associated with GE Commercial Financial and Motherson Sumi Systems Limited in various capacities.

Mr. Malik is an alumnus of Harvard Business School. He is also qualified Chartered Accountant, Company Secretary, Cost Accountant and Certified Public Accountant from the State of Colorado, the USA.

Parag Shah

Chief Risk Officer

Mr. Parag Shah is the Chief Risk Officer for Fullerton India Home Finance Company Ltd. He is responsible for leading a large team of credit underwriters, collections, technical managers and assessing and managing enterprise- wide risks covering various risks such as credit, market, operations etc., across all geographies. In his experience spanning over 23 years, Mr. Shah has held diverse roles in various facets of banking, including business strategy, risk, and corporate finance. A Chartered Accountant, a lawyer, and an MBA from JBIMS and various international courses including from the Harvard Business School, he specialises in assets across Corporate, SME, Retail and Rural banking. Prior to joining Fullerton India, Parag worked with ICICI Bank for over 17 years in diverse roles including corporate banking, strategy, rural banking, policy development & management of stressed assets and with IDFC Bank in leadership roles within wholesale banking and risk management.

Ram Kishan Kolli

Head of Sales & Distribution

Ram is Head Sales & Distribution for Fullerton India Home Finance Company Limited and brings with him over 16 years of experience in the real estate and financial services industry. He has played a pivotal role in prominent organisations such as ICICI Bank, Tata Housing Development Company, Capri Global, and L&T. Ram joined Fullerton India Credit Company as Head of Developer Finance and Corporate LRD before moving into Grihashakti to lead the sales role. Prior to joining Fullerton India, he was heading the Construction Finance division at Capri Global. Ram Kolli has completed his B.Tech from NIT Warangal and an Executive Program in Business Management from IIM Calcutta.

Usha Dutta

Head – Credit

Usha Dutta is Head – Credit Underwriting at Fullerton India Home Finance Company Limited. She holds a Post Graduate Degree in Finance from IISWBM and carries over 21 years of diverse experience in Risk Underwriting, Policy, Credit Administration and Process Re-engineering across all Retail Asset products – Home Loan, Loan Against Property, Commercial Vehicle & Construction Equipment and SME Business. Prior to joining Fullerton, she was Head of Credit Underwriting and Policy for Home Loan, Loan Against Property and SME business loan at Dewan Housing Finance Ltd. Her vast experience includes senior positions at leading financial institutions such as Reliance Capital, Centurion Bank of Punjab and IDBI Bank.

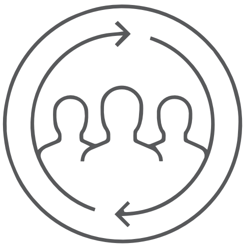
Animesh Chatterjee

Head of Treasury

Animesh Chatterjee is Head of Treasury at Fullerton India Home Finance Company Limited. He oversees fund raising, deployment of surplus fund, pool sales and maintaining lender relationships. He is a Chartered Accountant with 20 years of experience in Treasury and Finance. Prior to joining Fullerton Group, he held senior positions at reputed NBFCs and MNC treasuries where he was responsible for scaling up domestic and international fund raising and surplus management.

Enhancing Value for Our Customers

At Grihashakti, we consistently strive to deliver best-quality housing finance services to our customers, irrespective of their locations. We connect with them through an extensive network of 78 branches present across India.



We have designed our portfolio to fit the requirements of a housing finance customer. Our broad product portfolio offers loans for a new home, home improvements, home construction, and home extensions. Additionally, we offer loans against property, loan for purchase and construction of a new commercial property, commercial plots, and developer finance.

With every passing year, we strategically work towards upgrading our product offering and generating an improved value for our customers. Our business is a healthy mix of housing and non-housing lending products. In FY2020, the housing business constituted 59% of our disbursals and the non-housing business mainly comprised Loan against Property of 40%. To expand our customer base, we are continuously exploring opportunities to enter into mutually beneficial alliances with fintech firms, online aggregators, developer bodies, and MFIs. Additionally, we endeavour to build a strong franchise of housing finance, particularly in the affordable housing segment that caters to under-served retail customers in Tier II and III locations in India. So far, the total subsidy availed under PMAY by FIHFC customers' stands at ₹231.50 million.

As a significant portion of our portfolio originates from Tier II and III cities, we aim to further deepen our branch network for a wider reach and accessibility across the country. We consistently plan and diversify our product offerings to serve various

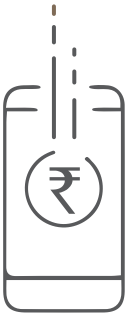
requirements of our customers. Through our Loan against Property (LAP) segment, we offer working capital loans, business loans to MSMEs, and individual loans that are secured against a property as collateral. This helps us in connecting with a broad set of customers who have non-housing finance needs.

While we focus on creating value for our customers through continuous improvements in our product portfolio and service quality, we also ensure utmost safety and security in the services that are being offered to them. During FY2020, we executed crucial policy initiatives to tighten norms, set process and policy controls, and implement fraud checks. This has helped us in guaranteeing a smooth, secure, and seamless service to our customers.

Going forward, our objective is to explore ways and form strategies that will help us in generating maximum value for our customers. We will continue our efforts to provide best-in-class services while monitoring safety and security in our business.

Leveraging Digital Technology for a Seamless Experience

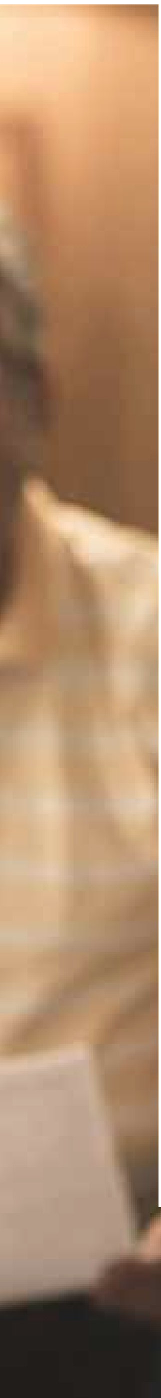
The advent of digitisation has transformed how businesses connect with their customers. A steady stream of technology-driven innovations, necessitated by advanced customer preferences, is changing the business landscape of housing finance companies.



During FY2020, we continued to make rapid headways towards becoming a digitalised housing finance company by investing in multiple advanced technology transformations. We furthered our well-established strategy "AGILE IT", which is aligned with the organisation's success and is systematically reviewed for recording its impact and performance. We have also undertaken crucial efforts to design and implement an advanced foundational infrastructure blueprint in addition to a range of solutions deployed for mobility, scalability, security, and resilience. Furthermore, we launched a brand new channel for our digital business in collaboration with a few renowned online aggregators in the country. The strategy is in sync with our focus on partnerships with fintech platforms and online aggregators.

During the year, we launched a brand new digital portal for our customers. The portal is designed with visually appealing and comfortable user interface. The web portal enables our customers to take a self-service journey and rewards them with an offer at the end. As the world is rapidly moving towards a 'mobile first' approach, we have ensured that our website is smartphone-compatible. This has further facilitated us to add this customer portal as a key digital channel along with our mobile application- Speed.

As a company that is squarely focused on providing a flawless customer experience, we regularly design, develop, and monitor our digital interventions. Our credit decision engine has been revamped to control new credit risks and scorecard models. We have further expanded our Enterprise Collections System to support a broad range of payment gateways such as eNACH, UPI, Wallets, and Virtual Accounts. We have launched Enterprise Digitisation solutions such as integrated service management, knowledge management, project management, and workforce management platforms for accelerating productivity and efficiency. In addition to this, we extensively use Machine Learning enabled Predictive Models in credit origination, customer segmentation and portfolio action to mitigate risk. We have also implemented a Software-based Network Management Model across all our branches to achieve cost-optimised flexibility. While we actively work towards enhancing our digital footprint, ensuring cybersecurity remains our topmost concern. To achieve this, we have installed a modern web proxy layer that stands between public internet and data centres to offer secured content delivery and protection from possible attacks. The system is regularly monitored and reviewed.



Speed

To offer the convenience of technology to our customers, our team developed a digital platform – SPEED. It is a mobile application equipped with digital tools that help in obtaining authentic customer data directly from the source, be it government records, bank account, or credit bureau. It has a scorecard-based business rule engine that enables an automated risk grading mechanism. This feature instantly grades the loan applications and provides an in-principle approval. Moreover, the real-time process facilitates our frontline sales team to provide an in-principle credit decision at the point-of-sale itself. The application is a driving source for our salaried customer base.

At Fullerton Grihashakti, our goal is to leverage leading technologies to offer superior services to our customers throughout digital touchpoints. We continuously train our team to keep them updated on technological developments. This empowers our people to deliver advanced financing services to our customers. Going forward, our objective is to further develop and transform our digital interventions to continue seamless delivery of services. We also plan to be at the forefront of ensuring total security for our customers when they choose us as their preferred housing finance partner.

Consolidating our Risk Management Framework and Strategies

We operate in a highly dynamic market environment, which is surrounded by multiple risks and challenges such as competition across the sector, fluctuating macro-economic conditions, customer requirements and rapidly advancing technologies. To manage these challenges, it is essential to regularly monitor risks, customer relationships, cost structure, revenues, and liquidity positions.

At Fullerton Grihashakti, we have a prudent risk management practice that is central to our business operations. Our Risk Management oversight structure comprises the Risk Oversight Committee that assists the Board by providing carefully researched insights on risk across the organisation. We have an effective risk management framework that has been carefully designed by keeping in mind specific risk areas. Our well-established governance system oversees and ensures strict compliance with policies, procedures, and controls that have been methodically devised to mitigate adversities. Since risk management is critical to our business, we focus on regularly assessing and controlling credit, market, operational, fraud, legal and compliance risks through our dedicated risk management team. In addition to this, we use advanced analytic tools to maintain portfolio quality by indicating appropriate policy interventions. We have a detailed risk review mechanism, where we periodically review the implemented policies through a series of portfolio monitoring reports. This ensures that the policies are effectively placed to protect us from credit risk arising out of changes in macroeconomic, industry and segment level, and other consumer behavioural attributes. Furthermore, we also conduct a periodic scenario analysis through stress testing models to evaluate the impact of unfavourable business conditions.

As our response to the unprecedented global pandemic, COVID-19, we have cautiously taken preventive measures to ensure the safety of our customers and human capital. Further to the regulatory guidelines, we offered moratorium to all our eligible customers. We have also enforced ‘work from home’ facility for our employees to ensure minimal interruption in our operations. On the business front, we have reviewed specific sectors that are majorly impacted due to the pandemic, and its effects are considered in our business strategies and estimates.

> We believe that adoption of modern risk management mechanism is critical to our business as it helps us identify and control the possible risks that we are exposed to. We also find it important to regularly update our risk framework to ensure that we are immune from the unpredictable and adverse business challenges. Therefore, we continuously assess our risk management model to confirm that we can operate uninterruptedly, even in the most dynamic environment.

Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the 10th Annual Report of Fullerton India Home Finance Company Limited along with the audited statement for the financial year ended 31 March, 2020.

1. Background

Your Company, Fullerton India Home Finance Company Limited ("FIHFCL"), is a wholly owned subsidiary of Fullerton India Credit Company Limited ("FICCL") and is registered with the National Housing Bank (NHB) as a non-deposit taking Housing Finance Company.

2. Industry and Economic Scenario

India is the world's third largest economy after US and China in purchasing parity terms with a population of more than 1.2 billion. Over the past decade, the country's rapid economic growth has been accompanied by robust domestic consumption, implementation of structural reforms and easing of infrastructure bottlenecks.

Housing sector has been one of the driving factors in India's progress creating jobs and expediting infrastructure development. With reforms such as RERA, Insolvency and Bankruptcy Code 2018, setting up of a dedicated Affordable Housing Fund, amendment in RBI's ECB (External Commercial Borrowings) policy, real estate players have been able to realign themselves to tap into the opportunities available in affordable and mid-segment housing. In fiscal 2019, construction sector comprising construction of buildings, roads and railways has shown an impressive growth at 8.9%, due to massive thrust to rural housing under Pradhan Mantri Awas Yojana.

By 2021, India's emerging and middle-class segments combined will comprise nearly 900 million population and will open up new opportunities for housing finance industry. A growing middle class with larger disposable income will be the primary demand driver for the sector. Other than affordable and mid-segment housing, evolving segments such as student housing and co-living are increasingly attracting investors. With a millennial population of over 400 million, these housing models hold significant potential in the Indian market.

3. Financial Highlights

The performance highlights and summarized financial results of the Company are given below:

(₹ Crores)

Particulars	March 19	March 20
Gross Income	329.80	541.45
Less :		
Finance Cost	183.88	306.57
Depreciation, Amortization and impairment	2.34	7.27
Impairment on financial instruments	43.51	85.08
Operating Expenses	97.11	121.13
Profit/(Loss) before Tax	**2.96**	**21.39**
Less : Provision for Tax	2.48	7.48
Net Profit/(Loss) after Tax	**0.48**	**13.91**
Add : Balance brought forward from previous year	(15.53)	(15.16)
Transfer to Reserve Fund under Section 29C(i) of the NHB Act, 1987	(0.11)	(2.78)
Surplus carried to Balance Sheet	(15.16)	(4.03)

** Previous year's figures have been regrouped based on current year's classification*

Directors' Report *Contd...*

Your Company has delivered good result for the FY 2019-20 following the trajectory of previous year despite the worsening macro factors, tight liquidity and evolvement of pandemic COVID 19 disaster.

Gross Income increased by 64% and stood at ₹ 541.45 crores (FY2019: ₹ 329.80 crores). Net Interest Margin (NIM) stood at 4% amid softening interest rate scenario couple with higher liquidity maintained. Better interest cost management and a prudent mix of business helped the Company maintain its net interest margin (NIM) proximate to previous year.

Operating profit increased by >100% from ₹ 46.47 crores at 31 March 2019 to ₹ 106.48 crores at 31 March 2020. Profit before tax increased by >100% from ₹ 2.96 crores at 31 March 2019 to ₹ 21.39 crores at 31 March 2020. Impairment includes additional provision of ₹ 7.57 crores created for COVID-19 overlay.

With assets under management (AUM) of ₹ 4,301.58 crores (40% increase over the previous fiscal year), The disbursals stood at ₹ 1638.89 crores, (12% increase over the previous fiscal year). During the year due to continuous worsening of macros, the Company has tightened its credit policy for business disbursal. With wide spread of COVID 19 in early 2020 across the India and government intervention directing lock down PAN India, disbursements for March 20 is impacted.

Your Company received equity infusion from its holding company of ₹ 200 crores during the financial year 2020 to further strengthen the capital base and support business growth

Borrowings increased by 34% from ₹ 2,760.99 crores at 31 March 2019 to ₹ 3,697.43 crores at 31 March 2020. The Company has maintained its borrowing mix prudently to optimize its funding cost. The Company has also mobilized funds through sale of pool of assets via direct assignment. The Company has sourced ₹ 343.48 crores during the financial year 2020.

Please refer 'Management Discussion and Analysis' section, enclosed as Annexure I to this report, for further details on performance of the Company.

4. State of Company's affairs and future outlook

A detailed overview of the state of affairs of the Company and future outlook is provided in the 'Management discussion and analysis' section, enclosed as Annexure I to this report.

5. Transfer to Reserves

During the year, the Company transferred 20% of its profits for the year amounting to ₹ 3 crores to reserves created as per the norms laid down under Section 29C of the NHB India Act, 1987.

6. Share Capital

During the FY 2020, 6,26,76,277 Equity Shares of ₹ 10/- each were allotted at premium of ₹ 21.91/- per share, aggregating to ₹ 200 crores to M/s. Fullerton India Credit Company Limited on rights basis.

The paid up equity share capital of the Company as on 31 March, 2020 was ₹ 308.03 crores divided into 30,80,33,193 equity shares of ₹ 10/- each.

7. Dividend

In spite of the Company having reported distributable surplus, with a view to conserve resources, your Directors do not recommend any dividend on equity shares of the Company for the year ended 31 March, 2020.

8. Change(s) in the nature of business

During the year under review, there was no change in the nature of business of the Company.

9. Finance

In terms of para 15 of the Housing Finance Companies issuance of Non-convertible debentures on private placement basis (NHB) Directions, 2014, the total number of non-convertible debentures which have not been claimed by the investors or not paid by the housing finance company after the date on which the non-convertible debentures became due for redemption were NIL, and the total amount in respect of such debentures remaining unclaimed or unpaid beyond the date on referred here in before was NIL.

Directors' Report *Contd...*

10. Risk Management

Risk management is an integral part of the Company's business strategy. The Board of Directors of the Company oversees the risk management framework of the Company through regular and proactive intervention by senior management personnel.

The objective of the risk framework is to ensure that the Company underwrites to prudent risk standards, focuses on its target segment and delivers sustainable profitability. The risk management infrastructure operates through five key principles viz.

- Independent governance and risk management oversight;
- An overarching risk appetite statement, that defines the shape of the portfolio, delivering predictable returns through economic cycles, and optimizing enterprise-wide risk-return and capital deployment;
- Establishment of forward looking risk assessment with pre-emptive credit and liquidity interventions, to ensure early action in the event of emerging market adversity;
- Maintenance of well-documented credit risk policies and credit programs with performance guardrails;
- Extensive use of credit bureau as an integral part of the decision making processes.

The senior management is responsible for ensuring that the appropriate methodology, processes and systems are in place for monitoring, identifying and reviewing the risks associated with the business of the Company.

In accordance with Housing Finance Companies – Corporate Governance (NHB) Directions, 2016, the Company has a Board Committee known as the Risk Oversight Committee. The Committee oversees the processes of risk assessment and minimization, monitors risk management plans and carries out such other functions as may be directed by the Board. Refer the Corporate Governance report for the terms of reference of the Committee.

The specific objectives of the Risk Oversight Committee of the Company include:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed;
- To establish a framework for the Company's risk management process and ensure Companywide implementation;
- To ensure systematic and uniform assessment of risks related to the Company;
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best-in-class practices; and,
- To assure business growth along with financial stability.

You are requested to refer to the 'Management Discussion and Analysis' enclosed as Annexure I to this report, for more details on the matter.

11. Internal Financial Controls

During the year under review, the Company undertook an evaluation of internal financial controls, in accordance with the criteria established under the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission. The identified process maps, key controls, risk registers and control matrices were tested by the management team for existence and checking effectiveness of control based on samples; remedial action had been taken or agreed upon where control weaknesses were identified. Based on the results of the said tests, the management team believes adequate internal financial controls exist in relation to its Financial Statements.

12. Human Resources

The Company's employee strength stood at 806 as at 31 March, 2020. All employees have gone through detailed induction training to equip them with the necessary organisational knowhow to deliver their roles. The debt recovery team has periodically undergone mandatory training as prescribed by the National Housing Bank and conducted by Indian Institute of Banking & Finance.

Directors' Report *Contd...*

13. Compliance

The Company had complied and continues to comply with all applicable provisions of the Companies Act, 2013, and the National Housing Bank Act, 1987, the National Housing Bank (NHB) Directions and other applicable rules/ regulations/ guidelines issued by various regulatory and/or statutory authorities from time to time.

The Capital Adequacy Ratio ("CAR") (as per I GAAP) of the Company was 22% as on 31 March, 2020, as against CAR of 13% prescribed by the NHB.

14. Directors and Key Managerial Personnel

The Company's Board lays down the strategic objectives of the Company and guides the management in meeting its goal of aligning the interests of the shareholders with that of the promoters.

The following changes have taken place in the Board during the FY2019-20:

(i) Appointment of Director:

Name	Category	Date of appointment
Ms. Sudha Pillai	Independent Director	21 August, 2019

(ii) Resignation of Director:

Name	Category	Date of resignation
Ms. Renu Challu	Independent Director	04 August, 2019

In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Rajashree Nambiar is liable to retire by rotation at the ensuing Annual General Meeting of the Company. She being eligible has offered herself for reappointment. The Board recommends her reappointment to the members of the Company.

The Board of Directors had appointed Ms. Sudha Pillai as an Additional Director of the Company with effect from 21 August, 2019. In terms of Section 160 of the Companies Act, 2013, her term of office is up to the date of the ensuing Annual General Meeting. Your Directors recommend her appointment to the office of Director of the Company, not liable to retire by rotation.

The current and second tenure of Dr. Milan Shuster as an Independent Director, is scheduled to expire on 30 September, 2020. The current tenure of appointment is for three years. It is proposed to extend his second tenure by 2 years and re-appoint him for the period from 1 October, 2020 to 30 September, 2022.

The shareholders of the Company may refer to the notice of the Annual General Meeting and report on Corporate Governance of the Company for brief profile of Ms. Rajashree Nambiar, Ms. Sudha Pillai and Dr. Milan Shuster.

The Company has received declarations from independent directors that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013.

The following are the key managerial personnel (KMP) of the Company, as recorded by the Board as on 31 March, 2020:

Key Managerial Personnel	Designation
Mr. Rakesh Makkar	CEO & Whole-time Director
Mr. Pankaj Malik	Chief Financial Officer
Ms. Seema Sarda	Company Secretary & Compliance Officer

15. Number of Meetings of Board of Directors

The Board of Directors of the Company met four times during the year:

i. 28 May, 2019;

ii. 23 September, 2019;

iii. 03 December, 2019; and

iv. 19 March, 2020

The time gap between two board meeting was less than 120 days and at least one meeting was held every quarter.

16. Board evaluation

In accordance with the provisions of the Companies Act, 2013, the Independent Directors met separately to review the performance of Non-Independent Directors, Chairperson of the Company, the Board as a whole and the flow of information between the Board and the management.

Directors' Report *Contd...*

The Board completed the annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board was assisted by the Nomination and Remuneration Committee ("NRC"). The performance evaluation was carried out by seeking inputs from all the Directors/Members of the Committees.

17. Managerial remuneration

In terms of the provisions of Section 197 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration and compensation of the employees are to be set out in the annexure to the Directors' Report. However, having regard to the provisions of Section 136 of the Companies Act, 2013, the Annual Report excluding the said information is being sent to the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary of the Company at its Corporate Office address.

18. Audit Committee

The details of constitution, terms of reference etc. of the Audit Committee are mentioned in Report on Corporate Governance, enclosed as Annexure II to this report.

19. Nomination and Remuneration Committee

The details of constitution, terms of reference etc. of the Nomination and Remuneration Committee are mentioned in Report on Corporate Governance, enclosed as Annexure II to this report.

The Company has laid out clear guidelines approved by the Board for 'fit and proper' criteria for appointment of directors in accordance with the Companies Act, 2013. Further in terms of charter of the nomination and remuneration committee, policy on remuneration of directors, key managerial personnel and other employees have been put in place, incorporating principles of fairness, pay for performance, a sufficient balance in rewarding short and long term objectives reflected in the pay mix of fixed and variable pay, meeting the financial viability of the Company.

20. Details of subsidiaries

The Company did not have any subsidiary during the year under review.

21. Statutory Auditors

Your Company had appointed M/s. BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) as its statutory auditors to hold office from the conclusion of 7th Annual General Meeting until the conclusion of the 11th Annual General Meeting of the Company. They continue to be the Statutory Auditors of the Company.

22. Secretarial Auditors

During the year under review, M/s. Vinod Kothari & Company, Practicing Company Secretaries (Unique Code P1996WB042300) continued to function as the Secretarial Auditors of the Company. They had conducted secretarial audit in accordance with provisions of Section 204 of the Companies Act, 2013 and issued a Secretarial Audit Report. Copy of the report is attached as Annexure IV to this report. The report does not contain any qualification or reservation or any adverse remarks and is self-explanatory.

23. Response to Auditor's Report

There were no qualifications, reservation or adverse remark or disclaimer, made by the statutory auditors in their report.

24. Vigil Mechanism

The Company has a whistle-blower policy in place as part of the vigil mechanism for reporting of genuine concerns by any stakeholder about any other one. The policy, displayed on the website of the Company, provides an opportunity for anyone to report their concerns to the management about any actual or suspected unethical behaviour, fraud or violation of the Company's Code of Conduct. This policy also provides safeguards against victimisation of stakeholders, who report their concerns. The whistle-blower policy comprehensively covers processes for receiving, analysing, investigating, inquiring, taking corrective action and reporting of the issues raised. The policy can be accessed at https://www.grihashakti.com/corporate-governance.aspx. An update on whistleblower cases and investigation conducted thereon is presented to the Audit Committee on a quarterly basis.

Directors' Report *Contd...*

25. Extract of the annual return

The Extract of Annual Return as provided under Section 92 of the Companies Act, 2013, and as prescribed in Form No. MGT-9 of the rules prescribed under Chapter VII relating to Management and Administration under the Companies Act, 2013, is appended as Annexure V.

26. Secretarial Standards

Your Company has followed the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

27. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

There have been no such material changes and commitments affecting the financial position of the Company which have occurred during the said period.

28. Details of significant and material orders passed by the regulators/courts/tribunals impacting the going concern status and the Company's operations in future

There were no significant and material orders passed by the regulators/ courts/ tribunals impacting the going concern status of the Company and its operations in future.

29. Particulars of loans/ advances/ investments outstanding during the financial year

The disclosures relating to particulars of loans/advances/ investments outstanding as per Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

A. With respect to Holding Company

Sr. No.	In the books of the Company in capacity of	Disclosures of amounts at the year end and the maximum amount of loans/ advances/investments outstanding during the year	Disclosure
1.	Holding Company	Loans and advances in the nature of loans to subsidiaries by name and amount	Nil
		Loans and advances in the nature of loans to associates by name and amount:	
		(i) No repayment schedule or repayment beyond seven years; or	
		(ii) No interest or interest below section 186 of the Companies Act, 2013 by name and amount.	
		Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount	
2.	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company	Nil
3.	Holding Company	Investments by the loanee (borrower) in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil

B. Cash Flow statement has been included in the financial statements.

Directors' Report *Contd...*

30. Deposits

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

31. Details of Loans, Guarantees and Investments

The provisions of Section 186 of the Companies Act, 2013 pertaining to giving of loans, guarantees, providing security in connection with a loan and acquisition of securities of any body-corporate are not applicable to the Company as the Company is a Housing Finance Company.

32. Particulars of contracts or arrangements with related parties

All contracts/ arrangements/ transactions entered into/ by the Company during the financial year under review with related parties were on arms' length basis and in the ordinary course of business of the Company. There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel or other designated persons, which may have potential conflict with the interest of the Company at large. All related party transactions had been placed before the Audit Committee and the Board for approval. The policy on related party transactions, as approved by the Board is available on the website of the Company at https://www.grihashakti.com/corporate-governance.aspx.

33. Corporate Governance

A detailed report on Corporate Governance and copy of the Certification of the Chief Executive Officer and Chief Financial Officer of the Company are provided as Annexures II and III to this report respectively.

34. Management Discussion and Analysis

A detailed review of the operations, financial performance, risk management, outlook, among others, is provided under the section 'Management discussion and analysis' enclosed as Annexure I to this report.

35. Fraud reporting

The Company reports occurrence of frauds to the National Housing Bank quarter in terms of the NHB regulations. The details of the frauds occurred during the quarter are placed before first Audit Committee meeting held after the end of each quarter. There were 3 instances of fraud case, which was reported to the Board in the financial year 2019-20. The Company has taken appropriate action in these cases. No material frauds were reported by the Auditors, during the financial year 2019-20.

36. Revision of financial statements or Board's Report

There have been no revisions in the financial statements or Board's Report.

37. Details of debenture trustees

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year are as under:

Sr. No.	Trustee	Contact details
1	Catalyst Trusteeship Limited	GDA House, Plot No.85,S. No. 94 & 95, Bhusari Colony, Paud Road, Pune – 411038 Phone: 020 – 25280081 Extension: 107 Fax: 020 – 25280275

38. Credit rating

The credit ratings' details of the Company as on 31 March, 2020 were as follows:

Rating Agency	Facility	Type	Rating
CRISIL	LT	NCD/BL/SD	CRISIL AAA with stable outlook
	ST	CP	CRISIL A1+
CARE	LT	NCD/BL/SD	CARE (AAA) with stable outlook
	ST	CP	CRISIL A1+

LT - Long-term
NCD - Non-convertible debentures
CP - Commercial paper
STD - Short-term debt
ST - Short-term
SD - Subordinate debt
BL - Bank lines

The ratings mentioned above were reaffirmed by the rating agencies (CRISIL and CARE) during the FY 2020.

39. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The provisions relating to conservation of energy and technology absorption do not apply as the Company is a Housing Finance Company.

However, the Company adopts usage of information technology along with its parent company and is prudent in utilizing non-renewable resources.

Directors' Report *Contd...*

During the year under review foreign exchange outflow was ₹ 46,28,920.

40. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Pursuant to the Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013, the Company has framed a policy on Prevention of Sexual Harassment at Workplace. During the year under review, no cases had been reported under the provisions and guidelines of this policy.

41. Directors' Responsibility Statement

As per the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors confirm that:

(i) in the preparation of the annual accounts for the year ended 31 March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on a going concern basis;

(v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

(vi) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

42. Acknowledgment

Your directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the National Housing Bank. The directors also thank the shareholders, clients, vendors, investors and other stakeholders for placing their faith in the Company and contributing to its growth. We would also like to appreciate the hard work put in by all our employees, and we look forward to their continuing patronage, going forward.

On behalf of the Board of Directors

Sd/-
Anindo Mukherjee
Chairman

Place: Mumbai
Date: 08 June, 2020

Annexure I

Management Discussion & Analysis

Emerging Asia is projected to be the only region with a positive growth rate of 1% in 2020, with the Indian economy forecasted to grow at a moderate rate of 1.9%.

Economic Overview and Outlook

Global Economy

In an unprecedented occurrence, the global economy has been severely impacted by the COVID-19 pandemic. The multi-layered crisis has not just resulted in human loss worldwide but has also impacted domestic consumption, external demand, capital flows and a collapse in commodity prices. According to the IMF estimates, the global economy is projected to contract sharply by 3% in 2020 as a result of the pandemic, much worse than during the 2008–09 financial crisis. The financial conditions are expected to remain tight in first half of the year. The lifting of containment measures is likely to be gradual, and even after containment measures are unwound, economic environment might take a while to normalise.

Due to economic fallout from extensive outbreaks, most advanced economies are estimated to contract in 2020. Among emerging market and developing economies, almost all countries are facing health crisis and severe impact on their economic activities. Notably, Emerging Asia is projected to be the only region with a positive growth rate of 1% in 2020 with Indian economy forecasted to grow at a moderate rate of 1.9%.

Furthermore, the IMF predictions also explain a baseline scenario that assumes the pandemic to fade in the second half of 2020. Subject to the assumption, the global economy is projected to grow by 5.8% in 2021 due to factors such as normalcy in economic activities and supporting policies of the Governments.[1]

Calendar Year (%)	2019	2020P	2021P
World Output	2.9	-3.0	5.8
Advanced Economies	1.7	-6.1	4.5
US	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
Japan	0.7	-5.2	3.0
UK	1.4	-6.5	4.0
Emerging Markets	3.7	-1.0	6.6
Russia	1.3	-5.5	3.5
China	6.1	1.2	9.2
India	4.2	1.9	7.4
Brazil	1.1	-5.3	2.9

Source: IMF, World Economic Outlook (April 2020)

Indian Economy

CRISIL estimates a permanent loss of approximately 4% for India's real GDP in FY2021 on the back of global slowdown, trade disruptions and reduced domestic consumption given the countrywide lockdown. As the pandemic intensifies, revenue streams of companies will get impacted. The impact will vary by sector, but services would be hit particularly hard and there is a risk of a long-term loss of demand and capacity in both industrial and services sectors due to prolonged effects of the crisis.

Given the magnitude of potential unemployment (with informal sector being worst affected), business failure, and financial-system risk, fiscal support at the central and state level in scale and scope would help protect vulnerable firms and households.

5.8%

Projected growth of the global economy in 2021

The IMF predictions explain a baseline scenario that assumes the pandemic to fade in the second half of 2020.

[1] IMF World Economic Outlook, April 2020

Significant recent policy measures and structural reforms to support corporates and individuals announced by government and various regulators including 'Atmanirbhar Bharat Package' has been given below:

Sector	Measures
MGNREGA	Over and above the allocation of ₹610 billion for MGNREGA in FY2021, the government has allocated an additional amount to generate 3,000 million more person days. Wage rate would be increased from ₹182 to ₹202, implying a benefit of ₹2,000 per worker, with effect from 1st April 2020.
Indian Bankruptcy Code	Minimum threshold to initiate proceedings raised to ₹10 million from ₹0.1 million, no fresh initiation of insolvency proceedings up to 1 year depending on the pandemic situation. Central government empowered to exclude COVID-19 related debt from the definition of 'default' under the Code.
Companies Act	Decriminalisation of Companies Act violations involving minor technical and procedural defaults and majority of compoundable offences sections to be shifted to internal adjudication mechanism.
Ease of doing business	Domestic companies allowed to directly list themselves in permissible foreign jurisdictions. Private companies, which list their NCDs on stock exchanges not to be regarded as listed companies.
MUDRA scheme	Shishu loan borrowers (up to ₹50,000) would receive an interest concession of 2% for the next 12 months post-moratorium (at least 30 million beneficiaries; ₹1.62 trillion in outstanding loans).

Annexure I

Management Discussion & Analysis *Contd...*

Sector	Measures
Housing	A credit-linked subsidy scheme for the lower-middle-income group (annual income of ₹0.6–1.8 million per annum) has been extended to March 2021 (0.25 million families would be new beneficiaries).
MSMEs	Collateral-free automatic loans to standard MSMEs (Turnover <1 billion, and outstanding loans of < 0.3 billion) of 4-year tenure available up to 31st October 2020; Principal payment to begin from 2nd year (Emergency credit line). Subordinate debt for NPAs/stressed MSMEs (partial credit guarantee to banks by Credit Guarantee Trust, CGT). Fund-of-Fund created for infusing equity (potential and viable businesses). Expansion of MSMEs definition. No global competition is allowed in any government procurement up to ₹2 billion. E-market linkages to be provided to all MSMEs (Trade fairs/exhibitions). All receivables to MSMEs by GoI or CPSEs will be cleared within the next 45 days.
NBFC/HFCs/MFIs	Special Liquidity Scheme in investment-grade debt paper of NBFCs/HFCs/MFIs; fully guaranteed by GoI. Partial credit guarantee scheme for NBFCs; First 20% loss will be borne by the GoI (AA and below rated papers including unrated papers).
Real estate	RERA timelines to be extended by 6 months or 9 months if needed
Special insurance scheme	Special insurance cover worth ₹5 million/health worker
Jan Dhan Account	Women account holders- Ex-gratia deposit of ₹500 per month for next three months into their respective accounts directly Old age people/poor widows/pensioners/disabled people – One-time ex-gratia deposit of ₹1,000 per person into their accounts directly
Self-help groups organised by women	The 6.3 million SHGs could take collateral-free loan worth ₹1 million earlier. This limit has been increased to ₹2 million
Borrowers	Loan moratorium of three months ending in May 2020; later followed by another respite of 3 months till August 2020

Source: MOFSL Research

In addition to this, the revival of various sectors post lockdown is expected to spur credit demand. The improvement in macro-economic environment and credit offtake in FY2021 will also be sensitive to the liquidity coverage ratio of banks and non-banks. The speed of revival and pace of economic recovery will play a considerable role in deciding how the fundamental asset quality pans out. This is not only applicable for large enterprises but will also have an impact down the chain for micro, small and medium enterprises (MSMEs) and retail customers. While strong balance sheets or continuing demand will support some sectors during the current lockdown, a sharp pick-up in demand thereafter will be imperative to alleviate asset quality concerns.

In the next fiscal year, that is, FY2022, CRISIL forecasts a V-shaped recovery at over 7% real GDP growth. However, its sustenance will not be able to lift GDP volume to its trend path even by 2024.

Financial Sector

Non-Banks (NBFCs and HFCs) have been an integral component of the credit ecosystem in India. According to ICRA, the overall non-bank advances are estimated at about ₹ 35 trillion, as of September 2019, with exposures ranging from retail individual borrowers to large corporates. They have particularly witnessed a favourable operating environment since the end of the global financial crisis. However, beginning September 2018 with the default by IL&FS, an infrastructure conglomerate, non-banks have faced multiple headwinds, which has constrained their growth sharply.

The tough operating environment for non-banks has been further aggravated by the COVID-19 situation. The lockdown and subsequent policy

With various structural drivers, such as a young population, smaller family size, urbanisation, and rising income levels, CRISIL estimates healthy growth rates in the mortgage segment over the long term.

measures including the moratorium will have varied impact across different sectors. While corporates benefit by conserving cash, financial institutions are facing unfavourable effects of limited collections and no moratorium on capital market instruments.

With minimal collections, the non-banks can only depend on their cash reserves and any back-up credit lines from the banks. Almost 60% borrowings, excluding securitisation, of top retail NBFCs in India are from capital market sources and require continuity in debt servicing. According to Acuité Ratings, the aggregated debt repayment, including interest for this set of NBFCs in Q1 FY2021 is estimated to be between ₹400-600 billion. Additionally, the cash reserves are estimated to be around ₹450 billion.

In terms of asset quality outlook, the non-bank sector is more retail and MSME oriented and hence, the lockdown is expected to hit the sector harder than banking. The extent of this impact on asset quality and collections for non-banks will vary and depend on four factors in the near term, that are, asset class, income source of the customer, level of fieldwork in operations, and proportion of cash collections.

As per ICRA estimates, key performance parameters (asset quality, solvency, liquidity, earnings) for non-banks are expected to weaken over the next 1 or 2 quarters and recovery in the latter part of the next fiscal would depend on the overall economic turnaround.

Housing Finance Industry in India

Given their operations in under-served segments of the economy, Housing Finance Companies (HFCs) have created a niche for themselves through a deep understanding of customer needs and ensuring last-mile delivery of products and services. With various structural drivers, such as a young population, smaller family size, urbanisation, and rising income levels, CRISIL estimates healthy growth rates in the mortgage segment over the long term.

India is among the world's fastest-growing economies that has seen rapid growth in urbanisation in the past two decades. Employment opportunities and business prospects in metropolitan cities have always attracted migrants looking for upward mobility. This economic development and resulting growth in incomes has led to a rising aspirations of growing middle class population. For the average Indian, acquiring a home represents a firm foundation for the future. Notably, the mortgage penetration in India is much lower than other regional emerging markets, such as China and Thailand.

As per ASSOCHAM, the mortgage penetration in India from formal lending sources is only 9%, while the remaining 91% of the houses are built using own funds and from informal sources of borrowing. While there are challenges for the Government, there are also opportunities for developers and housing finance institutions. The Government can address challenges through policy implementation and further reforms whereas developers and housing finance institutions have opportunities to innovate and come up with new products and technology.

Furthermore, the structural reforms undertaken by the Government to improve transparency in the real estate industry have played a pivotal role in increasing buyer confidence. The Benami Transactions (Prohibition) Amendment Act, 2016, demonetisation of high value currencies, coupled with measures of integrated indirect tax structure brought by the Goods and Services Tax (GST) and the unified realty sector regulator, Real Estate (Regulation and Development) Act, 2016 (RERA) have transformed the country's real estate industry.

While the long-term growth prospects for HFCs remain intact, asset-liability maturity management and liquidity conservation would remain central. The regulatory environment is also expected to evolve. The National Housing Bank (NHB) has recently tightened the permissible leverage levels and capital adequacy ratios for HFCs. Nevertheless, CRISIL believes HFCs with strong parentage and those with robust risk management systems and processes will be able to navigate the current environment better. The growth rate for HFCs is expected to recover with an improvement in the overall operating environment coupled with low mortgage penetration levels in the country.

7%

Estimated recovery in India's Real GDP in FY2022

In the next fiscal year, that is, FY2022, CRISIL forecasts a V-shaped recovery.

Annexure I

Management Discussion & Analysis *Contd...*

1. **HFCs for on-lending to the individual housing loans:** The NHB has initiated another Liquidity Infusion Facility Scheme for Housing Finance Companies (HFCs) with an increased scheme allocation of up to ₹ 30,000 crore. Under this scheme, separate provisions on eligibility of HFCs, amount of refinance, security for refinance at the end of utilisation period of 6 months and interest rate, have been made based on the internal rating of the entities.
2. **Relaxation of External Commercial Borrowings (ECB) guidelines for Affordable Housing:** In addition to the existing norms for ECB for affordable housing, further relaxation, after discussion with RBI, in ECB guidelines is to be offered to facilitate financing of home buyers who are eligible under the Pradhan Mantri Awas Yojna (PMAY).
3. **Partial credit guarantee structures for affordable housing finance players:** In the Union Budget 2019, the Government announced provision of one time partial credit guarantee to PSBs for investing in highly rated pooled assets of financially sound NBFCs and HFCs, up to ₹ 1 lakh crore during FY2020. Furthermore, the Government provides the first loss default guarantee up to 10%.
4. **HFCs to discontinue loan products involving interest subvention through developers:** The National Housing Bank notified HFCs to discontinue such loan products that involve payment of interest for the loan amount by builders or developers on behalf of the borrowers.
5. **NHB brings down total borrowings of HFCs to 12 times their NOF and raises capital adequacy to 15%:** The housing regulator mandated HFCs to bring down their total borrowings to 12 times their Net Owned Funds (NOF) and has raised their Capital Adequacy Requirement (CAR) to 15%. Both the revisions are to be undertaken in a phased manner. Furthermore, the deposit-accepting HFCs are allowed to accept public deposits amounting only up to 3 times its NOF. The reduction in the borrowing limits would reinforce discipline amongst HFCs, while an increase in the minimum CAR level would strengthen their balance sheets.
6. **Special Fund for affordable and middle income housing:** To focus on construction of unfinished units, a ₹ 20,000 crore fund would be set up. Out of this, 50% or Rs.10,000 crore would be contributed by the Government and balance by outside investors. This fund would provide last mile funding for housing projects, which are non-NPA and non-NCLT projects and are net-worth positive in affordable and middle income category.

1. **Urbanisation:** Government data estimates that India's cities would need US$1.2 trillion in capital funding over the next 20 years to keep up with the demands of their growing populations.[2]

Despite short-term implications of COVID-19, development and urbanisation in India will continue. About 200 million people are expected to move from rural areas in India to the country's urban centres. The shift will be massive, almost equal to the current populations of France, Germany, and the United Kingdom combined. While urbanisation increases productivity and improves GDP per capita over the long term by 2030, urban centres in India will generate nearly 70% of the country's GDP. Growing urban population will have housing needs which will continue fuel demand for housing finance.

[2] McKinsey Global Institute- Urbanization in emerging markets, 2018

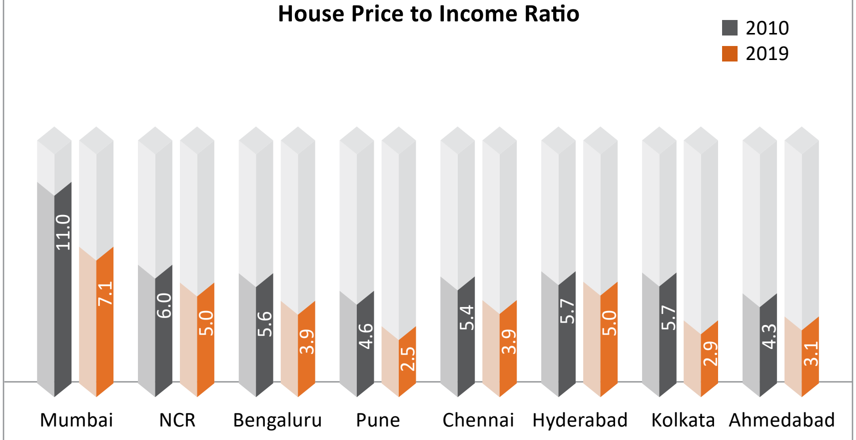
2. **Housing for All:** There is a considerably large market in rural and semi-urban India and an opportunity to participate in lending to the low income segment. The Government has implemented measures and budget allocations to continue to enhance the sector. The focus on 'Housing for All' continues with a sizeable allocation of ₹275 billion in 2020-21 as against ₹253 billion for 2019-20 under the PMAY scheme. Additionally, an extra-budgetary allocation of ₹100 billion has been made each for PMAY-Urban and PMAY-Rural.

3. **Credit under-penetration:** India's non-bank sector continues to remain at the forefront in driving new credit disbursals for the country's underserved retail and MSME market. According to a PWC report, over the last five years, the non-bank lending book has grown at nearly 18% driven by a deep understanding of target customer segments, use of technology advances, lean cost structures and differentiated business models to reach credit-starved segments.

4. **Increasing Affordability:** There has been improvement in affordability with the growth in residential prices in top eight cities of India below retail inflation growth and the gap has progressively increased since H1 2016. Rising affordability and the reduction in average unit sizes of new launches across cities are steps in the right direction and more in-line with the contemporary homebuyer's needs.

5. **Levering technology for wider and effective reach:** HFCs are now reaching out to Tier 2, 3 and 4 markets to distribute loans via several customer touch-points. Furthermore, they are also building a connected channel experience that provides an omni-channel service for seamless customer journey. With a digitally advanced, millennial consumer base, HFCs can embark on new and better ways to engage with the customer.

House Price to Income Ratio



Source: Knight Frank

Threats

1. **Solvency Risk:** According to McKinsey estimates, there could be solvency issues within the Indian financial system, as almost 25% of MSME and SME loans could slip into default, compared with 6% in the corporate sectors such as aviation, textiles, power, and construction and 3% in the retail segment, mainly in personal loans for self-employed workers and small businesses.

   Furthermore, liquidity would become a challenge for salaried as well as self-employed customer segments as payments begin to freeze in the corporate and MSME supply chains snowballing into household sector.

2. **Real Estate Slowdown:** The immediate impact of COVID-19 on the sector is identified as temporary shortage of labour due to reverse migration, nationwide pause in construction activities, and slowdown in the pace of project execution that may extend delivery timelines. Additionally, the rate of sale for new homes might slow down as buyers postpone their purchase decisions. Also, labour migration and lockdowns are expected to delay project completion and impact sales, which might further affect cash-flows of the developers. With stiffer refinancing conditions, developer finance segment would face higher delinquencies and loan losses.

   The creation of an Alternative Investment Fund (AIF) to aid the completion of stalled residential projects and the relaxation of GST rates earlier this year shows the Government's plan to aid the beleaguered sector.

3. **Asset Quality:** The largest segment of HFCs that is, home loans is expected to be less affected on asset quality because more than two-thirds of the borrowers are salaried, and collections are through auto-debit instructions. In contrast, affordable housing loans could witness increase in delinquencies over the medium term because

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Management Discussion & Analysis *Contd...*

During FY2020, Fullerton Grihashakti focused on increasing portfolio granularity and expanding its customer base.

of higher proportion of self-employed borrowers, whose income streams have been affected more by the lockdown. However, the strong moral obligation linked to residential property will help keep overall asset quality in control.

In case of Loans against Property, non-banks largely cater to the self-employed borrower segment in the retail space, where the cash flows are expected to be more volatile in the current situation vis-à-vis their salaried counterparts. Furthermore, most of these borrowers have limited funding avenues and typically have limited banking relationships for their credit requirements. Non-banks, which are already facing funding constraints and an expected increase in delinquencies, are likely to focus more on collections at least in the near term. As per ICRA estimates, lack of supplementary credit funding could have a significant negative impact on self-employed borrowers as their cash flow mismatches would compound with the passage of time.

Due to COVID-19, a moderation in activity levels in the salaried category would impact the income and employment levels. In addition to this, borrowers who are employed by the highly effected industries such as tourism are exposed to pay cuts and job loss, which will impact their debt servicing power. Furthermore, the affordable housing segment is expected to be heavily impacted due to loss of livelihood for salaried and self-employed workers.

Industry GNPA Projections

	GNPA as of Dec-19	Projections for March 2021
Housing	1.4%	1.8%
LAP	1.7%	2.7%
CF	5.0%	8.0%
Total	2.2%	3.2%

Source: ICRA Research, April 2020

Note - The report published prior to Covid-19 impact on the industry.

4. **High Borrowing Costs:**
   Competition from banks would intensify in the large ticket housing space for HFCs, as margins shrink from the already modest levels. This is because elevated borrowing costs on account of reducing short term borrowings, and challenges to mobilise funds through capital market borrowings. As per India Rating, margin pressures along with leverage constraints would keep return on equity capped for HFCs in the medium to long term. Their ability to buffer the spreads through non-housing loans such as, construction finance, loan against property will diminish, as these segments are facing their own set of challenges.

Product Segmentation - Housing Finance in India

Home Loans

Retail Home Loans are the largest asset class. They form around 60% of the total retail advances of Scheduled Commercial Banks (SCBs), Non-banking Finance Corporations (NBFCs) and Housing Finance Corporations (HFCs).

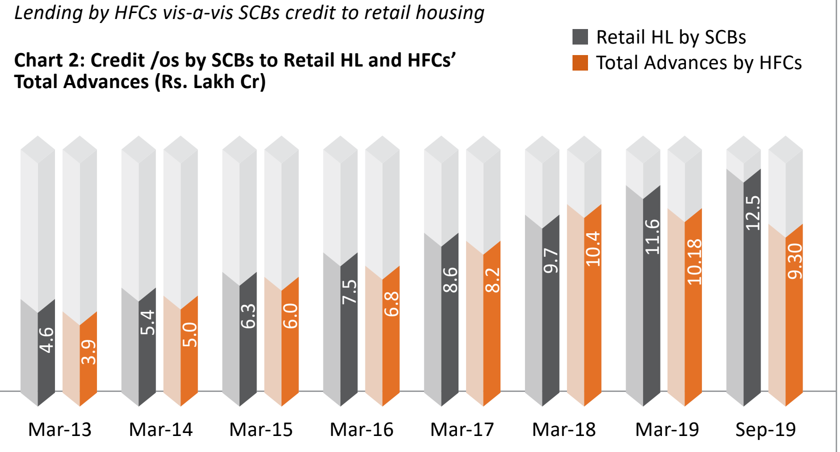
1.4%

GNPA of the Housing industry

As per ICRA Research, April 2020, the GNPA of housing sector is estimated to be 1.8% in March 2021.

Lending by HFCs vis-a-vis SCBs credit to retail housing

Chart 2: Credit /os by SCBs to Retail HL and HFCs' Total Advances (Rs. Lakh Cr)



Source: Knight Frank

During FY2019, the Indian housing finance market grew to approximately ₹ 21.8 trillion, witnessing a CAGR of 18.6% in the period FY2014 to FY2019, comprising both SCBs and HFCs. As per CARE, the housing finance industry has exhibited remarkable resilience over the past two broad economic cycles. In addition to this, traditional home loan borrowers are individuals who have a long working life ahead of them, during which the loan can be repaid. Hence, the retail home loan is known to be comparatively the safest retail asset class.

The housing finance industry has received further lift from the Government's flagship initiative 'Housing for All by 2022' programme with measures such as the Credit Linked Subsidy Scheme, preferential tax rates for affordable homes and the granting of infrastructure status to affordable housing projects.

Loan against Property (LAP)

A Loan against Property (LAP) is a secured loan and it provides collateral to the financier in the form of the property. The interest rate of this product is lower when compared with personal or business loans.

The growth in advances of HFCs has been fuelled partly by Loans against Property (LAP). The yield earned on LAP assets is higher than the retail-HL assets. Furthermore, the HFCs cater to the unbanked and under-served, new-to-credit borrowers, to whom banks are unable to lend due to limited income assessment tools and documentation. Hence, HFCs face lesser competition from SCBs in the market space of non-housing loans compared to home loans.

Construction Finance

Developers who build residential projects need funds to complete their projects. Several banks and HFCs offer construction finance to developers to complete their projects, which helps developers meet their timelines and make the units available for sale. Timely cash-flows are of utmost importance for successful completion of real estate projects. Cost of funds, cost of raw materials and variability of labour impact construction status to a significant extent.

As per India Ratings report (Fitch Group Company), weak sales, negative free cash flows, stricter regulatory compliance under RERA and slowdown in lending from banks and non-banks continue to impact cash-flows of real estate projects. Additionally, non-grade-I developers are likely to face significant challenges to meet interest expenses due to liquidity issues and weak sentiment in the given pandemic environment.

Business Update

Grihashakti, Fullerton India Home Finance Company Limited (FIHFC) is a wholly-owned subsidiary of Fullerton India Credit Company Limited. Started in December 2015, the Company caters to the housing finance needs of salaried, self-employed customers and firms. Furthermore, the Company is headquartered in Mumbai and has established customer connect through its 78 branches present across India.

We offer wide variety of products to home buyers including loans for purchase of a new home, home improvement, home construction and home extensions. The product suite also includes loans against property, loans for purchase and construction of new commercial property, commercial plots, and developer finance.

During FY2020, we focused on increasing portfolio granularity and expanding our customer base. As on 31st March 2020, the Assets under Management (AUM) of the Company grew by 40% YoY, that is, close to ₹43,016 million on a healthy base of over 23,000 retail customers. Despite challenging business environment, the net advance disbursal of the Company exceeded by ₹ 16,000 million. We have continued to take steps towards ensuring portfolio quality with profitable growth. For FY2020, we witnessed 129% increase in operating profit to ₹ 1,065 million. Aligned to the objective of maintaining a healthy customer mix, the sourcing of salaried customers increased to an average of 38% during FY2020.

We intend to build a strong franchise of housing finance in the affordable segment primarily catering to under-served retail customers in Tier 2 and 3 locations in India. So far, total subsidy availed under PMAY by FIHFC customers' stands at ₹ 231.50 million.

During FY2020, CRISIL and CARE has assigned its 'CRISIL AAA/Stable/ CRISIL A1+' and 'CARE AAA; Stable'

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ratings respectively to the long term bank facility and debt instruments of FIHFC. The rating is a reflection of experienced management and healthy capitalisation in FIHFC.

The rating on FIHFC also factor in strong support from the ultimate parent, Fullerton Financial Holdings (FFH), Singapore. Additionally, FFH is a step down subsidiary of Temasek, which holds 100% stake in FIHFC via its subsidiary Fullerton India Credit Company Limited.

Product and Customer Bifurcation

Our business is a healthy mix of housing and non-housing lending products. The housing business constituted 59% of the disbursals in FY2020, while the non-housing business mainly comprised Loan against Property of 40%. The share of construction finance business in the loan book is marginal. For FY2020, the proportion of under-construction projects in the housing finance portfolio is less than 10%. The entire portfolio is primarily collateralised against residential properties with an 81% share.

In terms of customer profile, we have maintained a reasonable balance between salaried and self-employed customers. During FY2020, the sourcing composition in terms of units comprised 38% salaried customers and 62% self-employed customers. During the year, we have extended our product suite to offer wide range of offerings to our customer and channel partners. We aim to expand our customer base by entering into mutually beneficial partnerships with fin-tech firms, online aggregators, developer bodies, and MFIs.

During FY2020, we commenced approved project financing to gain access to larger retail client base through alliances in prominent locations. Considering tough conditions for real estate, we limited developer funding disbursal to ₹ 960 million during the year under consideration.

During FY2020, several policy initiatives have also been undertaken to tighten norms, set process and policy controls, and implement fraud checks to ensure superior portfolio quality. In addition to this, investments have been made in risk analytics to improve collections efficiency. Early allocation of high risk accounts through risk segmentation of customers has been done to improve customer contact ratio and conversion.

Home Loans

Fullerton Grihashakti has presence across tier I, II and III locations, with majority of the portfolio originating from Tier II and III cities. and will continue to deepen its branch network for a wider reach and greater accessibility. Given the under-penetrated mortgage loan market in India, we aim to pursue customer segments in semi-urban and rural areas with increasing disposable income, aspiring for better quality homes.

During FY2020, we sharpened our focus and strengthened our commitment by taking our strategy of AGILE IT forward. This strategy directly aligns with business success and is periodically reviewed for impact and performance.

Loan against Property (LAP)

The products offered by Fullerton Grihashakti include working capital loans, business loans to MSMEs, individual loans secured against property as collateral. We seek to build a scalable and resilient portfolio in relatively less competitive markets, where the value of the underlying property is substantially lower compared to Metros and Tier I cities and better margins.

Period ended March 31, 2020	Home Loans	LAP
AUM (million)	25,172	17,253
Loan rates (%)	10-12%	12-15%
Average LTV	62%	47%
Average ticket sizes (million)	1.8-2.2	<2.0
End Use	Residential real estate	MSME Working capital
Tenure (Years)	20-30 years	15 years
Sourcing	Channels plus Direct sourcing	Primarily direct selling agents

Digitisation

During FY2020, the organisation continued to make rapid strides towards becoming a digitalised HFC by investing into multiple technology transformations. In the current fiscal, we sharpened our focus and strengthened our commitment by taking our well-established strategy of AGILE IT forward. This strategy directly aligns with business success and is periodically reviewed for impact and performance. Significant efforts were also placed in to design and implement a modern foundational infrastructure blueprint in addition to a range of solutions deployed for mobility, scalability, security, and resilience.

- Grihashakti sales app (Speed) drive sourcing for salaried customer base. The app includes various features such as instant CIBIL score check, and real-time application filing, amongst others.
- Credit decision engine has been rewired to leverage new credit risk and scorecard models. This engine enables underwriting for more than 91% of loan applications in straight-through processing.
- Enterprise collections system has been expanded to support a wide variety of payment modes, including eNACH, UPI, wallets, and virtual accounts.
- eNach and eConsent portals help customers to register account details using National Automated Clearing House (NACH) and take digital consent as an integrated flow, to streamline collections.
- Machine Learning enabled Predictive models are extensively used in credit origination, customer segmentation and portfolio action to mitigate risk. These models have enhanced straight through processing and ability to deal with diverse credit requirements.
- Cybersecurity has been beefed-up with a modern web proxy layer that stands between public internet and data centres to offer secured content delivery and protection from potential attacks. A continuous review of security capabilities is aided through ethical hacking and validation of intrusion detection, data loss prevention to name a few.
- Open APIs have become the language of exchange for Grihashakti, implemented with the required architectural and governance controls. A world-class API management platform hosting these APIs has been established to drive various lifecycle phases of HFC journeys across products.

₹25,172

Our home loans AUM

Our home loans business is spread across tier I, II and III locations.

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Management Discussion & Analysis *Contd...*

We intend to focus on steady and profitable growth within the guardrails of risk management and governance framework and shall maintain strong capital position with adequate funds, well above regulatory requirements.

- Software-based Network management model has been implemented for all Grihashakti branches to have a cost-optimised flexibility to scale business connectivity for peak and valley demands.
- Disaster Recovery and Business continuity framework has been successfully certified periodically to ensure seamless transitioning and functioning during natural and business exigencies of any scale.
- Enterprise Digitisation solutions like integrated service management, knowledge management, project management and workforce management platforms were launched to complement the business transformation for enhanced productivity and efficiency.

The use of technology is helping Company to improvise and customise credit assessment to suit customer segments, optimise business processes and enhance customer experience. For the next fiscal year, the Company would continue to invest in technologies to provide superior experience to its customers and channel partners.

During the year, we have launched a new channel for digital business in collaboration with some of the biggest online aggregators in the country. The strategy is aligned with the organisation's enhanced focus on collaboration and synergy with fin-tech platforms and online aggregators. The aim is to leverage new technologies and alternate data analytics of its partners.

Outlook

Going forward, we aim to be the preferred partner to our employees, vendors, channel partners and customers. Despite the possible slowdown in economic activity during in the first half of FY2021 due to the outbreak and extended lockdown, we seek to serve the financial needs of our customers with care and seamless execution. To this end, we have invested in infrastructure, people, processes, and systems. Furthermore, we intend to focus on steady and profitable growth within the guardrails of risk management and governance framework and shall maintain strong capital position with adequate funds, well above regulatory requirements.

Risk Management

Fullerton Grihashakti operates in a rapidly evolving environment and is exposed to various risks such as credit risk, liquidity risk and operational risk. These risks are inherent to the business and environment in which it operates. The Company has a prudent risk management practice that is integral to its operations. The Risk Management oversight structure comprises the Risk Oversight Committee which is a committee appointed by the Board. The Risk Oversight Committee of the Board is set up primarily to assist the Board by providing an oversight of risk across the organisation. The Committee inter alia defines the Company's risk appetite, which is then disseminated by the management team to the business functions through strategic policies, processes, limits, controls, and procedures.

Risk Framework

To identify and mitigate these aforesaid risks, the organisation has an effective Risk Management Control Framework that has been developed by encompassing the specific areas. It has a governance framework in place to ensure strict compliance to policies, procedures and controls established to monitor, mitigate, and manage these risks. The Credit Risk Management, in particular, includes maintaining credit policies, which defines customer selection and assessment criteria, program limits and Delegation of Authority ("DoA") metrics, amongst others. Additionally, it covers risk assessment for new product offerings including pilot programs to test new geographies and scenarios.

We have a robust mechanism to ensure an on-going review of systems, policies, processes, and procedures to contain and mitigate risk that arise from time to time. We have a process in place for conducting audits of various processes to ensure adherence to the established norms. Furthermore, continuous evaluation of existing controls, and requisite improvement and strengthening based on the assessment is carried out to contain specific risks. To manage the operational risk, we have implemented a framework to identify, assess and monitor risks. The framework also helps in strengthening controls, improving services, and minimising operational losses. We attempt to mitigate operational risk by maintaining a system of internal controls, establishing systems and procedures to monitor transactions,

maintaining key back-up procedures, undertaking regular contingency planning, and providing employees with continuous training.

Risk Mitigation

The goal of risk management within the Company is to mitigate the impact and ensure that it takes calculated risks keeping in mind its risk appetite. The Risk Mitigation approach in the Company strives to achieve a balance between risk and return, in line with the corporate strategy set forth by the Board. Additionally, sophisticated analytic tools are being used to maintain portfolio quality by suggesting appropriate policy interventions. We have a detailed risk review mechanism, where the implemented policies are reviewed on a periodic basis through a series of portfolio monitoring reports, to ensure that they adequately protect the Company from credit risk arising out of changes in macroeconomic, industry and segment level, and other consumer behavioural attributes.

A periodic scenario analysis is conducted through stress testing to assess the impact of adverse business conditions. The stress testing scenarios are from the perspective of ensuring the Company's capital adequacy under any unfavourable market credit circumstances and ensuring timely actions, wherever required, towards ensuring avoidance of situation that could threaten the financial stability of the Company.

The company also has invested in advanced statistical models to segment the portfolio into different risk segments to enable differential collections treatment as per customer risk profile. This aids to get early reads of stress at an account level so that appropriate portfolio and collection activities can be undertaken well in advance to minimise credit losses.

In context of the recent COVID-19 pandemic, we have taken preventive measures to ensure the well-being of its customers and employees. As per the regulatory guidelines, we have offered moratorium to all the eligible customers who has opted for the same. Additionally, work from home facility has been provided to employees to ensure minimal interruption in work. Furthermore, we have also reviewed the sectors and areas, which are most affected or are likely to be impacted by the pandemic and its effect has been considered in the business plan and forecasts.

Funding and Liquidity Management

A sharp focus on durable and renewable resources is a top priority for the Company. Hence, ensuring adequate liquidity for business and debt servicing is a key action area for the treasury team. In addition to this, borrowing from banks remains

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Management Discussion & Analysis *Contd...*

the majority of the Company's borrowing that provides stability and renewability to the funding profile. Moreover, long term capital market borrowings have helped the Company in improving its asset-liability position. DuringFY2020, the Company sold pools aggregating over ₹ 3.4 billion with the underlying assets being home loans and loans against property under the direct assignment route, thereby broad basing its funding sources and providing capital release. Since matched fundingand lasting liquidity are the key aspects of the Company's overall growth, prudent management of borrowing activity is ensured through various levels of supervision and Board oversight.

A healthy pipeline of bank funding is always maintained to add resilience to the funding profile of the Company. Furthermore, to bring in efficiency, pool sales and capital market sources are strategically tapped when the right opportunities arise.

We maintained adequate liquidity buffers in high quality liquid assets to remain funded for lending and repayments. Throughout the year, liquidity maintained in the Company was in excess of the regulatory requirements. As the financial markets further tightened in the last quarter of the year due to the global spread of COVID-19, the Company ramped up its liquidity as a conservative measure in excess to its usual buffers.

During FY2020, diversification and maintenance of adequate liquidity remained the critical objectives of the Company. Furthermore, new, and well-capitalised lenders were added over the year to create durable and renewable funding sources.

Capital Adequacy Ratio

The Company has received a total infusion of ₹ 7,100 million from its parent organisation Fullerton India Credit Company Limited. The Capital Adequacy Ratio of the Company is at 22.09% as against the mandatory requirement of 13% prescribed by National Housing Bank.

Human Resource Management

The Company believes in creating an ecosystem of growth and development for its employees built on a foundation of trust, transparency, and meritocracy. To support the fast-paced growth, our Company has recruited talent with strong ethics and deep domain knowledge. Total 37 employees joined us in FY2020 across various functions. Our Company recognises people as a source of competitive advantage and believes in nurturing their skillsets in this dynamic business environment. Importantly, supervisors are encouraged to dedicate time to mentor their team. During the year, we provided 1,800 person days of on-the-job training and MDP's to the leadership team and the branch employees in the areas of product, processes, systems and compliance.

Reward, Recognition & Celebrations

Fullerton India Recognition of Excellence (FIRE), our R&R program enables us to show our genuine appreciation to our colleagues who put in the extra effort, while also making sure our people are acknowledged and rewarded while making a difference. During the year over 70 employees were recognised through the FIRE program. Moreover, employees who exhibited exceptional corporate excellence were included in the 'CEO's Elite List' and were felicitated. Additionally, we presented awards to 83 employees who have completed over 3, 5 & 10 years of service, this year.

In addition, Fullerton India has a comprehensive Fun & Joy program called JUICE that acts as a stress buster, breaks workplace monotony, leads to bonding and more effective teams, and reinforces a culture of work-life balance while ensuring employees are motivated, energised and engaged.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Grihashakti, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Fullerton Grihashakti's Annual Report, FY2020.

Standalone financials as per IND AS

Analysis of the Financial Statements

The following table presents Company's standalone abridged financials for the financial year 2019-20, including revenues, expenses, and profits.

Operating Results Information

Particulars	FY2019	FY2020	% change
Interest Income (A)	30,762	50,323	64
Other Income (B)	2,218	3,822	72
Revenue from Operations (A+B) = C	32,980	54,145	64
Interest Expense (D)	18,388	30,657	67
Operating expenses (E)	9,945	12,841	29
Operating profit (C- D-E)= F	4,647	10,647	>100
Impairment on financial instruments (G)	4,351	8,508	96
Profit before tax (F-G)= H	296	2,139	>100
Tax, including deferred tax (I)	248	748	>100
Profit after tax (H-I)	48	1,391	>100
Other Comprehensive Income/ (expense) (J)	(19)	(6)	(68)

₹ in lakhs, except percentages

We recognise our people as a source of competitive advantage and believe in nurturing their skill-sets in this dynamic business environment.

1,800

person days of on-the-job training

In FY2020, we focused on providing job training and MDPs to our management team and branch employees.

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Management Discussion & Analysis *Contd...*

Key ratios

The following table sets forth key financial ratios:

Particulars	FY2019	FY2020
Net interest Income (%)	3.9	4.0
Capital Adequacy – Total (%)*	20.5	22.1
Return on average equity ROE (%)1	0.1	2.1
Return on average assets ROA (%)2	0.0	0.4
Debt Equity Ratio	5.6x	5.2x
Interest Coverage Ratio	1.3x	1.4x
Book value per share	20.3	23.1
EPS		
Basic (in ₹)	0.0	0.5
Diluted (in ₹)	0.0	0.5

** it is calculated as per IGAAP*

Notes

1. *Return on average equity is net profit after tax to the averages of monthly balances of Shareholder's fund.*
2. *Return on average assets is net profit after tax to average monthly total assets.*

Gross Income increased by 64% and stood at ₹ 54,145 lakhs (FY2019: ₹ 32,980 lakhs). The Company's reported profit before tax ₹ 2,139 lakhs (FY2019: ₹ 296 lakhs) and the profit after tax increased to ₹ 1,391 lakhs (FY2019: ₹ 48 lakhs). Net Interest Margin (NIM) stood at 4.0%

Total assets increased by 29% from ₹ 346,762 lakhs at 31 March 2019 to ₹ 448,766 lakhs at 31 March 2020, primarily due to increase in portfolios loans (31%) and Investments (23%). Investments have increased by 23% from ₹ 31,238 lakhs at 31 March 2019 to ₹ 38,512 lakhs at 31 March 2020 on account of higher liquidity maintained. As at March 31, 2020, the Assets under Management (AUM) including de-recognized book through Direct Assignment, stood at ₹ 430,158 lakhs, increase of 40% over FY 2019.

Total liabilities increased by 29% from ₹ 346,762 lakhs at 31 March 2019 to ₹ 448,766 lakhs at 31 March 2020. During the year, the year the Company received Equity Capital of ₹ 20,000 lakhs from parent company in July 2019 (of which ₹ 6,268 lakhs was part of equity share capital and ₹ 13,732 lakhs was part of securities premium). Borrowings increased by 34% from ₹ 276,099 lakhs at 31 March 2019 to ₹ 369,743 lakhs at 31 March 2020.

As against the regulatory requirement of 13%, the capital adequacy ratio as at March 31, 2020 is 22.1% compared to 20.5% as at 31 March 2019

With equity capital infusion of ₹ 20,000 lakhs, Debt Equity Ratio improved to 5.2x as against 5.6x previous year.

Return on average equity (ROE) increased to 2.1% as compared to 0.1% in previous year.

Asset quality and composition

The following table sets forth, at the dates indicated, the composition of outstanding portfolio:

Particulars	FY2019		FY2020	
	Total Retail Advances	% of Total Retail Advances	Total Retail Advances	% of Total Retail Advances
Housing Loan	1,75,916	58.7	2,33,481	59
Non- Housing Loan	1,21,738	40.7	1,54,588	39
Developer Funding	1,786	0.6	5,913	2
Total portfolio	**2,99,440**	**100**	**3,93,982**	**100**

Rs in lakhs, except percentages

During the year due to continuous worsening of macros, the Company has tightened its credit policy for business disbursal. With wide spread of COVID 19 in early 2020 across the India and government intervention directing lock down PAN India, the Company curtailed the disbursal in March 20.

The Company classifies its portfolio under Stage 1, Stage 2 and Stage 3 under Ind AS 109. The Company have offered moratorium to eligible customers for EMI falling due between 1st March to 31st May 2020 in accordance with RBI guidelines relating to COVID-19 regulatory package. Stage classification of moratorium accounts has been determined with reference to position as on February 29, 2020.

The Company recognised impairment on financials assets applying Expected Credit Loss (ECL) model in accordance with requirements of Ind AS 109. At 31 March 2020, total general provision held against Stage 1 & Stage 2 assets was ₹ 3,312 lakhs compared with ₹ 2,038 lakhs at 31 March 2019.

The ratio of GNPA stood at 3.68% in FY2020 as against 2.07% in FY2019. Net NPAs increased to 2.54% (IND AS 1.95%) as at FY2020 from 1.63% (IND AS 1.23%) as at FY 2019

Resource & Liquidity

The company maintained optimised Asset Liability Management (ALM) position across the year with continued focus on diversified borrowing resources and controlled cost of funds. In the last quarter, with outbreak of pandemic COVID-19, the company strategically holds excess liquidity buffer to meet its committed obligations.

During FY2020, FIHFC raised funds from banks and from money markets to support the growth of its business. An optimised mix of borrowings between banks; capital markets have helped Company to maintain its cost of borrowings. As of 31 March 2020, total borrowings stood at ₹ 369,743 lakhs of which money market instruments included ₹ 89,400 lakhs as at 31 March 2020.

The Company has mobilized funds through sale of pool of assets via assignment. The Company have sourced ₹ 41,492 lakhs of its receivables including ₹ 34,348 lakhs assigned during the FY2020. The net receivables due as on 31 March 2020 amounted to ₹ 35,908 lakhs.

Fullerton India has been assigned highest credit rating of AAA/stable from CRISIL, and CARE for its long term debt programme and A1+ from CRISIL and CARE for its short term debt programme. Rating demonstrates strong financial management and Fullerton's ability to meet financial obligations.

Annexure II

Report on Corporate Governance

I. Corporate Governance Philosophy and Practice

Fullerton India Home Finance Company Ltd (FIHFCL) believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarks itself against each such practice. It also understands and respects its fiduciary role and responsibility towards its shareholders, customers, employees and other stakeholders and strives hard to meet their expectations.

The Company believes that best board practices and transparent disclosures are necessary for creating shareholders' value. The Company has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholders' protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, etc., serve as the means for implementing the philosophy of corporate governance in letter and spirit. In addition to compliance with regulatory requirements, FIHFCL endeavors to ensure highest standards of ethical and responsible conduct.

The Company continuously focuses on upgrading its governance practices and systems to effectively meet the new challenges faced by the Company. It is focused on raising the standards of corporate governance and adopting best systems and procedures. It is also committed to achieve and maintain the highest standards of corporate governance by timely and accurate disclosure of information regarding the performance of the Company.

The constitution of the Board and its Committees are in compliance with the provisions of the Companies Act, 2013 and the NHB regulations.The Company has complied with the Housing Finance Companies – Corporate Governance (NHB) Regulations, 2016 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "LODR, 2015").

II. Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides necessary guidance to the Company. Further the Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities to stakeholders to uphold the highest standards in all matters concerning FIHFCL.

All the Directors of the Company are well qualified persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors exercise their objective judgment independently. The Board is committed towards representing the long term interests of its stakeholders. The Board members actively participate in all strategic issues which are crucial for the long term development of the organization.

As on date, the Board comprises five Directors, with one Executive Director (CEO & Whole-time Director), two Independent Directors and two Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

None of the Independent and Non-Executive Directors had any material pecuniary relationship or transactions with the Company.

Four board meetings were held during the year on:

i. 28 May, 2019

ii. 23 September, 2019

iii. 03 December, 2019 and

iv. 19 March, 2020

The time gap between any two meetings was less than 120 days and at least one meeting was held every quarter.

As a matter of good governance, the dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance and participation from all the Directors. The relevant background materials of the agenda item are distributed in advance of the meetings. All material information is presented for meaningful deliberations at the meeting. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it.

The Board members meet the senior management personnel from time to time.

The names of the Directors, attendance at Board Meetings and Annual General Meeting during the year, the number of other Directorships and Committee Memberships held by them as on 31 March 2020 are as follows:

Annexure II

Report on Corporate Governance *Contd...*

Name of the Director	Category of Directorship (i)	Board meetings attended out of 4 held	Attendance at the last AGM held on 12 July 2019	Number of other* Directorships		Number of Committee memberships (iv)
				in other Indian public limited companies (ii)	in other Companies (iii)	
Mr. Rakesh Makkar	CEO & WTD	4/4	Yes	Nil	1	Nil
Mr. Anindo Mukherjee	Chairman, NED	4/4	No	2	14	2
Dr. Milan Shuster	ID	4/4	No	1	Nil	1
Ms. Renu Challu (Resigned w.e.f 04 August, 2019)	ID	1/1	No	6	Nil	5
Ms. Rajashree Nambiar	NED	4/4	Yes	1	Nil	Nil
Ms. Sudha Pillai (Appointed w.e.f. 21 August, 2019)	ID	3/3	No	8	1	9

Notes: * "Others" excludes the Company itself

i. Category of Directorship:

MD – Managing Director

ED – Executive Director

NED – Non Executive Director

ID – Independent Director

ii. Comprises public limited companies incorporated in India.

iii. Other Companies Comprises private limited companies incorporated in India, foreign companies and Section 8 companies.

iv. Only membership/chairmanship of the Audit Committee and Shareholders'/Investors Grievance Committee held in Indian public limited companies have been considered.

v. None of the Directors of the Company hold Directorship in more than 10 Public Companies or is a member in more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he or she is a Director.

Regularization of appointment of Additional Director

The Board had appointed Ms. Sudha Pillai as an Additional Director of the Company with effect from 21 August, 2019. In terms of Section 160 of the Companies Act, 2013, her term of office is up to the date of the ensuing Annual General Meeting. The Company has received her consent to act as a Director, if appointed, and that she is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013. Brief profile of Ms. Sudha Pillai is as under:

Ms. Sudha Pillai is an Independent Director on the Board of Fullerton India Home Finance Co. Ltd. Ms. Pillai, is a 1972 batch IAS officer who held numbers of senior positions in the Government of India and the State Government of Kerala for 40 years. Her last assignment was as Member Secretary (in the rank of Minister of State) Planning Commission, Government of India.

She handled Industry and Finance portfolios for nearly twenty years. In Government of India, she worked in the Ministries of Industry, Corporate Affairs, Labour and Employment. She contributed notably to 1991 reforms in Industrial and FDI Policies, as also in bringing amendments to corporate laws and in formulation of the National Skill Development Policy. In Kerala, as Principal Secretary Finance, she worked to achieve enhanced development outcomes, coupled with efficient fiscal management. Earlier, as CMD, Kerala Finance Corporation, she had dealt with the project financing to SMEs.

Annexure II

Report on Corporate Governance *Contd...*

She is currently on the Boards of many other companies. She holds a masters' degree in Public Administration from Kennedy School of Government, Harvard University.

Ms. Pillai does not hold any shares in the Company.

Director seeking reappointment

Ms. Rajashree Nambiar will be retiring at the forthcoming annual general meeting of the Company. She being eligible has offered herself for re-appointment. The brief profile of Ms. Rajashree Nambiar is as under:

Ms. Nambiar is the Non-Executive Director at Fullerton India Home Finance Company Limited. She is also the Chief Executive Officer and Managing Director at Fullerton India where she is responsible for the overall corporate strategy of the Company and its subsidiaries. Prior to joining Fullerton India, Ms. Nambiar served as the CEO and Executive Director of India Infoline Finance Ltd, the NBFC arm of IIFL group. At IIFL Finance, she successfully developed and executed on a long term business strategy focused on diversification of the retail segment into retail housing, commercial vehicles, Gold loans and SME loans; she has created a robust organisational structure with centers of excellence for core functions, and a strong future leadership pipeline. During her stint, IIFL Finance has shown strong year on year profitability with doubling of the book in a short span of 3 years. Prior to joining IIFL, Ms. Nambiar spent 22 years with Standard Chartered Bank within the retail segment where she held various management roles such as Head of Branch Banking, Country Head of Distribution and General Manager - Distribution & Alternate Channels, India & South Asia. Her last position at the Bank was as Head of Retail Products for India & South Asia. Ms. Nambiar is an MBA from Jamnalal Bajaj Institute of Management Studies.

Ms. Nambiar does not hold any shares in the Company.

The current and second tenure of Dr. Milan Shuster as an Independent Director is scheduled to expire on 30 September, 2020. The current tenure of appointment is for three years. It is proposed to extend their second tenure by 2 years from 1 October, 2020.

Brief profile of Dr. Milan Shuster is as under:

Dr. Shuster is an Independent Director on the Board of Fullerton India Home Finance Co. Ltd. Dr. Shuster, is a professional with several decades of experience in the banking sector. He has served at Asian Development Bank, ING Bank, National Bank of Canada and Nippon Credit Bank in various capacities. After working as the President and CEO of P.T. Bank PDFCI, he served Bank Danamon Indonesia in various capacities. He became its president and CEO and later its Independent Commissioner. He has also served many other entities in Directorial and advisory capacities.

Dr. Shuster holds PhD in international Law and Economics from Oxford University, Master of Law from London School of Economics, Bachelor of Law from University of Western Ontario and Bachelor of Business Administration from Ivey Business School.

Dr. Shuster does not hold any shares in the Company.

III. Board Committees

(a) Audit Committee

Terms of Reference

The powers and terms of reference of the Audit Committee are comprehensive and include the requirements as set by Section 177 of the Companies Act, 2013. The Committee is vested with necessary powers as defined in its charter to achieve its objectives. The role of the Committee in brief includes the following:

- To review appointment, removal, remuneration and terms of appointment of internal and external auditors;
- To monitor the auditors' independence and performance, and effectiveness of internal and external audit process
- To review financial statements and to oversee the financial reporting process;
- Examination of the internal and external auditors' reports and findings
- Reviewing the adequacy, sufficiency, appropriateness and compliance of internal control systems
- To review and approve related party transactions of the company
- To conduct scrutiny of inter-corporate loans and investments
- To approve valuation of undertakings or assets or net worth of a company or its liabilities
- To oversee the vigil mechanism
- To approve provision of any other services by auditors apart from audit

Composition

The Audit Committee currently comprises of two independent directors and one non-executive director. All the members of the Audit Committee are financially literate and persons of proven competence and integrity. The Statutory Auditors and Internal Auditors are invited to the meeting to bring out the issues which they may have with regards to finance, operations, processes, systems and other allied matters.

Annexure II

Report on Corporate Governance *Contd...*

The Audit Committee Meeting was held five times during the year on the following dates and the necessary quorum was present at the meeting.

i. 28 May, 2019

ii. 23 September, 2019

iii. 11 November, 2019

iv. 03 December, 2019 and

v. 19 March, 2020

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of Meetings Attended
Mr. Anindo Mukherjee, Chairman	5/5
Ms. Renu Challu (ceased to be member w.e.f 04 August, 2019)	1/1
Dr. Milan Shuster	5/5
Ms. Sudha Pillai (inducted as member w.e.f 21 August, 2019)	4/4

The proceedings of the Audit Committee Meetings were noted by the Board of Director at its meeting. The Company Secretary acts as the Secretary to the Committee.

(b) Risk Oversight Committee

The Company has a comprehensive, well-established and detailed risk management framework. The Company especially focuses on improving sensitivity to assessment of risks and improving methods of computation of risk weights, processes and procedures. The Company has constituted a Risk Oversight Committee to identify, review and control key risk areas, across the entire organization as per the requirements of NHB guidelines.

Terms of Reference

Risk Oversight Committee is a dedicated Board-level committee that monitors the risk management in the Company. The risk assessment and mitigation procedures are reviewed by the Board periodically. The role of the Committee in brief includes the following:

- Oversee the development of risk policies and strategies
- Implement risk policies relevant to all business units
- Ensure that all activities are in compliance with the Prudential Regulations and also within the framework of the policies and controls established by the relevant units of the Company
- Formulate the policy for the consideration of the Board on client profile, products and risk return matrix on the asset side
- Studying the market with regards to interest rate risk, currency risk and other financial risks
- Formulating the policy on raising the resources based on the perceived risk parameters
- Sanction of the credit limits within ceiling prescribed by the Board
- Determining the terms of the sanction such as the interest rate, security, repayment, documents, etc. within the overall credit policy of the company

The Risk Oversight Committee (ROC) controls and manages the inherent risks relating to the Company's activities in the following categories:

- Credit Risk
- Market Risk/Liquidity Risk
- Liquidity Risk Management
- Currency Risk
- Interest Rate Risk
- Operational Risk
- Regulatory/Reputational Risk, etc.

Composition

The Risk Oversight Committee currently comprises of two Independent Director and one Non-Executive Director.

Meetings

The Risk Oversight Committee meetings were held on the following dates and the necessary quorum was present at all the meetings:

i. 28 May, 2019

ii. 23 September, 2019

iii. 03 December, 2019 and

iv. 19 March, 2020

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of Meetings Attended
Ms. Rajashree Nambiar, Chairperson	4/4
Ms. Renu Challu (ceased to member w.e.f 04 August, 2019)	1/1
Dr. Milan Shuster	4/4
Ms. Sudha Pillai (inducted as member w.e.f 21 August, 2019)	3/3

Annexure II

Report on Corporate Governance *Contd...*

The proceedings of the Risk Oversight Committee Meetings were noted by the Board of Directors at its meetings. The Company Secretary acts as secretary to the Committee.

(c) Nomination and Remuneration Committee

Terms of Reference

The Company has a Nomination & Remuneration Committee (NRC) pursuant to the requirements of Section 178 of the Companies Act, 2013 and NHB guidelines. The Committee is vested with necessary powers, as per its Charter approved by the Board.

The Terms of Reference of Nomination and Remuneration Committee in brief are as under:

Nomination Functions:

- Review the structure, size and composition of the Board which includes Board diversity, evaluate the balance of skills, knowledge and experience on the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- Formulate the criteria for determining qualifications, positive attributes and independence of directors
- Be responsible for identifying and nominating for the approval of the Board, persons who are qualified to become directors and who are "fit and proper" and may be appointed in senior management in accordance with the criteria laid down
- Carry out evaluation of the Directors' performance
- Evaluate suitable candidates and approve the appointment of the managing director, key managerial personnel and the Company's leadership team members
- Formulate plans for succession of the managing director, key managerial personnel and the leadership team members
- Re-appoint any non-executive director at the conclusion of his or her specified term of office
- Recommend re-election of director retiring by rotation

Remuneration Functions:

- Finalise a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- Determine the remuneration payable to the directors
- Recommend the compensation for the managing director, key managerial personnel and each of the leadership team members
- Review deployment of key Human Capital strategies and tools specifically in the area of talent acquisition, employee engagement and development and succession planning.

Composition

The Nomination and Remuneration Committeecurrently comprises of two independent directors and one non-executive Director.

Meetings

The Nomination and Remuneration Committee meeting was held two times during the year on the following dates and the necessary quorum was present at the meeting.

i. 28 May, 2019 and

ii. 19 March, 2020

The Committee meets as and when required subject to a minimum of two meeting each financial year

The details of the composition of the Committee and attendance at its meetings are set out in the following table:

Name	Number of Meetings Attended
Dr. Milan Shuster, Chairman	2/2
Ms. Renu Challu (Ceased to be member w.e.f 04 August, 2019)	1/1
Mr. Anindo Mukherjee	2/2
Ms. Sudha Pillai (inducted as member w.e.f 21 August, 2019)	1/1

The proceedings of the Nomination and Remuneration Committee meeting was noted by the Board of Directors at its meeting. The Head of Human Resource of the Company acts as secretary to the Committee.

(d) IT Strategy Committee Meeting

The Company has an IT Strategy Committee to comply with the requirements of National Housing Bank ("NHB"), in its master circular on IT Framework for the HFC's in June, 2018. The Committee is vested with necessary powers, as laid down in its charter to achieve its objectives.

Terms of Reference

The Terms of Reference of the IT Strategy Committee in brief are as under:

- Reviewing and approving IT strategy and other IT policy documents
- Monitoring IT processes, and practices

Annexure II

Report on Corporate Governance *Contd...*

- Monitoring IT investments, budgets and plans
- Reviewing cyber security matters
- Reviewing outsourced strategies and processes
- Reviewing business continuity preparedness and contingency plans
- Reviewing all other matters related to IT Governance

Composition

The IT Strategy Committee currently comprises of one independent director and two Non-Executive Directors.

Meetings

The IT Strategy Committee meeting was held three times during the year on the following dates and the necessary quorum was present at the meeting.

i. 28 May, 2019

ii. 23 September, 2019 and

iii. 16 December, 2019

The Committee meets atleast once in six months or as frequently as required.

The details of the composition of the Committee and attendance at its meetings are set out in the following table:

Name of Member	Number of Meetings Attended
Ms. Renu Challu, Chairperson (Ceased to member w.e.f 04 August, 2019)	1/1
Mr. Anindo Mukherjee	2/3
Ms. Rajashree Nambiar	3/3
Ms. Sudha Pillai, Chairperson (inducted as member w.e.f 21 August, 2019)	2/2

The proceedings of the IT Strategy Committee meeting was noted by the Board of Directors at its meeting. The Company Secretary acts as secretary to the Committee.

Besides the above committees, your Company formed Wilful Defaulters Review Committee in terms of NHB guidelines on wilful defaulters. The Company Secretary acts as Secretary to this Committee. This Committee meets on need basis. Since no circumstances arose requiring meeting, the Committee did not meet during the last fiscal year.

Your Company has other management committees such as Asset Liability (Management) Committee (ALCO) formed as per the circular NHB/ND/DRS/ Pol No. 35/ 2010-11 dated 11 October, 2010 issued by the National Housing Bank (NHB), as amended from time to time.

IV. Code of Conduct

The Company adopted the code of conduct approved by the Board of Directors which is binding on the employees of the Company and the same has been complied with.

V. Directors & Officers Liability Insurance coverage

The Company's holding company viz. Fullerton India Credit Company Limited has obtained Directors and Officers Liability Insurance coverage from HDFC Ergo General Insurance Company Ltd to the extent of INR 20 crores along with entity cover under Employees' Practices Liability and any other legal action that might be initiated against the Directors. The said policy cover extends to the Company as well.

VI. General Body Meetings

The details of the General Body Meetings held in the last three financial years are given below:

General Body Meeting	Day, Date	Time	Venue
Extra-ordinary General Meeting	Wednesday, 26 April, 2017	11:00 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Wednesday, 12 July, 2017	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095
Extra-ordinary General Meeting	Thursday, 15 March, 2018	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Extra-ordinary General Meeting	Thursday, 26 April, 2018	11:00 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Friday, 06 July, 2018	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095
Extra-ordinary General Meeting	Friday, 04 January, 2019	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Friday, 12 July, 2019	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095

Annexure II

Report on Corporate Governance *Contd...*

The details of the special resolutions passed in General Meetings held in the previous three financial years are given below:

General Body Meeting	Day, Date	Resolution
Extra-ordinary General Meeting	Wednesday, 26 April, 2017	1. To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding ₹ 2,500 crores 2. To approve the power to create charge on the assets of the company pursuant to section 180(1)(a) of the Companies Act, 2013 3. To approve issuance of debt securities pursuant to the provisions of section 42 and 71 of the Companies Act, 2013 on private placement basis not exceeding ₹ 1000 crores. 4. To approve issuance of subordinated debt qualifying to raise Tier II capital not exceeding ₹ 300 crores.
Annual General Meeting	Wednesday, 12 July, 2017	1. To reappoint Ms. Renu Challu as an Independent Director 2. To reappoint Dr. Milan Shuster as an Independent Director
Extra-ordinary General Meeting	Thursday, 15 March, 2018	No special resolution was passed
Extra-ordinary General Meeting	Thursday, 26 April, 2018	1. To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding ₹ 5000 Crores 2. To approve the power to create charge on the asset of the company pursuant to 180(1)(a) of the Companies Act, 2013 3. To approve issuance of debt securities pursuant to the provisions of section 42 and 71 of the Companies Act, 2013 on private placement basis not exceeding INR 2,500 Crores. 4. To approve issuance of subordinated debt qualifying to raise Tier II capital not exceeding ₹ 300 crores.
Annual General Meeting	Friday, 06 July, 2018	No special resolution was passed
Extra-ordinary General Meeting	Friday, 04 January, 2019	1. Payment of remuneration to Whole Time Director in excess of limits prescribed in Schedule V to the Companies Act, 2013
Annual General Meeting	Friday, 12 July, 2019	No special resolution was passed

All the resolutions were passed by show of hands and no resolutions were passed by postal ballot.

VII. Disclosures

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large:

   The particulars of the transactions between the company and 'related parties' are provided at Note No. 34 in Notes to accounts published elsewhere in the Annual Report. None of the transactions are likely to have any conflict with Company's interest.

ii. Details of non-compliance by the company, penalties, structures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – NIL

VIII. CEO/CFO Certificate:

The CEO and the CFO of the Company have certified to the Board with regard to the financial statements and other matters. This certificate is included as Annexure III to the Directors' Report.

Annexure III

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

To,
The Shareholders and the Board of Directors
Fullerton India Home Finance Company Limited

We, Rakesh Makkar, Chief Executive Officer & Whole-time Director and Pankaj Malik, Chief Financial Officer, of Fullerton India Home Finance Company Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statements for the year ended 31 March, 2020 (hereinafter referred to as the year) and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's internal policies

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and have taken requisite steps to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee;

   i. Significant changes in internal control over financial reporting during the year; and

   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.

e. There had been 3 instances of fraud reported by the Company to the Board. The Company has taken appropriate action against the same. The Company is registered as a non-deposit taking housing finance company.

Sd/-	Sd/-.
Rakesh Makkar	**Pankaj Malik**
CEO & Wholetime Director	Chief Financial Officer

Date: 08 June, 2020
Place: Mumbai

Annexure IV

Secretarial Audit Report

Form No. MR-3

for the financial year ended March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Fullerton India Home Finance Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Fullerton India Home Finance Company Limited [hereinafter called **'the Company'**] for the financial year ended 31st March, 2020 **['Audit Period']**. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as per **Annexure I**, hereinafter referred to as "Books and Papers")and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020, according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder including any re-enactments thereof;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
5. **The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicabl**e;
    a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    d. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);
    e. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
6. **Specific Laws applicable as mentioned hereunder:**
    a. National Housing Bank Act, 1987;
    b. The Housing Finance Companies (NHB) Directions, 2010;
    c. Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016
    d. Guidelines on 'Know Your Customer and Anti-Money Laundering Measures;
    e. Returns to be submitted by Housing Finance Companies;
    f. Guidelines for Asset Liability Management System in Housing Finance Companies;
    g. Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
    h. Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
    i. Housing Finance Companies – Auditors Report (National Housing Bank) Directions; 2016;
    j. Guidelines on Fair Practices Code (FPC) for all HFCs;
    k. Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies;
    l. Information Technology framework for HFCs – Guidelines;
    m. Miscellaneous Circulars;
    n. Policy Circulars;
    o. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

Annexure IV

Secretarial Audit Report *Contd...*

p. RBI Commercial Paper Directions, 2017, effective form 10th August, 2017 (as amended from time to time) w.r.t. issue of commercial papers and applicable Operating Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India).

We have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

Management Responsibility:

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

ii. We have followed the audit practises and the process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We have carried out audit by way of physical inspection as well as relying on documents shared electronically, where physical access was not possible on account of lockdown due to COVID-19. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

iii. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company or examined any books, information or statements other than Books and Papers;

iv. We have not examined any other specific laws except as mentioned above;

v. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.;

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

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

Recommendation as a matter of best practise:

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions were unanimous and there was no instances of dissent in the Board and Committee meetings.

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

We further report that during period under review, the Company has not incurred any specific event/ action listed below that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. Rights issue of Equity Shares

During the period under review, 62,676,277 equity shares of face value of Rs. 10/- each were allotted for cash at a premium of Rs. 21.91/- per equity share aggregating to Rs. 199,99,99,999.07 on July 15, 2019 to Fullerton India Credit Company Limited.

ii. Private Placement of Non – Convertible Debentures (NCDs):

During the period under review, the company issued NCDs amounting to INR 121 crores.

For M/s Vinod Kothari & Company
Company Secretaries in Practice
Firm Registration No: P1996WB042300

Sd/-
Vinita Nair
Senior Partner
Membership No: FCS 10559
CP No.: 11902
UDIN.:F010559B000282050

Place: Mumbai
Date: May 26, 2020

ANNEXURE I

LIST OF DOCUMENTS

1. Minutes books of the following were provided(except for certain final draft of minutes furnished electronically, on account of lockdown due to COVID-19):

    1.1. Board Meeting;

    1.2. Audit Committee;

    1.3. Nomination and Remuneration Committee;

    1.4. Annual General Meeting;

    1.5. IT strategy Committee;

    1.6. Risk Oversight Committee;

    1.7. Asset Liability Management Committee;

2. Notice for Board and Committee Meetings;

3. Proof of circulation of draft and final minutes as per the requirement of the secretarial standards;

4. Resolutions passed by circulation;

5. Statutory Registers under Act, 2013;

6. Financial statements for FY ending 2019;

7. Disclosures under Act, 2013 and Rules made thereunder;

8. Policies/ Codes framed under Act, 2013, SEBI and NHB regulations for HFCs;

9. Intimations filed with Stock Exchange, Debenture Trustees and Credit Rating agencies;

10. Disclosures required to be made under SEBI (Prohibition of Insider Trading) Regulations, 2015;

11. Documents required to issue, listing of Non-convertible Debentures and commercial papers;

12. Forms and returns filed with the ROC & NHB & IRDA;

13. Registers maintained under Companies Act, 2013;

Annexure V

Extract of Annual Return

FORM NO. MGT 9

as on the financial year ended on 31 March, 2020

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

I. Registration & other details:

1.	CIN	U65922TN2010PLC076972
2.	Registration Date	12/08/2010
3.	Name of the Company	Fullerton India Home Finance Company Limited
4.	Category/Sub-category of the Company:	**Category:** Company Limited by Shares **Sub-category:** Indian Non- Government company
5.	Address of the Registered office & contact details	Megh Towers, Third Floor, Old No-307,New No-165, Poonamallee High Road, Maduravoyal, Chennai, Tamil Nadu- 600095. Phone No.: 044 42886534 Email ID: Secretarial@fullertonindia.com
6.	Whether listed company	Yes*
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400083. Toll free no. (India): 1800 1020 878 Telephone: 022- 4918 6270 Fax: 022- 4918 6060 email: rnt.helpdesk@linkintime.co.in Website: https://www.linkintime.co.in

*Non-convertible debentures (NCDs) of the Company are listed on Negotiated Trade Reporting Platform of National Stock Exchange of India Ltd.

II. Principal Business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated.

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Housing Finance Business	65922	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Fullerton India Credit Company Limited	U65191TN1994PLC079235	Holding	100	Section 2(46)

Annexure V

Extract of Annual Return *Contd...*

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	24,53,56,910	6	24,53,56,916	100	30,80,33,193	0	30,80,33,193	100	25.54
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	**24,53,56,910**	**6**	**24,53,56,916**	**100**	**30,80,33,193**	**0**	**30,80,33,193**	**100**	**25.54**
(2) Foreign									
a) NRIs –Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A)=(A)(1) + (A)(2)	**24,53,56,910**	**6**	**24,53,56,916**	**100**	**30,80,33,193**	**0**	**30,80,33,193**	**100**	**25.54**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Foreign Portfolio Investor –Corporate	0	0	0	0	0	0	0	0	0
Market Maker	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Directors/ Relatives	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**24,53,56,910**	**6**	**24,53,56,916**	**100**	**30,80,33,193**	**0**	**30,80,33,193**	**100**	**25.54**

Annexure V

Extract of Annual Return *Contd...*

ii) Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	M/s. Fullerton India Credit Company Limited	24,53,56,916	100	-	30,80,33,193	100	-	25.54

* 6 (Six) Shares are held by Individuals as Nominee Shareholders of M/s. Fullerton India Credit Company Limited.

iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	24,53,56,916	100	0	0
	Date wise Increase / ~~Decrease~~ in Promoters Shareholding during the year specifying the reasons for increase / ~~decrease:~~	6,26,76,277 (Shares allotted on 15 July, 2019 through rights issue.)	25.54	30,80,33,193	100
	At the end of the year	-	-	30,80,33,193	100

iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	-	-	-	-	-

v) Shareholding of Directors and Key Managerial Personnel:

Directors or Key Managerial Personnel do not hold any shares in the company

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
2.	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-
3.	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

Annexure V

Extract of Annual Return *Contd...*

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment, for FY 2019-2020

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total in (₹) Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	26,50,50,00,000	82,00,00,000	-	27,32,50,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	38,43,25,026	-	-	38,43,25,026
Total (i+ii+iii)	26,88,93,25,026	82,00,00,000	-	27,70,93,25,026
Change in Indebtedness during the financial year				
* Addition	14,26,00,00,000	35,00,00,000	-	14,61,00,00,000
* Reduction	4,35,19,84,126	1,17,00,00,000	-	5,52,19,84,126
Net Change	9,90,80,15,874	(82,00,00,000)	-	9,08,80,15,874
Indebtedness at the end of the financial year				
i) Principal Amount	36,41,30,15,874	-	-	36,41,30,15,874
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	61,53,93,687	-	-	61,53,93,687
Total (i+ii+iii)	**37,02,84,09,561**	**-**	**-**	**37,02,84,09,561**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Mr. Rakesh Makkar, CEO	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,48,80,928	2,48,80,928
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7,20,172	7,20,172
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option	1,75,99,320	1,75,99,320
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify- (i) Co's Contribution to PF[3] (ii) Incentive Accrued[4] (iii) Superannuation[5]	19,12,608	19,12,608
	Total (A)	**4,5113,028**	**4,51,13,028**
	***Ceiling as per the Act**	**1,26,00,000**	**1,26,00,000**

*As per the notification of the provisions of Section 197 of the Companies Act, 2013 read with Schedule V to the Act, and other applicable provisions, if any, the Company is required to seek approval of the Members to pay remuneration in excess of the limits prescribed by CA 2013. Necessary approvals of the Shareholders were obtained by the Company for payment of remuneration for the FY 2019-20 to Mr. Rakesh Makkar at the Extra Ordinary General Meeting held on 4th January, 2019.

B. Remuneration to other directors

1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount in (₹)
		Dr. Milan Shuster	*Ms. Renu Challu	**Ms. Sudha Pillai	
1.	Fee for attending Board Committee Meetings	8,50,000	2,75,000	7,25,000	18,50,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (B)(1)	**8,50,000**	**2,75,000**	**7,25,000**	**18,50,000**

* Ms. Renu Challu has resigned w.e.f 04 August, 2019
**Ms. Sudha Pillai has been appointed w.e.f 21 August, 2019

Annexure V

Extract of Annual Return *Contd...*

2. Other Non-Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount in (₹)
		Mr. Anindo Mukherjee	Ms. Rajashree Nambiar	
1.	Fee for attending Board Committee Meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (B)(2)	-	-	-
	Total (B)=(B)(1)+(B)(2)	-	-	-

*Remuneration/fees not paid to Non-Executive Directors.

C. Remuneration to Key Managerial Personnel other than Md/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Pankaj Malik (CFO)	Ms. Seema Sarda (CS)	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	42,54,400	42,54,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify.	-	-	-
5.	Others, please specify Co's Contribution to PF	-	1,77,816	1,77,816
	Total	**-**	**44,32,216**	**44,32,216**

VII. Penalties / Punishment/ Compounding of Offences:

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

Independent Auditors' Report

To the Members of
Fullerton India Home Finance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fullerton India Home Finance Company Limited (the "Company"), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

As described in Note 41 to the financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted and accepted by the customers, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 51 to the financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
Impairment of portfolio loans	
Refer to the accounting policies in "Note 1.C.2 to the Financial Statements: Impairment and write off", "Note 1.B.v to the Financial Statements: Significant Accounting Policies- use of estimates and judgments", Note 30 to the Financial Statements: Impairment on financial instruments" and "Note 49 to the Financial Statements: Financial Risk Management – Credit Risk"	
Subjective estimate Recognition and measurement of impairment on portfolio loans involves significant management judgement. As per Ind AS 109 Financial instruments, credit loss assessment is based on Expected Credit Loss (ECL) model. The Company's impairment allowance is derived from estimates including historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.	**Our audit procedures included:** **Design / controls** • Understood management's revised processes, controls and system implemented in relation to impairment allowance (including the management review controls as mandated by Reserve Bank of India (the "RBI");

Independent Auditors' Report *Contd...*

Key audit matter	How the matter was addressed in our audit
The most significant factors are: • Segmentation of loan book • Loan staging criteria • Calculation of probability of default / Loss given default • Consideration of probability weighted scenarios and forward looking macro-economic factors including use of management overlay The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	• Assessed the design and implementation of key internal financial controls and entity level controls (including controls around information provided by the Company) over impairment allowance calculation including governance controls over the development of the ECL model in line with RBI guidance; • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • Test checked management review controls over measurement of impairment allowances and disclosures in financial statements and • Tested key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations in respect of the changes made to give effect to moratorium benefits policy approved by the Board
Impact of COVID-19 On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic. We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of: - Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; - impact of the pandemic on the Company's customers and their ability to repay dues; and - application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning. Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.	**Substantive tests** • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice; • Assessed the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package. • Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model. • Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed. • Focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Engaged our financial risk modelling specialists to test the methodology of the ECL model and reasonableness of assumptions used; • Performed test of details over calculation of impairment allowance to check reasonableness of assumptions used in the ECL model;

Independent Auditors' Report *Contd...*

Key audit matter	How the matter was addressed in our audit
	• Performed model calculations testing through re-performance where possible.; • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral. • Assessed the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.
Information technology	
IT systems and controls relating to Loan Management System The Company's processes on sanctions, disbursements and recovery of portfolio loans are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses Loan Management Systems to manage its portfolio loans. Due to the large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, controls over data integrity has become more significant. We have focused on program development, user access management, change management, segregation of duties and system application controls over loan management systems. We have identified 'IT system and controls' as key audit matters since the Company relies on automated processes and controls for recording of portfolio loans.	Our audit procedures to assess the IT system controls relating to Loan Management System included the following: • Evaluated the design of General IT controls i.e. access management, change management, program development and computer operations and IT application controls i.e. controls on system generated reports and system / application processing over key financial accounting and reporting related to loans. • Tested a sample of key internal financial controls operating over the information technology in relation to Loan Management System, including granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties and system change management. • Engaged our IT and Data & Analytics specialists to evaluate the design, implementation and operating effectiveness of the significant accounts related selected IT automated controls which are core to automated computation carried out by the IT system and the consistency of data transmission. • Other areas that were independently assessed included password policies, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report and management discussion & analysis section – "Analysis of the Financial Statements", but does not include the financial statements and our auditors' report thereon.

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

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

Independent Auditors' Report *Contd...*

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Independent Auditors' Report *Contd...*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on 31 March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act and

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

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

   i. the Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its financial statements - Refer Note 40 to the financial statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

   iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

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

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meeting and as further explained in Note 35 to the financial statements, the remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us.

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

Sd/-
Milind Ranade
Partner
Membership No. 100564
UDIN: 20100564AAAAGQ8391

Mumbai
08 June 2020

Annexure A to the Independent Auditors' Report – 31 March 2020

(Referred to in our report of even date)

i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all the property, plant and equipment are verified annually. During the year, the Management has largely covered property, plant and equipment in its physical verification. According to the information and explanations given to us no material discrepancies were noticed on such physical verifications.

(c) According to the information and explanations given to us, the title deeds of immovable properties recorded as property, plant and equipment in the books of account of the Company are held in the name of the Company.

ii. The Company is in the business of providing housing finance services and consequently, does not hold any inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loans, made investments or provided any guarantees or security in connection with any loan which attract the provisions of Section 185 and Section 186 of the Act. Thus, paragraph 3 (iv) of the Order is not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed there under. Thus, paragraph 3 (v) of the Order is not applicable to the Company.

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

vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including employee's state insurance, income tax, goods and services tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except provident fund which is deposited with appropriate authority with few delays. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund,

employee's state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of provident fund, employee's state insurance, income tax, goods and services tax, cess and other material statutory dues which have not been deposited by the Company on account of disputes.

viii. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank or debenture holders. During the year, the Company did not have any loans or borrowing from the government.

ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though idle / surplus funds which were not required for immediate utilisation were invested in liquid assets.

x. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, except for ₹ 386 lakhs, we have neither come across any instance of fraud by the Company or on the Company by its officer or employees, noticed or reported during the year, nor have been informed of such case by the management.

xi. According to the information and explanations given to us and based on our examination of the records, the

Annexure A to the Independent Auditors' Report – 31 March 2020

(Referred to in our report of even date) *Contd...*

Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Thus, paragraph 3 (xii) of the Order is not applicable to the Company.

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

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

xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with Directors or person connected with him. Thus, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company being a housing finance company is registered with National Housing Bank and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
Milind Ranade
Partner
Membership No. 100564
UDIN: 20100564AAAAGQ8391

Mumbai
08 June 2020

Annexure B to the Independent Auditors' Report – 31 March 2020

(Referred to in our report of even date)

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fullerton India Home Finance Company Limited (the 'Company') as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of internal financial controls with reference to financial statements

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

Inherent limitations of internal financial controls with reference to financial statements

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

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

Sd/-
Milind Ranade
Partner
Membership No. 100564
UDIN: 20100564AAAAGQ8391

Mumbai
08 June 2020

Balance sheet

as at 31 March, 2020

	Note	As at 31 March, 2020 (₹ lakhs)	As at 31 March, 2019 (₹ lakhs)
ASSETS			
Financial assets			
Cash and cash equivalents	2	11,890	9,461
Bank balances other than cash and cash equivalents	3	250	5,006
Investments	4	38,512	31,238
Trade receivables	5	25	62
Other financial assets	6	1,076	521
Loans and advances	7	389,843	296,731
		441,596	**343,019**
Non-financial assets			
Current tax assets	8	374	329
Deferred tax asset (net)	9	2,937	1,497
Other non financial assets	10	819	823
Property, plant and equipment	11	820	1,010
Right to use of asset	12	2,020	-
Intangible assets	13	172	84
Intangible assets under development	13	28	-
		7,170	**3,743**
Total Assets		**448,766**	**346,762**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Trade payables	14		
i) total outstanding dues to micro enterprises and small enterprises		0	-
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		198	782
Debt securities	15	89,401	74,988
Borrowings	16	280,342	201,111
Lease rental liabilities	17	2,171	-
Other financial liabilities	18	4,535	19,252
		376,647	**296,133**
Non-financial liabilities			
Current tax liabilities	19	148	7
Provisions	20	175	94
Other non financial liabilities	21	707	823
		1,030	**924**
Equity			
Equity share capital	22	30,803	24,536
Other equity	23	40,286	25,169
		71,089	**49,705**
Total liabilities and equity		**448,766**	**346,762**
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-52		

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 08 June 2020

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 08 June 2020

Statement of Profit and Loss
for the year ended 31 March, 2020

	Note	Year ended 31 March, 2020 (₹ lakhs)	Year ended 31 March, 2019 (₹ lakhs)
Revenue from operations			
Interest income	24	50,323	30,762
Fees and commission income	25	839	359
Net gain on financial asset at FVTPL	26	1,460	1,072
Ancillary income	25	812	545
Total revenue from operations		**53,434**	**32,738**
Other income	28	711	242
Total Income		**54,145**	**32,980**
Expenses			
Finance costs	29	30,657	18,388
Impairment on financial assets	30	8,508	4,351
Employee benefits expense	31	7,811	5,662
Depreciation, amortisation and impairment	11,12&13	727	234
Other expenses	32	4,303	4,049
Total expenses		**52,006**	**32,684**
Profit before tax		**2,139**	**296**
Tax expense	33		
Current tax		2,186	458
Deferred tax expense / (credit)		(1,438)	(210)
		748	**248**
Net profit after tax		**1,391**	**48**
Other comprehensive income / (loss)	33(b)		
Items that will not be reclassified to profit or loss			
Re-measurement of gain/loss on defined benefit plans		(8)	(19)
Deferred tax expense relating to the above		2	-
Other comprehensive loss		**(6)**	**(19)**
Total comprehensive income for the year		**1,385**	**29**
Earnings per equity share:	34		
Basic earnings per share (in ₹)		0.48	0.02
Diluted earnings per share (in ₹)		0.48	0.02
Face value per share (in ₹)		10.00	10.00
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-52		

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 08 June 2020

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
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Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 08 June 2020

Statement of cash flow

for the year ended 31 March 2020

		Year ended 31 March, 2020 (₹ lakhs)	Year ended 31 March, 2019 (₹ lakhs)
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	**2,139**	**296**
	Adjustments for :		
	Financial asset measured at amortised cost	(597)	(821)
	Financial liabilities measured at amortised cost	218	2
	Depreciation, amortisation and impairment	727	234
	Interest income on fixed deposits and investments	(2,187)	(694)
	Net (gain)/loss on financial assets at FVTPL	(1,460)	(1,072)
	Impairment on financial instruments	8,508	4,251
	Write off of fixed assets & intangible assets	-	1
	Profit on sale of property, plant and equipment	(0)	-
	Fair valuation of SAR liability	88	321
	Operating profit before working capital changes	**7,436**	**2,518**
	Adjustments for working capital:		
	- (Increase)/decrease in loans and advances	(101,032)	(111,112)
	- (Increase)/ decrease in other assets (financial and non-financial assets)	97	(319)
	- (Increase)/decrease in trade receivables	37	(36)
	- Increase/(decrease) in other liabilities (Provision, financial and non-financial liabilities)	(12,453)	(9,327)
	Cash generated from/(used in) operating activities	**(105,915)**	**(118,276)**
	Income tax paid (net)	(2,091)	(1,000)
	Net cash generated from/(used in) operating activities (A)	**(108,006)**	**(119,276)**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of property plant and equipment and intangibles	(288)	(1,180)
	Purchase of investments	(884,244)	(1,715,647)
	Sale/maturity of investments	878,431	1,689,250
	Fixed deposit placed during the year	(30,084)	(6,500)
	Fixed deposit matured during the year	34,834	6,567
	Interest received on fixed deposits	522	486
	Interest received on investments	1,048	440
	Net cash generated from/(used in) investing activities (B)	**219**	**(26,584)**
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issuance of share capital (including share premium)	20,000	15,000
	Proceeds from borrowings from banks and financial institutions	146,100	189,000
	Repayment of borrowings from banks and financial institutions	(55,220)	(48,500)
	Payment of ancillary borrowing costs	(200)	(528)
	Principal and interest payment of Lease liability	(464)	-
	Net cash generated from/(used in) financing activities (C)	**110,216**	**154,972**
	Net increase / (decrease) in cash and cash equivalents D=(A+B+C)	**2,429**	**9,112**
	Cash and cash equivalents as at the beginning of the period (E)	9,461	349
	Closing balance of cash and cash equivalents (D+E)	**11,890**	**9,461**

Statement of cash flow

for the year ended 31 March 2020 *Contd...*

	Year ended 31 March, 2020 (₹ lakhs)	Year ended 31 March, 2019 (₹ lakhs)
Components of cash and cash equivalents:		
Cash on hand	0	0
Balances with banks		
- in current accounts	10,089	9,461
- in fixed deposit with maturity less than 3 months	1,801	-
Cash and cash equivalents	**11,890**	**9,461**

Note:
The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 08 June 2020

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 08 June 2020

Statement of Changes in Equity

for the year ended 31 March 2020

A. Equity share capital

Particulars	Number of shares	Amount (₹ lakhs)
Equity share of ₹ 10 each fully paid up as at 31 March 2018	195,273,443	19,527
Changes during the year	50,083,473	5,009
Equity share of ₹ 10 each fully paid up as at 31 March 2019	245,356,916	24,536
Changes during the year	62,676,277	6,267
Equity share of ₹ 10 each fully paid up as at 31 March 2020	308,033,193	30,803

B. Other equity

(Amount in ₹ lakhs)

Particulars	Reserves and surplus					Items of OCI	Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 29C(i) of the NHB Act, 1987	Retained Earnings	Re-measurement of gain/loss on defined benefit plans	
Closing balance as at 31 March 2018	**-**	**10**	**16,463**	**220**	**(1,553)**	**9**	**15,149**
Securities Premium on shares issued	-	-	9,991	-	-	-	9,991
Transferred from retained earnings to reserve fund	-	-	-	11	(11)	-	-
Profit for the year	-	-	-	-	48	-	48
Other comprehensive income/(loss) for the year	-	-	-	-	-	(19)	(19)
Closing balance as at 31 March 2019	**-**	**10**	**26,454**	**231**	**(1,516)**	**(10)**	**25,169**
Securities Premium on shares issued	-	-	13,732	-	-	-	13,732
Transferred from retained earnings to reserve fund	-	-	-	278	(278)	-	-
Profit for the year	-	-	-	-	1,391	-	1,391
Other comprehensive income/(loss) for the year	-	-	-	-	-	(6)	(6)
Closing balance as at 31 March 2020	**-**	**10**	**40,186**	**509**	**(403)**	**(16)**	**40,286**

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 08 June 2020

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 08 June 2020

Notes to Financial Statements
for the year ended 31 March, 2020

1 Notes to Financial Statement

(A) Company information

"Fullerton India Home Finance Company Limited ('the Company') is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a Housing finance Company ('HFC') registered vide Registration number 07.0122.15 dated 14 July, 2015 with the National Housing Bank ('NHB'). The Registered address of the Company is Fullerton India Home Finance Company Limited, 3rd Floor, No 165, Megh Towers, Poonamallee High Road, Maduravoyal, Chennai. The Company provides loans to customers for purchase of home, home improvement loans, home construction, home extensions, loans against property (collectively referred to as "Portfolio Loans").

As at 31 March 2020, Fullerton India Credit Company Limited, the holding Company owned 100% of the Company's equity share capital.

(B) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared, on a going concern basis, in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the ""Act""), other relevant provisions of the Act, guidelines issued by the NHB Directions 2010 as applicable to an HFCs and other accounting principles generally accepted in India.

'The financial statements were approved for issue by the Company's Board of Directors on 08 June 2020.

(ii) Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022(E) dated 11 October 2018 for Non –Banking Financial Companies in Division III to the Act. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 50.

(iii) Functional and presentation currency

Indian rupees is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees. All amounts have been rounded off to the nearest lakhs upto two decimal places, unless otherwise indicated.

(iv) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and certain financial assets and financial liabilities measured at fair value (refer accounting policy).

(v) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known or materialized.

Assumptions and estimation uncertainties

Information about critical judgments, assumptions estimation and uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 is included in the following notes to the policy :

Note 1.C.2 – financial instruments – Fair values, risk management and impairment of financials assets

Note 1.C.8 – recognition of deferred tax assets;

Note 1.C.9 – estimates of useful lives and the residual value of property, plant and equipment and intangible assets;

Note 1.C.10 – Impairment test of non-financial assets : key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;

Note 1.C.11 – measurement of defined benefit obligation : key actuarial assumptions and cash-settled – share-based payments

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Note 1.C.12 – recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources, if any and

Note 1.C.17 – estimation uncertainty relating to the global health pandemic

(vi) Measurement of fair values

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

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. Measurement of fair value includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value.

Judgment and estimation are usually required for the selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rates. The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to accounts:

Note 37- Gratuity and Leave encashment

Note 38 - Cash-settled- share-based payments

Note 49 - Financial instruments- Fair values and risk management

(C) Significant accounting policies

1 Revenue Recognition

Interest income

The Company calculates interest income by using the effective interest rate (EIR) method.

The effective interest rate method

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

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Company recognizes 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 asset. The future cash flows are estimated taking into account all the contractual terms of the asset. 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 amortized through Interest income in the statement of profit and loss.

When a financial asset becomes credit-impaired subsequent to initial recognition, the Company

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

calculates interest income by applying the effective interest rate to the amortised cost (net of provision) of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on financial assets classified as FVTPL is recognized at contractual interest rate of financial instruments.

Penal/additional interest on default in payment of dues by customer is recognized on realization basis.

Fee income

Loan processing fee/document fees/stamp fees which are an integral part of financial assets are recognized through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortized portion of the fee is recognized as income to the Statement of profit and loss at the time of such foreclosure/transfer through the assignment. Applications fee is recognized at the commencement of the contracts. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognized on a realization basis.

Dividend income

Dividend income is recognized as and when the right to receive payment is established.

Net gain from financial instruments at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price. The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

Rendering of services

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115 to determine when to recognize revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

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

Commission income

Commission income earned for the services rendered is recognized on an accrual basis, while rate conversion charges are recognized upfront based on event occurrence.

2 Financial instruments

- **Recognition and initial measurement**

  Financial assets and liabilities are recognsied when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on a trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. Transaction costs of financial instrument carried at fair value through profit or loss are expensed in profit or loss.

- **Classification and subsequent measurement**

  The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Financial assets

The company subsequently classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through profit or loss
- fair value through other comprehensive income

The classification depends on the entity's business model for managing the financial assets and the contractual

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terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost using the Effective Interest Rate (EIR) method if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

All financial assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate the financials assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal) Amount 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a Particulars period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early

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for the year ended 31 March, 2020 *Contd...*

termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Financial assets (other than Equity Investments) at FVOCI

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

- **Reclassification**

  If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

- **De-recognition, modification and transfer**

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, 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.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Profit/premium arising at the time of assignment of portfolio loans, is recognized as an upfront gain/loss. Interest on retained portion of the assigned portfolio is recognized basis Effective Interest Rate. The Service fee received is accounted for based on the terms of the underlying deal structure of the transaction.

On derecognition of a financial asset in its entirety, the difference between:

I) the carrying amount (measured at the date of derecognition) and

II) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised as profit or loss.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- **Impairment and write off**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortized cost along with related undrawn commitments and loans sanctioned but not disbursed.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the sanction letter till the amount is fully drawn down by the customer.

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

For recognition of impairment loss on financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument. The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 49.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognized during the period is accounted as income/ expense in the statement of profit and loss.

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Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

- **Collateral valuation and repossession**

  To mitigate the credit risk on financial assets, the company seeks to use collateral, where possible as per the board approved credit policy. The Company provides fully secured, partially secured and unsecured loans to customers. The parameters relating to acceptability and valuation of each type of collateral is a part of the credit policy of the company.

  In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors.

3 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand, call deposits and other short term, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4 Leases

The Company assesses whether the contract is, or contains, a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

As a lessee

The Company has various offices, branches and other premises under non-cancellable various lease arrangements to meet its operational business requirements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Company's incremental borrowing rate. Lease payments as at commencement date are adjusted for any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at their carrying amount at the commencement date and are discounted using the Company's incremental borrowing rate at the date of initial application. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Leases may include options to extend or terminate the lease which is included in the right-of-use Assets and Lease Liability when they are reasonably certain of exercise.

The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change the in inflation rate,
- the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- the Company's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company presents right-of-use assets and lease liabilities on the face of the Balance sheet.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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for the year ended 31 March, 2020

As a lessor:

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognized representing the lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The company holds the leased assets on-balance sheet within property, plant and equipment.

Under Ind AS 17 (Upto 31 March 2019)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset or assets, even if the right is not explicitly specified in an arrangement.

Operating lease

Leases where the lessor effectively retains substantially all risks and benefits incidental to ownership of the asset are classified as Operating lease.

Company as a lessee

Operating lease payments (net of any incentive received from the lessor) are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term unless the payments are structured to increase in line with general inflation to compensate for the lessor's expected inflationary cost.

Company as a lessor

Rental income from operating lease is recognised on a straight line basis over the lease term unless the same is in line with general inflation to compensate for the expected inflationary cost. Initial direct costs incurred in negotiating and arranging an operating lease is recognised over the lease term on the same basis as rental income.

5 Borrowing costs

Borrowing cost is calculated using the Effective Interest Rate (EIR) on the amortised cost of the instrument. EIR includes interest and amortization of ancillary cost incurred in connection with the borrowing of funds. Other borrowing costs are recognised as an expense in the period in which they are incurred.

6 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

7 Trade and other payables

These amounts represent liabilities for goods and services provided to the company before the end of the financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

8 Income taxes

Income tax expense comprises current tax expenses, net change in the deferred tax assets or liabilities during the year and any adjustment to the tax payable or receivable in respect of previous years. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to business combinations or to an item that is recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity respectively.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Current Income taxes

The current income tax includes income taxes payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company generate taxable income and does not include 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.

Deferred income taxes

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for the deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount.

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;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. Deferred tax asset are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. 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.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow part of deferred income tax assets to be utilised. At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities.

Upto 31 March 2019

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Goods and services tax input credit

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

Expenses and assets are recognised net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

9 Property plant and equipment (including Capital Work-in-Progress) and Intangible assets

Recognition and measurement

Property, plant and equipment and intangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price(after deducting trade discounts and rebates) including import duties and non-refundable taxes, 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.

Notes to Financial Statements
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Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

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. All other expenditure is recognized in the Statement of Profit and Loss as incurred.

Depreciation/Amortisation

Depreciation on Property, plant and equipment is provided on a straight-line basis as per the estimated useful life of the assets as determined by the management, which is in line with Schedule II of the Companies Act, 2013 except for certain assets as stated below.

	Useful life estimated by the Company (in years)	Useful life as per Schedule II (in years)
Computer Server and Other Accessories *	4	6
Computer Desktop and Laptops *	3	3
Furniture and Fixtures *	5	10
Office Equipment's *	5	5
Handheld devices *	2	5
Vehicles *	4	8

*Useful life of the assets has been assessed based on internal assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation/Amortization method, useful life and residual value are reviewed at each financial year end and adjusted if required. Depreciation/Amortization on addition/disposable is provided on a pro-rata basis i.e from/upto the date on which asset is ready to use / disposed off.

Leasehold improvements are amortized over the period of the lease subject to a maximum lease period of 66 months.

Intangible assets are amortized using the straight line method over a period of five years commencing from the date on which such asset is first installed.

Derecognition

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

10 Impairment on Non Financials Assets

The carrying amount of the non-financial assets other than deferred tax are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

The Company reviews at each reporting date, whether there is any indication that the loss has decreased or no longer exists. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there were no impairment.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. The recoverable amount of the assets/ Cash generating unit is estimated as the higher of net selling price and its value in use. Asset/cash generating unit whose carrying value exceeds their recoverable amount is written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

11 Employee Benefits

Short-term employee benefits

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

Defined Contribution Plans

Contributions to defined contribution schemes includes employees' state insurance, superannuation scheme,

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

employee pension scheme. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Company makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by 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 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 the defined benefit obligation is performed periodically 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.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (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 the Statement of Profit or Loss.

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

Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

Phantom Plan (Stock Appreciation Rights)

For cash-settled share based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 38 for details.

12 Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognized when an enterprise has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Financial Statements

for the year ended 31 March, 2020

Contingent assets are neither recognized nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

The Company operates in a regulatory and legal environment that, by nature, has inherent litigation risk to its operations and in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/ development of asset and amount of undisbursed portfolio loans.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

13 Earnings per share

Basic earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the profit per share.

14 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company.

15 Dividend on equity shares

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognized directly in equity.

16 Trade receivables

These amounts represent receivable for goods and services provided by the company. Trade receivables are presented as financial asset. They are measured at amortised cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade receivable is established if the collection of the receivable becomes doubtful.

(D) Recent accounting developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

2 Cash and cash equivalents

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Cash on hand	0	0
Balances with banks		
- in current accounts	10,089	9,461
- in fixed deposit with original maturity less than 3 months	1,801	-
Total	**11,890**	**9,461**

3 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
In Deposits accounts- with original maturity of more than 3 months	250	5,006
Total	**250**	**5,006**

4 Investments

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Measured at fair value through profit and loss		
Unquoted: Mutual funds		
Nil (31 March 2019: 93,604.460) units of Rs. 1,000 each in DSP Liquidity Fund Option- Direct Plan- Growth	-	2,503
Nil (31 March 2019: 66,116.578) units of Rs. 1,000 each in Kotak Liquidity- Direct Plan- Growth	-	2,502
Unquoted: Certificate of deposits		
10,000 (31 March 2019: 5,000) units of Rs. 100,000 each of Axis Bank Limited	9,708	4,869
10,000 (31 March 2019: Nil) units of Rs. 100,000 each of SIDBI	9,526	-
10,000 (31 March 2019: Nil) units of Rs. 100,000 each of NABARD	9,622	-
5,000 (31 March 2019: 5,000) units of Rs. 100,000 each of ICICI Bank Limited	4,812	4,813
5,000 (31 March 2019: 10,000) units of Rs. 100,000 each of INDUSIND BANK	4,844	9,409
Nil (31 March 2019: 7,500) units of Rs. 100,000 each of IDFC Bank Limited	-	7,142
Total	**38,512**	**31,238**
Investments within India	38,512	31,238
Investments Outside India	**-**	**-**

5 Trade receivables

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Receivables considered good- Unsecured	25	62
Less: Provision for impairment	-	-
Total	**25**	**62**

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

Notes to Financial Statements
for the year ended 31 March, 2020

6 Other financial assets

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Security Deposits	120	108
Less- Impairment allowance	-	-
Interest Accrued on Investment	831	210
Others	125	203
Total	**1,076**	**521**

7 Loans and advances

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Loans carried at amortised cost		
(i) Loans repayable on Demand	-	-
(ii) Portfolio Loan*	400,098	301,309
Total Gross	**400,098**	**301,309**
Less- Impairment allowance	(10,255)	(4,578)
Total Net	**389,843**	**296,731**
(i) Secured by tangible assets	400,098	301,309
(ii)Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees	-	-
(iv) Unsecured	-	-
Total Gross	**400,098**	**301,309**
Less: Impairment loss allowance	(10,255)	(4,578)
Total Net	**389,843**	**296,731**

* All the loans are disbursed in India and there are no loans issued to the public sector.

8 Current tax assets

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Advance tax (net of provision)	374	329
Total	**374**	**329**

Provision for tax amounts to ₹ 2,186 lakhs in the current year and ₹ 458 lakhs in the previous year.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

9 Deferred tax assets (net)

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Deferred tax asset arising on account of :		
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	50	27
Timing difference between book depreciation and Income Tax Act, 1961	24	-
Rent equalisation reserve	-	6
Provision for expected credit loss on financial assets	2,472	1,284
Provision for security deposits	-	1
Processing fees and LOC adjustment related to financial assets at amortized cost	523	479
Provision for expenses disallowed as per Income-tax Act, 1961	126	109
Re-measurement of gain/loss on defined benefit plans	2	-
On account of lease liabilities	546	-
Preliminary expenses	-	14
Total deferred tax assets (A)	**3,743**	**1,920**
Deferred tax liability arising on account of :		
Timing difference between book depreciation and Income Tax Act, 1961	-	8
Fair valuation of loans assigned	-	184
MTM on Investments	29	-
On account of right to use asset	513	-
Borrowing cost adjustment related to financial liabilities at amortized cost	136	164
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	128	67
Total deferred tax liabilities (B)	**806**	**423**
Deferred tax assets (net) (A-B)	**2,937**	**1,497**

10 Other non-financial assets

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Advances recoverable in cash or in kind or for value to be received	42	84
Prepayments	300	187
Capital advances	3	1
Advances to employees	1	2
Others	473	549
Total	**819**	**823**

Notes to Financial Statements
for the year ended 31 March, 2020

11 Property, plant and equipment

(Amount in ₹ lakhs)

Particulars	Office Equipment's	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Leased assets	Total
Gross block								
Balance as at 31 March 2018	1	37	83	6	45	6	-	178
Additions	125	407	265	287	8	-	-	1,092
Deletions	-	(2)	-	-	-	-	-	(2)
Balance as at 31 March 2019	**126**	**442**	**348**	**293**	**53**	**6**	**-**	**1,268**
Additions	15	45	12	58	6	-	-	136
Deletions	(0)	-	-	-	-	-	-	(0)
Transfer to right to use of asset	-	-	-	(31)	-	-	-	(31)
Balance as at 31 March 2020	**141**	**487**	**360**	**320**	**59**	**6**	**-**	**1,373**
Accumulated depreciation								
Balance as at 31 March 2018	1	9	23	1	5	-	-	39
Depreciation charge	16	55	89	49	11	-	-	220
Deletions	-	(1)	-	-	-	-	-	(1)
Balance as at 31 March 2019	**17**	**63**	**112**	**50**	**16**	**-**	**-**	**258**
Depreciation charge	28	95	101	61	14	-	-	299
Deletions	(0)	-	-	-	-	-	-	(0)
Transfer to right to use of asset	-	-	-	(4)	-	-	-	(4)
Balance as at 31 March 2020	**45**	**158**	**213**	**107**	**30**	**-**	**-**	**553**
Net block								
Balance as at 31 March 2019	109	379	236	243	37	6	-	1,010
Balance as at 31 March 2020	96	329	147	213	29	6	-	820
Capital Work in Progress								
Balance as at 31 March 2019	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

*Pledged as security against secured non-convertible debenture

As per management assessment there is no probable scenario in which the recoverable amount of asset would decrease below the carrying amount of asset. Consequently no impairment required.

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

12 Right to use of asset

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Balance as at 1 April 2019	2,186	-
Addition during the year	261	-
Lease expired or cancelled during the year	(35)	-
Depreciation charge for the year	(392)	-
Total	**2,020**	**-**

13 Intangibles assets

(Amount in ₹ lakhs)

Particulars	Computer Software	Total
Gross block		
Balance as at 31 March 2018	13	**13**
Additions	88	**88**
Deletions	-	**-**
Balance as at 31 March 2019	**101**	**101**
Additions	124	**124**
Deletions	-	**-**
Balance as at 31 March 2020	**225**	**225**
Amortisation		
Balance as at 31 March 2018	3	**3**
Amortisation	14	**14**
Deletions	-	**-**
Balance as at 31 March 2019	**17**	**17**
Amortisation	36	**36**
Deletions	-	**-**
Balance as at 31 March 2020	53	**53**
Net block		
Balance as at 31 March 2019	84	**84**
Balance as at 31 March 2020	172	**172**
Intangibles under development		
Balance as at 31 March 2019	-	**-**
Balance as at 31 March 2020	28	**28**

14 Trade payables

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Dues of micro and small enterprises (refer note 43 for dues to Micro, Small and Medium enterprise)	0	-
Dues of creditors other than micro and small enterprises	198	782
Total	**198**	**782**

Notes to Financial Statements
for the year ended 31 March, 2020

15 Debt securities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
At amortised cost		
Non-convertible debentures (secured)*	89,401	74,988
Total	**89,401**	**74,988**
Borrowings within India	**89,401**	**74,988**
Borrowings Outside India	**-**	**-**

*Non-Convertible Debentures are secured by first pari passu charge over all loan receivables and hypothecated against immovable property.

The funds raised by the Company during the year by the issue of Secured Non-Convertible Debentures were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

16 Borrowings

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
At amortised cost		
Term loans from bank (secured)*	280,342	193,358
Other Loans		
Commercial papers (unsecured) #	-	7,753
Total	**280,342**	**201,111**
Borrowings within India	**280,342**	**201,111**
Borrowings Outside India	**-**	**-**

(a) Nature of securities and terms of repayment for non-current borrowings

*Indian rupee loan from banks are secured by first pari passu charge over all loan receivables.

Commercial paper carries interest in the range of 7.02% to 9.75% p.a. and tenure of 90 to 365 days fully payable at maturity. The interest rate is on XIRR basis.

(b) Net debt reconciliation

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Borrowings	280,342	201,111
Debt securities	89,401	74,988
Less: Cash and cash equivalents	(11,890)	(9,461)
Net Debt	**357,853**	**266,638**

(Amount in ₹ lakhs)

Particulars	Borrowings	Debt securities
Balance as at 31 March 2019	**201,111**	**74,988**
Cash flows (net)	78,780	12,100
Others*	451	2,313
Balance as at 31 March 2020	**280,342**	**89,401**

*Others includes the effect of accrued but not due interest on borrowing, other unamortised incidental cost related to borrowings etc.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

(A) Debt securities as on 31 March 2020

As at with Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year ₹ lakhs	Due 1 to 2 Years ₹ lakhs	Due 2 to 3 Years ₹ lakhs	More than 3 Years ₹ lakhs	Total ₹ lakhs
Issued at par and redeemable at par						
731-1095	08%- 09%	5,000	-	-	-	5,000
	09%- 11%	17,500	-	-	-	17,500
1096-1460	07%- 08%	13,000	-	-	-	13,000
	08%- 09%	-	15,000	-	-	15,000
	09%- 11%	-	7,500	-	-	7,500
More than 1460	08%- 09%	-	-	4,000	18,900	22,900
	09%- 11%	-	-	-	2,500	2,500
Total		**35,500**	**22,500**	**4,000**	**21,400**	**83,400**

Debt securities as on 31 March 2019

As at with Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year ₹ lakhs	Due 1 to 2 Years ₹ lakhs	Due 2 to 3 Years ₹ lakhs	More than 3 Years ₹ lakhs	Total ₹ lakhs
Issued at par and redeemable at par						
731-1095	08%- 09%	-	5,000	-	-	5,000
	09%- 11%	-	17,500	-	-	17,500
1096-1460	07%- 08%	-	13,000	-	-	13,000
	08%- 09%	-	-	15,000	-	15,000
	09%- 11%	-	-	7,500	-	7,500
More than 1460	08%- 09%	-	-	-	10,800	10,800
	09%- 11%	-	-	-	2,500	2,500
Total		**-**	**35,500**	**22,500**	**13,300**	**71,300**

Notes to Financial Statements
for the year ended 31 March, 2020

(B) Borrowings as on 31 March 2020

As at with Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
Quarterly repayment schedule										
More than 1460	08%- 09%	8	7,857	8	7,857	8	7,857	4	3,929	27,500
	09%- 11%	40	16,802	40	16,802	40	16,801	42	20,325	70,730
Half yearly repayment schedule										
731-1095	08%- 09%	1	1,250	2	2,500	2	2,500	1	1,250	7,500
1096-1460	08%- 09%	1	833	2	1,667	2	1,667	1	833	5,000
	09%- 11%	4	1,667	-	-	-	-	-	-	1,667
More than 1460	07%- 08%	4	1,250	4	1,250	4	1,250	2	625	4,375
	08%- 09%	27	14,640	43	28,805	45	30,680	54	40,958	115,083
	09%- 11%	16	7,319	16	7,321	11	5,694	15	5,208	25,542
Yearly repayment schedule										
731-1095	06%- 07%	1	5,000	-	-	-	-	-	-	5,000
	08%- 09%	1	1,667	1	1,667	1	1,666	-	-	5,000
More than 1460	08%- 09%	1	6,667	1	6,666	-	-	-	-	13,333
Total		**104**	**64,952**	**117**	**74,535**	**113**	**68,115**	**119**	**73,128**	**280,730**

Borrowings as on 31 March 2019

As at with Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	No. of instalments	₹ lakhs	₹ lakhs
Quarterly repayment schedule										
More than 1460	08%- 09%	3	2,500	4	3,333	4	3,333	14	10,834	20,000
	09%- 11%	14	3,167	16	4,833	16	4,833	36	9,667	22,500
Half yearly repayment schedule										
366-730	09%- 11%	1	250	-	-	-	-	-	-	250
731-1095	09%- 11%	8	4,833	-	-	2	2,500	4	5,000	12,333
1096-1460	08%- 09%	4	1,666	4	1,667	-	-	-	-	3,333
	09%- 11%	-	-	1	833	2	1,667	4	2,500	5,000
More than 1460	08%- 09%	19	7,000	20	8,667	21	10,334	37	16,708	42,709
	09%- 11%	6	3,000	21	9,667	29	17,042	45	27,916	57,625
Yearly repayment schedule										
731-1095	08%- 09%	1	5,000	1	5,000	-	-	-	-	10,000
More than 1460	09%- 11%	1	6,667	1	6,667	1	6,666	-	-	20,000
Total		**57**	**34,083**	**68**	**40,667**	**75**	**46,375**	**140**	**72,625**	**193,750**

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Particulars of Secured Redeemable Non-convertible Debentures:

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
8.25% Series-1	10	500	May 27, 2020	5,000	5,000
7.95% Series-3	10	1,000	August 28, 2020	10,000	10,000
7.95% Series-4	10	300	November 27, 2020	3,000	3,000
9.67% Series-11	10	500	March 22, 2021	5,000	5,000
9.68% Series-10	10	1,250	March 24, 2021	12,500	12,500
8.05% Series-5	10	500	April 20, 2021	5,000	5,000
8.48% Series-7	10	1,000	April 20, 2021	10,000	10,000
9.2% Series-8	10	750	July 28, 2021	7,500	7,500
8.05% Series-2	10	400	March 24, 2023	4,000	4,000
8.75% Series-6	10	680	May 28, 2023	6,800	6,800
8.65% Series-12	10	1,210	February 9, 2025	12,100	-
9.25% Series-9	10	250	August 8, 2025	2,500	2,500
Total				**83,400**	**71,300**

17 Lease rental liabilities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
As at 1 April 2019	2,180	-
Interest expense	210	-
New leases entered during the year	261	-
Leases expired / cancelled during the year	(16)	-
Lease payments	(464)	-
Total	**2,171**	**-**
Current	**267**	**-**
Non-current	**1,904**	**-**

18 Other financial liabilities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Employee benefits and other payables	1,258	1,109
Bank balances	434	16,050
Payable towards asset assignment / securitization	627	203
Others	2,216	1,890
Total	**4,535**	**19,252**

Notes to Financial Statements
for the year ended 31 March, 2020

19 Current tax liabilities (net)

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Provision for income tax	148	7
Total	**148**	**7**

20 Provisions

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Provision for employee benefits		
Provision for compensated absences	12	9
Provision for defined benefit plans	163	85
Total	**175**	**94**

21 Other non-financial liabilities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Statutory dues	171	182
Others	536	641
Total	**707**	**823**

22 Equity share capital

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Authorised capital	150,000	150,000
1,500,000,000 (31 March 2019: 1,500,000,000) equity shares of Rs.10 each		
Issued, subscribed and fully paid up	30,803	24,536
308,033,193 (31 March 2019: 245,356,916) Equity shares of Rs.10 each fully paid		

Notes to Financial Statements
for the year ended 31 March, 2020 ***Contd...***

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Balance at the beginning of the year	245,356,916	24,536	195,273,443	19,527
Add :Shares issued during the year	62,676,277	6,267	50,083,473	5,009
Balance at the end of the year	**308,033,193**	**30,803**	**245,356,916**	**24,536**

(b) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

Any Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend is declared and paid in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Fullerton India Credit Company Limited, the holding company and its nominees 308,033,193 (31 March 2019: 245,356,916) equity shares of Rs.10 each fully paid)	308,033,193	30,803	245,356,916	24,536

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
Fullerton India Credit Company Limited, the holding company and its nominees	308,033,193	100.0%	245,356,916	100.0%

(e) The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March 2020.

Notes to Financial Statements
for the year ended 31 March, 2020

23 Other equity

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
General Reserve	-	-
Capital Reserve	10	10
Securities premium	40,186	26,454
Reserve Fund under Section 29C(i) of the NHB Act, 1987	509	231
Items of other comprehensive income	(16)	(10)
Surplus in the statement of profit and loss	(403)	(1,516)
Total	**40,286**	**25,169**

(Refer Statement of Change in Equity for the year ended 31st March 2020 for movement in Other Equity)

Nature and purpose of reserves

(i) General Reserve

Pursuant to the provisions of Companies Act 1956, the company had transferred a portion of profit of the company before declaring dividend to general reserve. However mandatory transfer to general reserve is not required under Companies Act, 2013.

(ii) Capital Reserve

Capital Reserve is created on account of reversal of debenture issue costs charged to securities premium under previous GAAP. The same shall be utilised as per the provisions of Companies Act, 2013.

(iii) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Reserve Fund under Section 29C(i) of the NHB Act, 1987

The Company is required to create a fund by transferring not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within 21 days from the date of such withdrawal.

(v) Retained Earning & Surplus in the statement of profit and loss

Retained earnings are profit that the company has earned to date, less any dividend or other distributions paid to the shareholders, net of utilisation as permitted under applicable law.

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

24 Interest Income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
On Portfolio Loans	48,136	30,068
On Deposits with banks	517	203
On Investments	1,670	491
Total	**50,323**	**30,762**

25 Fees and commission income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Fees and commission income	839	359
Total	**839**	**359**

26 Net gain on financial asset at FVTPL

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Realised Gain	1,346	1,023
Unrealised Gain	114	49
Total	**1,460**	**1,072**

27 Ancillary income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Service charges and other fees on loan transactions	812	545
Total	**812**	**545**

28 Other income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Profit on derecognition of property plant and equipment (net)	0	-
Interest on Security Deposits	9	7
Miscellaneous income	702	235
Total	**711**	**242**

29 Finance costs

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
On financial liabilities measured at amortised cost		
Borrowings	23,413	13,842
Debt securities	6,603	4,506
Interest expense on lease rental liabilities	210	-
Bank charges and others	431	40
Total	**30,657**	**18,388**

Notes to Financial Statements
for the year ended 31 March, 2020

30 Impairment on financial assets

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Bad debts and Write off (net of recovery)*	2,831	3,099
Expected credit loss on portfolio loans	5,677	1,252
Total	**8,508**	**4,351**

*Bad debts and write offs offset by the recovery of ₹ 1,590 lakhs (FY 2019: ₹ 2,445 lakhs)

31 Employee benefits expense

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Salaries, bonus and allowances	7,174	5,010
Share-based payment to employee and director	88	321
Contribution to provident and other funds	333	184
Gratuity expense (refer note 37)	10	37
Staff welfare and training expenses	206	110
Total	**7,811**	**5,662**

32 Other expenses

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Printing and stationery	85	63
Rent	44	413
Rates and taxes	4	2
Insurance	0	-
Business promotion expenses	95	154
Legal charges	179	68
Professional charges	1,948	1,618
Collection expenses	82	112
Courier charges	42	22
Office premises	78	55
Others	1	3
Directors' sitting fees	19	19
Travelling expenses	269	160
Telecommunication expenses	121	74
Payment to auditor (refer details below)	29	31
Electricity charges	71	31
Security charges	77	62
Recruitment expenses	42	55
Training expenses	85	9
Fees and subscription	13	3
Miscellaneous expenses (Includes Support service cost refer note 46)	1,019	1,094
Write off of Property, plant & equipment and intangible assets	-	1
Total	**4,303**	**4,049**

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Professional fees payable to auditors		
Statutory Audit fee	14	13
Tax Audit fee	3	2
Other services	2	3
In other capacity		
- Certification matter	9	12
- Reimbursement of expenses	1	1
	29	**31**

33 Tax expense

(a) Amount recognised in the statement of profit and loss

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Current tax for the year	2,186	458
Current tax expense (A)	**2,186**	**458**
Deferred taxes for the year		
(Increase)/decrease in deferred tax assets	(1,821)	(511)
Increase/(decrease) in deferred tax liabilities	383	301
Net deferred tax expense (B)	**(1,438)**	**(210)**
Total income tax expense (A+B)	**748**	**248**

(b) Amount recognised in Other comprehensive income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations (net of tax)	(8)	(19)
Deferred tax relating to above	2	-
Total	**(6)**	**(19)**

Notes to Financial Statements
for the year ended 31 March, 2020

(c) Tax reconciliation (for profit and loss)

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 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Net profit / (loss) before OCI as per PL	**2,139**	**296**
Income tax @ Statutory Tax Rate of 25.168% / 29.12%	538	86
Tax effects of:		
Items due to reversal of deferred tax	203	156
Net expenses that are not deductible in determining taxable profit	7	9
Tax deductible expenses debited to OCI	-	-
Recognition of previously unrecognised temporary differences	0	(3)
Income tax expenses reported in PL	**748**	**248**
Tax Rate Effective*	34.98%	83.85%

The Company elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognized provision for income tax for the half-year ended September 30, 2019, and re-measured its deferred tax assets as on March 31, 2019 basis the rate provided in the said section and continued to apply the aforesaid option as on March 31 2020. The impact of remeasurement of deferred tax asset as on March 31, 2019 of ₹ 203 lakhs has been recognised in the results for the half-year ended September 30, 2019.

Significant components and movement in deferred tax assets and liabilities

Particulars	As at 31 March 2019	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2020
Deferred tax liabilities on account of:					
Timing difference between book depreciation and Income Tax Act, 1961	8	(8)	-	-	-
Fair valuation of loans assigned	184	(184)	-	-	-
MTM on Investments	-	29	-	-	29
On account of right to use asset	-	513	-	-	513
Borrowing cost adjustment related to financial liabilities at amortized cost	164	(28)	-	-	136
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	67	61	-	-	128
Deferred Tax liability (A)	**423**	**383**	**-**	**-**	**806**
Deferred tax assets on account of:					

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

Particulars	As at 31 March 2019	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2020
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	27	23	-	-	50
Timing difference between book depreciation and Income Tax Act, 1961	-	24	-	-	24
Rent equalisation reserve	6	(6)	-	-	-
Provision for expected credit loss on financial assets	1,284	1,188	-	-	2,472
Provision for security deposits	1	(1)	-	-	-
Processing fees and LOC adjustment related to financial assets at amortized cost	479	44	-	-	523
Provision for expenses disallowed as per Income-tax Act, 1961	109	17	-	-	126
Re-measurement of gain/ loss on defined benefit plans	-	-	2	-	2
On account of lease liabilities	-	546	-	-	546
Preliminary expenses	14	(14)	-	-	-
Deferred tax asset (B)	**1,920**	**1,821**	**2**	**-**	**3,743**
Net Deferred tax assets (B-A)	**1,497**	**1,438**	**2**	**-**	**2,937**

Note :

1. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

2. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

3. Effective April 01, 2019, the Company has adopted Ind AS 116- Leases. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 2,186 lakhs (net of lease equalisation reserve) and a lease liability of ₹ 2,180 lakhs. As a result, on April 01, 2019, a deferred tax liability of Nil lakhs (including Nil lakhs transferred from Other deferred tax assets) and a deferred tax asset of Nil lakhs was created on ROU and lease liabilities respectively. Consequently, the cumulative deferred tax benefit of nil lakhs has been taken to retained earnings on the date of initial application i.e. April 01, 2019.

Notes to Financial Statements
for the year ended 31 March, 2020

Particulars	As at 31 March 2018	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2019
Deferred tax liabilities on account of:					
Timing difference between book depreciation and Income Tax Act, 1961	6	2	-	-	8
Fair valuation of loans assigned	-	184	-	-	184
Borrowing cost adjustment related to financial liabilities at amortized cost	40	124	-	-	164
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	76	(9)	-	-	67
Deferred Tax liability (A)	**122**	**301**	**-**	**-**	**423**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	11	16	-	-	27
Timing difference between book depreciation and Income Tax Act, 1961	-	-	-	-	-
Rent equalisation reserve	-	6	-	-	6
Provision for expected credit loss on financial assets	1,052	232	-	-	1,284
Provision for security deposits	-	1	-	-	1
Processing fees and LOC adjustment related to financial assets at amortized cost	305	174	-	-	479
Provision for expenses disallowed as per Income-tax Act, 1961	-	109	-	-	109
Rent equalisation reserve	6	(6)	-	-	-
MTM on investments	2	(2)	-	-	-
Preliminary expenses	33	(19)	-	-	14
Deferred tax asset (B)	**1,409**	**511**	**-**	**-**	**1,920**
Net Deferred tax assets (B-A)	**1,287**	**210**	**-**	**-**	**1,497**

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

34 Earnings per share

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Net Profit after tax attributable to Equity Holders (₹ lakhs)	1,391	48
Weighted Average number of Equity Shares for basic earnings per share	290,394,787	220,383,787
Weighted Average number of Equity Shares for diluted earnings per share	290,394,787	220,383,787
Earnings per Share		
Basic earning per share ₹	0.48	0.02
Diluted earning per share ₹	0.48	0.02
Nominal value of shares ₹	10	10

The Company has not issued any potential equity shares. Accordingly diluted EPS is equal to basic EPS

35 Related Party Disclosures

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below for the related parties of the Company with whom there have been transaction during the year.

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Temasek Holdings (Private) Limited
Holding Company	Angelica Investments Pte Ltd, Singapore (Holding Company of FICCL)
	Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica)
	Fullerton India Credit Company Limited
Key Management Personnel	Dr. Milan Shuster-Independent Director
	Ms. Renu Challu- Independent Director till (upto 04 August 2019)
	Mr. Anindo Mukherjee- Non-Executive Director
	Ms. Rajashree Nambiar- Non-Executive Director
	Ms. Sudha Pillai- Independent Director
	Mr. Rakesh Makkar, Chief Executive Officer and Whole time Director

35.1 Transactions during the period with related parties

Nature of Transaction	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Expense incurred by related party on behalf of the Company		
Fullerton India Credit Company Limited	40	-
Income earned by related party on behalf of the Company		
Fullerton India Credit Company Limited	-	4
Issue of Share capital (including securities premium) to		
Fullerton India Credit Company Limited	20,000	15,000
Expense as per Resource sharing agreement		
Fullerton India Credit Company Limited	1,063	1,033
Commitment Charges on Committed lines provided by parent Company		
Fullerton India Credit Company Ltd	8	15

Notes to Financial Statements
for the year ended 31 March, 2020

Remuneration to Company's Key Management Personnel	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Salary, bonus and allowances (including short term benefits)	256	259
Share-based payments (on accrual basis recognised in P/L)	68	93
Post-employment benefits	12	10
Director's sitting fees	19	19
Total	**355**	**381**

Note : The managerial remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act vide special resolution passed at its extra ordinary general meeting held on 04 January 2019.

35.2 Amount due to/from related parties:

Balance outstanding as at the end of the period	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Investment in equity shares of		
Fullerton India Credit Company Ltd	71,000	51,000
Other Payables (Net)		
Fullerton India Credit Company Ltd	189	106

36 Capital Management

Equity share capital and other equity are considered for the purpose of the Company's capital management. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through equity, borrowings and operating cash flows generated. The management monitors the return on capital and the board of directors monitors the level of dividends to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the National Housing Bank (NHB). The adequacy of the company's capital is monitored using, among other measures, the regulations issued NHB. Company has complied in full with all its externally imposed capital requirements over the reported period. For details refer "Additional disclosure as per NHB".

37 Retirement Benefit Plans

(A) Defined Contribution Plan

The total expense charged to income statement of ₹ 333 lakhs (2019: ₹ 184 lakhs) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

(B) Defined Benefit Obligation

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	5.45% p.a.	6.76% p.a.
Rate of increase in compensation	9.00% p.a.	10.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	67.35%	46.70%
5 years and above	1.00%	2.00%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	54.97%	50.90%
5 years and above	1%	2.00%
Assets information:		
Insured Managed funds	-	-
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	107	50
Interest expense	8	3
Current service cost	24	12
Past service cost	-	-
Liability Transferred In	22	22
Liability Transferred Out	(6)	-
Benefit Paid From the Fund	-	-
Actuarial (Gains)/Losses on Obligations- Due to Change in Demographic Assumptions	(3)	(4)
Actuarial (Gains)/Losses on Obligations- Due to Change in Financial Assumptions	8	3
Actuarial (Gains)/Losses on Obligations- Due to Experience adjustments	2	21
Present Value of obligation at the end of the year	**162**	**107**
Changes in the Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	-	-
Interest income	-	-
Contributions by the Employer	-	-
Mortality charges and taxes	-	-
Benefit Paid from the Fund	-	-
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the end of the year	**-**	**-**
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(162)	(107)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(162)	(107)
Net (Liability)/Asset Recognized in the Balance Sheet	**(162)**	**(107)**

Notes to Financial Statements
for the year ended 31 March, 2020

Expenses recognised in the Statement of Profit and Loss	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Current Service Cost	24	12
Past service cost	-	-
Net interest (income)/ expense	8	3
Net gratuity expense recognised	**32**	**16**
Included in note 31 'Employee benefits expense'		
Expenses recognised in the Statement of Other comprehensive income (OCI)		
Actuarial gain/ loss on post-employment benefit obligation	8	19
Total remeasurement cost / (credit) for the year recognised in OCI	**8**	**19**

Reconciliation of Net asset / (liability) recognised:	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Opening Net Liability	106	50
Expenses recognised at the end of the period	32	16
Amount recognised in other comprehensive income	8	19
Net Liability/(Asset) Transfer In	22	22
Net (Liability)/Asset Transfer Out	(6)	-
Employer's Contribution	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	**162**	**106**

Sensitivity Analysis:

Particulars	As at 31 March 2020 (₹ lakhs)		As at 31 March 2019 (₹ lakhs)	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	28	(23)	18	(15)
Future Salary Growth (1% movement)	(22)	27	(14)	17
Rate of Employee Turnover (1% movement)	9	(8)	6	(5)

"The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected 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.

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

Maturity analysis of projected benefit obligation

Position as at Year end	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
1	1	1
2	1	1
3	1	2
4	2	2
5	2	2
Sum of Years 6 to 10	52	44

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

Risks associated with Defined Benefit Plan:

(i) Interest Rate Risk

A fall in the discount rate which is linked to the government security rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the fair value of the assets depending on the duration of asset.

(ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) Investment Risk

The Company has invested its funds in group employee benefit plan of Bajaj Allianz where the investment comprises of government securities, corporate bonds/debentures, money market instruments and equity securities. Accordingly, the Company is exposed to related risks based on its exposure to such financial instruments as at reporting date.

(iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the gratuity plan is invested in lines with Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

(v) Mortality Risk

Since the benefits under the plan are not payable for a life time and are payable untill retirement age only, the plan does not have any longevity risk.

During the year, there were no plan amendments, curtailments and settlements.

(C) Compensated absences

Particulars	As at 31 March 2020 (₹ lakhs)
Actuarial assumptions	
Mortality table	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	5.45% p.a.
Rate of increase in compensation	9.00% p.a.
Employee turnover :	
Category 1 – For basic upto ₹ 1.2 lakhs	
Up to 4 years	67.35%
5 years and above	1.00%
Category 2 – For basic more than ₹ 1.2 lakhs	
Up to 4 years	54.97%
5 years and above	1%
Funding status	**Unfunded**
Projected Benefit Obligation	**12**

Sensitivity Analysis:

Particulars	As at 31 March 2020 (₹ lakhs)	
	Decrease	Increase
Discount Rate (1% movement)	1	(0)
Future Salary Growth (1% movement)	(0)	1
Rate of Employee Turnover (1% movement)	0	(0)

Notes to Financial Statements

for the year ended 31 March, 2020

38 Employee stock appreciation rights

The Company has an has cash-settled share-based payments scheme, under which grants were made as per details provided below:

Date of Grant	Grant 4 1-Apr-14	Grant 5 1-Apr-15	Grant 6 1-Apr-16	Grant 7 1-Apr-17	Grant 8 1-Apr-18	Grant 9 1-Apr-19	Grant 9A 1-Apr-19	Grant 6A 1-Apr-17
Value of the Grant	₹ 115 Lakhs	₹ 115 Lakhs	₹ 145 Lakhs	₹ 155 Lakhs	₹ 126 Lakhs	₹ 179 Lakhs	₹ 38Lakhs	₹ 251 Lakhs
Performance Condition	Achievement of Profit before tax (PBT) and Return on Equity (ROE) targets as per approved plan			Achievement of PAT and ROE –Targets as per approved plan				Achievement of specific targets
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 1st December 2017	Tranche I: 33% vesting on 1st December 2018	Tranche I: 33% vesting on 1st December 2019	Tranche I: 33% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2021	Tranche I: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2022	Tranche I: 50% vesting on 1st December 2020
	Tranche II: 33% vesting on 1st December 2018	Tranche II: 33% vesting on 1st December 2019	Tranche II: 33% vesting on 1st December 2020	Tranche II: 33% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2022	Tranche II: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2023	Tranche II: 50% vesting on 1st December 2021
	Tranche III: 34% vesting on 1st December 2019	Tranche III: 34% vesting on 1st December 2020	Tranche III: 34% vesting on 1st December 2021	Tranche III: 34% vesting on 1st December 2022	Tranche III: 34% vesting on 1st December 2023	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2024	-
Vesting period (including performance period)	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months
	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months
	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	-
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of the last vesting except for Grant 1 & 6A where the period is 3 years							
Method of Settlement	Cash Payout as per terms of the scheme							

The estimated fair value of the grant at a notional value of ₹ 10 per unit (as at the date of grant) is as below:

Particulars	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 6A
As at 31 March 2020	30.00	25.32	19.47	17.25	15.14	11.91	11.91	17.25
As at 31 March 2019	25.84	20.88	16.18	14.47	12.70	NA	NA	14.47
As at 31 March 2018	19.76	15.96	12.54	11.39	NA	NA	NA	11.39
As at 31 March 2017	17.01	13.74	10.89	NA	NA	NA	NA	NA
As at 31 March 2016	15.52	12.54	NA	NA	NA	NA	NA	NA
As at 31 March 2015	12.38	NA	NA	NA	NA	NA	NA	NA
As at 31 March 2014	NA	NA	NA	NA	NA	NA	NA	NA
As at 31 March 2013	NA	NA	NA	NA	NA	NA	NA	NA
As at 31 March 2012	NA	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 1	17.01	15.96	NA	NA	NA	NA	NA	NA
Exercise price vest 2	19.76	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 3	NA	NA	NA	NA	NA	NA	NA	NA

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the business and board approved business plan.

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

The movement of the stock appreciation rights during the year is as under:

Particulars (No. of Options)	As at 31 March 2020	As at 31 March 2019
Options outstanding as at the beginning of the year	5,371,125	4,298,625
Options granted during the year	2,165,000	1,260,000
Options forfeited on resignation of employees	(852,500)	-
Options exercised during the year	(844,875)	-
Options lapsed during the year	-	(187,500)
Grants of employee transferred during the year from holding company	150,000	-
Options Outstanding as at the end of the year	5,939,250	5,074,125
Options vested and exercisable	49,500	297,000
Expense recognised (₹ in Lakhs)	**88**	**321**

39 Segment Information

Business Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment of ""Financing"". Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

Entity wide disclosures

The Company operates in a single business segment ie. financing, which has similar risks and returns taking into account the organisational structure and the internal reporting systems. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in the year ended 31 March 2020 or 31 March 2019. The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

40 Contingent Liability and commitments

a) Contingent liabilities

The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

a) The Company has contingent liability pending for litigation of ₹ 1.21 Lakhs (31 March 2019: ₹ 0.20 lakhs)

b) Capital and other commitments

The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

(i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2020 is ₹ 38 Lakhs (31 March 2019: ₹ 76 Lakhs).

(ii) Loans sanctioned not yet disbursed as at 31 March 2020 were ₹ 13,661 Lakhs (31 March 2019: ₹ 30,858 Lakhs).

c) Litigation

Litigations constitutes the number of pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims/back wages/reinstatement issues respectively which is in the course of business as usual.

Asides the above the Company in its rightful entitlement initiates Civil or Criminal litigations for recovery of loan and enforcing security interest.

Notes to Financial Statements

for the year ended 31 March, 2020

A provision is noted/created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as 'low', 'medium' or 'high' with due provisioning thereof . The management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, its operations and cash flows.

d) Tax contingencies

Various tax-related legal proceedings are pending against the Company at various levels of appeal with the tax authorities. Management to best of its judgement and estimates where a reasonable range of potential outcomes is estimated basis available information accrues liability. Based on judicial precedents in the Company's and other cases and upon consultation with tax counsels, the management believes that it is more likely than not that the Company's tax position will be sustained. Accordingly, provision has been made in the accounts wherever required. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Company.

41 EMI Moratorium as per RBI Regulatory package

In accordance with Moratorium policy, framed as per guidelines issued by Reserve Bank of India (RBI) dated March 27, 2020 and April 17, 2020 relating to 'COVID-19- Regulatory Package' and approved by the Board of Directors of the Company, the Company has granted moratorium to its eligible customers up to three months for the equated monthly instalments (EMIs) falling due between March 1, 2020 to May 31, 2020 except to the extent of EMI collected from the customer. As on March, 31 2020, in respect of accounts overdue but standard, the day past due remains status quo as of February 29, 2020 for the eligible customer where moratorium granted by the Company.

Salient features of moratorium policy

- EMI moratorium policy approved by Board of Directors of the Company
- Implementation process note approved by CEO, CRO and CFO of the Company
- Approval for moratorium proposal based on credit approval delegation matrix of the Company
- Criteria established for eligibility of customers for availing moratorium benefits in line with RBI circular and guidelines
- Changes in repayment schedules of customers based on capitalization of interest and collection of the same from customer in any one of the following manner :
    1) Immediately after the moratorium ends (i.e. along with June month's EMI)
    2) By adding tenor at the end of loans and keeping EMI intact
    3) By increasing EMI over the balance tenor including extended tenor
- The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies
- For regulatory reporting and reporting to credit information companies, the accounts will continue to be in same classification as at 1st March' 20 for up to 3 months i.e., there will not be any change in asset classification . There will be no "days past due" (dpd) movement for these accounts for the moratorium/deferment period
- Asset classification criteria and provision criteria related to portfolio loans as per RBI prudential norms

The Company have assessed that effect of the EMI moratorium does not result into the modification of contracts with customers considering the period of three months involved, other terms of the contracts like interest rate have not changed and that proportion of customers availing the EMI moratorium as at 31 March 2020.

RBI vide its statement dated 22 May 2020 stated that moratorium has been extended further for a period of 3 months covering 1 June 2020 to 31 August 2020 and will be implemented by the Company after taking necessary approval from Board of Directors of the Company.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

42 Leases

Implementation of Ind AS 116

This note explains the impact of the adoption of Ind AS 116 Leases on the financial statements.

Under the erstwhile standard, IND AS 17- Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at April 01, 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities as at April 01, 2019 was 9.12%. This change is in accordance with the transitional provisions of IND AS 116.

Effective April 01, 2019, the Company has adopted Ind AS 116- Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions of the standard, the Company is not required to restate the comparative figures. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. April 01, 2019.

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of 2,186 lakhs (net of lease equalisation reserve) and a lease liability of 2,180 lakhs. The cumulative effect of applying the standard resulted in Nil (net of taxes) being debited to retained earnings.

The effect of this adoption is not material to the profit for the year and earnings per share. The new accounting policy is disclosed in Note 4 Leases.

(i) Practical expedients applied

The Company has elected not to reassess the previously identified leases applying Ind AS 17- Leases as to whether a contract is, or contains a lease at the date of initial application. Further, In applying Ind AS 116 for the first time, the Company has also used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on its previous assessment of whether leases are onerous under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review there were no onerous contracts as at April 01, 2019.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- to calculate the right of use asset equal to the lease liability, adjusted for prepaid or accrued payments, if any

(ii) Measurement of lease liabilities

Particulars	As at 31 March 2020 (₹ lakhs)
Lease commitments as at 31 March 2019 as disclosed in the company's financial statements	2,593
Add/(less): contracts reassessed as lease contracts	-
Add/(less): adjustments on account of extension/termination	-
Total	2,593
Discounted using the incremental borrowing rate at April 01, 2019	(413)
Lease liabilities as on 1 April 2019	2,180

(iii) Amounts recognised in Balance Sheet

(a) Right of use assets: Refer note no 12

(b) Lease liabilities: Refer note no 17

Notes to Financial Statements
for the year ended 31 March, 2020

(iv) Amount Recognised in profit & loss

Particulars	As at 31 March 2020 (₹ lakhs)
Depreciation charge for right-of-use assets	392
Interest expenses (included in finance cost)	211
Variable lease payments not included in the measurement of lease liabilities	-
Income from sub-leasing right-of-use assets	-
Expenses relating to short-term leases and leases of low-value assets	-

(v) Maturity analysis of undiscounted lease liability

Particulars	As at 31 March 2020 (₹ lakhs)
Less than one year	454
One to five years	1,688
More than five years	769
Total payments	2,911
Less: Imputed interest	740
Present value of Liability	2,171

(vi) Cash flows

Particulars	As at 31 March 2020 (₹ lakhs)
The total cash outflow of leases	464

(vii) Future Commitments

Particulars	As at 31 March 2020 (₹ lakhs)
Future undiscounted lease payments to which leases are not yet commenced	-

(viii) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities and are as follow :

(a) Variable lease payments - This variability will typically arise from either inflation or market-based pricing adjustments. Currently, the Company do not have any lease which has variable lease payment terms based on inflation or market based pricing.

(b) Extension options and termination options - The table above represents the company's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options.

(c) Residual value guarantees - The Company does not have significant asset retrial obligations and accordingly have not recognised them as part of ROU. Such expenses are expensed off as and when incurred and charged to Statement of Profit and Loss.

(d) The Company does not have any lease arrangements as at reporting date which is not yet commenced to which the Company is committed.

(ix) The Company currently does not have any sale and lease back transactions. The Company does not have any restrictions or covenants imposed by the lessor on its operating leases which restrict its businesses.

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

Under Ind AS 17 (Upto 31 March 2019)

a) Where the Company is the lessee:

Premises are obtained on an operating lease. The lease term ranges from 11 months to 180 months and is renewable/ cancellable at the option of the Company. Certain lease agreements contain a clause for escalation of lease payments. There are no restrictions imposed by lease arrangements. Lease payments during the year are charged to the Statement of Profit and Loss.

The following table sets forth, for the periods indicated, the details of future rentals payable on operating leases.

Particulars	As at 31 March 2019 (₹ lakhs)
Operating lease payments recognized during the year	400
Minimum lease obligations	
Not later than one year	336
Later than one year and not later than five years	1,340
Later than five years	917

43 Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below:

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	0	-
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

44 Corporate Social Responsibilities Expenses

Gross amount required to be spent by the Company during the year: Nil (31 March 2019 : Nil)

The average of profits for last three years is a loss; hence no amount was required to be spent on CSR activities.

45 Events after reporting date

There have been no events after the reporting date that require adjustment or disclosure in these financial statements.

Notes to Financial Statements
for the year ended 31 March, 2020

46 Support Service Cost

During the year, the Company carried out its operations out of premises leased by Fullerton India Credit Company Limited, the Holding Company to carry out its operations. The Company has entered into a resource-sharing agreement with the Holding Company, as per which the Company has agreed to share premises and other resources and thereby to facilitate achieve economies of scale and avoid duplication. The reimbursement of cost is calculated on the basis of the number of employees, the area occupied, time spent by employees for other companies, actual identification, etc.

During the year the Company has paid ₹ 1,063 lakhs (31 March 2019; ₹ 1,033 lakhs) on account of above mentioned arrangement.

47 IRDA

Disclosure as per Schedule VI B for insurance commission income earned during the year ended:

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
ICICI Lombard General Insurance Company Ltd	396	307
TATA AIG General Insurance Company	65	-
ICICI Prudential Life Insurance Company Ltd	2	-

48 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2020 (31 March 2019: Nil).

49 Financial risk management

Risk management framework

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Company (BOD) along with the management are primarily responsible for Financial Risk Management of the Company. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Oversight Committee (ROC). Audit Committee (AC) ensures that an independent assurance is provided to the BOD.

The ROC controls and manages inherent risks related to the Company's activities by the following risk categories:

Risk	Exposure arising from	Management
Credit Risk	Cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables, financial assets measured at amortised cost	ROC is actively involved in the following: - Oversight over the implementation of Core Credit Policies and Remedial Management Policies of the Company; - Review of the overall portfolio credit performance of the Company and establishing concentration limits by product programs, collateral types, tenors and customer profile; - Determination of portfolio credit quality by reviewing observed default rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and - Review of product programs and recommending improvements/ amendments thereto.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Risk	Exposure arising from	Management
Liquidity Risk	Financial liabilities	BOD is responsible for setting the strategic direction for the Company. This includes, establishing the liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions. Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and procedures which are based on guidelines provided by ROC. ALCO derives its authority from the ROC and is responsible for ensuring adherence to the liquidity and asset – liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. ALCO not only ensures that the Company has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under different assumptions.
Market Risk-Foreign Exchange	Recognised financial assets and financial liabilities not denominated in functional currency	ROC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, foreign exchange rates, traded prices and credit spreads, which may result in a loss of earnings and capital.
Market Risk-Interest Rate / Dividend Coupon	Investments in equity securities, units of mutual funds, bonds, government securities, certificate of deposits and commercial paper	

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to the financial instrument fails to meet its contractual obligation, and arises principally from the cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables and financial assets measured at amortised cost.

The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The ROC reviews and approves Loan Product programs on an on-going basis. Key aspects of the product programs outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies are established to manage the sourcing of proposals, channels of business acquisition, the process of underwriting, information systems involved, credit appraisal, verification, documentation, disbursement and collection / recovery procedures.

Product level credit risk policies are implemented to align all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

The Company has additionally taken the following measures:-

- Credit risk team is appointed to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- Enhanced monitoring of portfolio through periodic reviews.
- Periodic trainings to its credit officers

Notes to Financial Statements
for the year ended 31 March, 2020

Credit approval

The Board of Directors has delegated credit approval authority to the Company's Credit Committee, Chief Risk Officer / National Credit Manager, Regional Credit Manager and Credit Manager under the Company's Credit Policy. The branch credit team/operations team monitors compliance with the terms and conditions of credit facilities prior to disbursement. It also reviews the completeness of documentation and creation of security by the borrower.

The central operations team verifies adherence to the terms of the credit approval prior to the disbursement of credit facilities.

Credit underwriting

The Company's credit officers evaluate credit proposals on the basis of credit underwriting policies and procedures approved by the management. The criteria typically include factors such as the customer eligibility, income and debt obligation assessment, nature of the product, customer scorecards wherever applicable, historical experience, type of collateral provided and demographic parameters. Any deviations need to be approved at the designated levels.The company offers to add on funding to existing borrowers basis credit performance governed through credit approvals and approved policy.

External agencies such as field investigation agencies facilitate a due diligence process including visits to offices and residences, risk containment agencies for document frauds, legal & valour agencies for property evaluation.

Analysis of risk concentration

Since the Company provides only retail loans, there is not significant concentration risk at the borrower/counterparty level. The maximum loan outstanding to any individual borrower or counterparty as of 31 March 2020 was ₹ 1,442 lakhs, before taking into account collateral or other credit enhancements or undisbursed commitments.

Stress testing of portfolio

The Company evaluates potentially adverse scenarios that may impact the business or portfolio performance. Annual stress test exercise covering the entire portfolio is performed to assess the vulnerability of the extreme business scenarios to possible extreme scenarios and the effectiveness of management actions. The assessed impact is incorporated into the risk appetite of the Company to ensure regulatory compliance.

Exposure to credit risk

The carrying amount of financial assets represents the maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of cash and cash equivalent, bank balance other than cash and cash equivalents, trade and other receivables and financial assets measured at amortised cost.

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Maximum exposure to credit risk	403,084	311,781

Analysis of inputs to the ECL model under multiple economic scenarios

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months.
- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

For undrawn loan commitments, a cash shortfall is the difference between:

- the contractual cash flows that are due to the Company if the holder of the loan commitment draws down the loan; and
- the cash flows that the Company expects to receive if the loan is drawn down.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

The Company records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets measured at amortised cost, collectively named as 'financial assets at amortised cost'.

The Company performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Loan against property and Housing Loans. Products are further segregated on geography level and sectors. This portfolio is used to arrive exposure at Default, Probability of default and loss given default.

The Company follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a half-yearly frequency. However, required changes may be done more frequently in case of change in market condition, portfolio changes and other scenarios.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since its initial recognition, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is part of LTECL that represent the ECLs from default events on a financial asset that is possible within the 12 months after the reporting date.

Definition of Default

As per the Company's policy, all assets are classified into stage 1, stage 2 and stage 3. Assets up to 29 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 30 days up to 89 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as stage 3 assets. The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts
- A stage 3 customer having other loans which are in stage 1 or stage 2
- cases where company suspects fraud and legal proceedings are initiated.

The Company continues to recognize interest income during the moratorium period. As per assessment done by the Company and in the absence of other customer related credit risk indicators, the granting of moratorium period does not result in automatically triggering of significant increase in credit risk criteria of Ind AS 109. The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments are subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 29 days past due. The Company also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heighted risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences.

The 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.

Notes to Financial Statements

for the year ended 31 March, 2020

The Company collects performance and default information about its credit risk exposures analysed by Product and geography. The Company employs statistical models of flow analysis and marginal default rate technique to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The 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, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The 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 (net of recovery cost) and those that the lender would expect to receive. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD.

The Company collects a list of all the defaulters and tracked from the first time they become non-performing asset ("Stage 3"). The Company calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and takes into account of the Stage 3 recovery and present value of the actual Stage 3.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

EL Adjustment Factor is factor used to adjust the ECL computation to eliminate the biasness in different ticket size and number of loan accounts considering the nature of business/products.

Forward-Looking Information

While estimating the expected credit losses, the Company arrives at forward-looking PD estimates through the incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are Gross Domestic Product (% change), Real Disposable Personal Income (%), Credit Growth (%), Consumer Price Index, Consumer Price Index Change (%), Gross National Savings Rate (%), Lending Interest Rate (%), Real Wage. Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions. Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage has been increased in view of external conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Reconciliation of ECL balances in given below :

Particulars	As at March 2020 (₹ in lakhs)			As at March 2019 (₹ in lakhs)		
	12 Month ECL	Life time ECL	Total	12 Month ECL	Life time ECL	Total
ECL allowance- opening balance	2,039	2,539	**4,578**	1,636	1,690	**3,326**
New assets originated or purchased	859	945	**1,804**	901	341	**1,242**
Assets derecognised or repaid	(343)	(1,132)	**(1,475)**	(89)	(1,381)	**(1,470)**
Net transfers to/from Stage 1	7	(7)	**-**	212	(212)	**-**
Net transfers to/from Stage 2	(683)	683	**-**	(36)	36	**-**
Net transfers to/from Stage 3	(4,363)	4,363	**-**	(41)	41	**-**
Remeasurement of ECL	5,023	910	**5,933**	(453)	2,543	**2,090**
Amounts written off	(1)	(584)	**(585)**	(91)	(519)	**(610)**
ECL allowance- closing balance	**2,538**	**7,717**	**10,255**	**2,039**	**2,539**	**4,578**

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Credit Quality

The Company has classified portfolio loans as financial assets at amortized cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a Particulars portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a Particulars portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Company analysis exposure to credit risk based on vintage experience across its products. The Company categorizes its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Particulars	As at March 2020 (₹ in lakhs)				As at March 2019 (₹ in lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	288,730	4,810	5,900	**299,440**	184,021	3,445	2,750	**190,216**
New assets originated or purchased	163,349	411	131	**163,891**	137,495	269	745	**138,509**
Assets derecognised/repaid/ recovery	(64,544)	(666)	(2,768)	**(67,977)**	(25,345)	(1,275)	(1,179)	**(27,799)**
Net transfers to/from Stage 1	420	(299)	(121)	-	1,161	(945)	(216)	-
Net transfers to/from Stage 2	(7,437)	7,501	(64)	-	(3,940)	3,949	(9)	-
Net transfers to/from Stage 3	(9,605)	(3,071)	12,676	-	(4,422)	(393)	4,815	-
Amounts written off	(111)	(12)	(1,249)	**(1,372)**	(240)	(240)	(1,006)	**(1,486)**
Closing balance	**370,803**	**8,674**	**14,505**	**393,982**	**288,730**	**4,810**	**5,900**	**299,440**
Interest accrued and other amortised cost	4,957	225	934	**6,116**	1,432	153	284	**1,869**
Gross value of portfolio loans	**375,760**	**8,899**	**15,439**	**400,098**	**290,162**	**4,963**	**6,184**	**301,309**

Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates ECL on trade receivable balances in line with board's approved provisioning policy.

Cash and cash equivalents, other bank balance and other financial assets

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post-tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

While exposure with respect to the security deposit and advance is given for business purpose is spread across and carry low credit exposure as the Company has possession of rental premises and other with whom the Company has worked with for a number of years.

Write off policy

The Company has laid down explicit policies on loan write-offs to deal with assets which are impaired due to the customer's inability to repay the loan beyond a timeline wherein loan against property and home loan is written-off at 720 Days Past Due.

Notes to Financial Statements

for the year ended 31 March, 2020

Collateral management and associated risks

The Company holds collateral like residential, commercial land & building against its secured portfolio loans such as housing loan, loan against properties, and developer funding.

The Company has a collateral management system to address the risks associated with the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation of assets due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals the Company liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to the settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds are returned to the customers/obligors.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

As at 31 March 2020 (₹ in lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents	12,140	-	12,140	-
Loans & Advances (gross)	400,098	1,034,742	(634,644)	(10,255)
Trade receivables	25	-	25	-
Financial Assets at FVTPL	38,512	-	38,512	-
Other financial asset	1,076	-	1,076	-
Total Financial Asset	**451,851**	**1,034,742**	**(582,891)**	**(10,255)**

As at 31 March 2019 (₹ in lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents	14,467	-	14,467	-
Loans & Advances (gross)	301,309	884,268	(582,959)	(4,578)
Trade receivables	62	-	62	-
Financial Assets at FVTPL	31,238	-	31,238	-
Other financial asset	521	-	521	-
Total Financial Asset	**347,597**	**884,268**	**(536,671)**	**(4,578)**

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

The value of the collateral for residential & commercial mortgage loans is based on the collateral value at origination. For credit-impaired loans the value of collateral is based on the most recent appraisals.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets.

The fair value of collateral and credit enhancements held under the base case scenario

Portfolio Loans	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
As at 31 March 2020 (₹ in lakhs)	14,505	45,091	(30,586)	6,944
As at 31 March 2019 (₹ in lakhs)	6,197	10,786	(4,589)	2,540

Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)
2. Matching of asset and liability tenor
3. Maintenance of adequate liquidity buffer as per internal policy
4. Structural liquidity mismatch

Tools to manage Liquidity Risk

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Notes to Financial Statements
for the year ended 31 March, 2020

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 March 2020 (₹ in lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities				
Trade payables	198	-	-	**198**
Borrowings other than debt securities	86,701	247,249	1,514	**335,464**
Debt Securities	42,430	58,304	2,730	**103,464**
Lease rental liabilities	454	1,688	769	**2,911**
Other financial liabilities	4,277	258	-	**4,535**

As at 31 March 2019 (₹ in lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities				
Trade payables	782	-	-	**782**
Borrowings other than debt securities*	51,845	179,530	10,147	**241,522**
Debt Securities	4,279	83,170	2,961	**90,410**
Other financial liabilities	18,476	776	-	**19,252**

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amount may change as market interest rates change.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks to maintain the liquidity requirements.

Financing arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Expiring within one year	9,000	72,000
Expiring beyond one year (term loan)	82,500	-

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to maintenance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹ and have an average maturity of 1 year (2019 : 1 year).

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

Foreign Currency Risk

The Company has insignificant amount of foreign currency denominated assets and liabilities. Accordingly, there is no significant exposure to currency risk.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market.

To manage its price risk arising from investments, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds i.e. the debt profile of the mutual fund indicates that the debt has been given to creditworthy banks and other institutional parties and equity investment is made after considering the performance of the stock.

The Company's exposure to price risk arises from investments in unlisted equity securities (other than investment in subsidiary company), debt securities, units of mutual funds, which are classified as financial assets at Fair Value through Profit and Loss and amounts to as follows:

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Exposure to price risk	38,512	31,238

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in prices of 5% :

Effect on profit or loss (₹ lakhs)	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Impact on profit before tax for 5% increase in prices	(481)	(260)
Impact on profit before tax for 5% decrease in prices	481	260

Interest rate risk

The interest rate risk is the vulnerability of the Company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in Particulars net interest income. Exposure to this risk primarily results from timing spread in the re-pricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractual re-pricing (floating rate instruments). The objective of interest rate risk policy is to establish boundaries on interest rate risk exposure for the Company and the governance and monitoring policies for interest rate risk management.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Fixed rate borrowings		
Debt Securities	83,400	71,300
Borrowings	-	8,200
Variable rate borrowings	280,730	193,750
Total borrowings	**364,130**	**273,250**

The following metrics are employed for measurement of interest rate risks:

- Repricing Gap analysis – measured by calculating gaps over different time intervals as at a given date, and measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions).
- Sensitivity analysis – interest rate sensitivity is monitored as per interest rate simulations, viz. potential loss due to an adverse movement in interest rates of 100 bps for mismatch up to 1 year.

Notes to Financial Statements
for the year ended 31 March, 2020

Sensitivity analysis

Effect on profit or loss (₹ lakhs)	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Impact on profit before tax of 100 bps increase in interest rate	(2,807)	(1,938)
Impact on profit before tax of 100 bps decrease in interest rate	2,807	1,938

Financial Instrument

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date :

Particulars	As at 31 March 2020 (₹ lakhs)		As at 31 March 2019 (₹ lakhs)	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets:				
Cash and cash equivalent	-	11,890	-	9,461
Bank balances other than cash and cash equivalent	-	250	-	5,006
Trade Receivables	-	25	-	62
Loans and advances to customers	-	389,843	-	296,731
Investments	38,512	-	31,238	-
Other financial assets	-	1,076	-	521
Total financial assets	**38,512**	**403,084**	**31,238**	**311,781**
Financial liabilities:				
Trade payables	-	198	-	782
Debt securities	-	89,401	-	74,988
Borrowing other than debt securities	-	280,342	-	201,111
Lease rental liabilities	-	2,171	-	-
Other financial liabilities	-	4,535	-	19,252
Total financial liabilities	**-**	**376,647**	**-**	**296,133**

Fair Value of cash and cash equivalents, bank balances other than cash and cash equivalent, trade receivables, loans and advances to customers, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Ind AS 107. An explanation of each level follows underneath the table.

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

The hierarchy used is as follows :

Level 1- Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3- Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

a) Financial assets measured at FVTPL at each reporting date

Particulars	Level 2	
	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Investment	38,512	31,238
Total	**38,512**	**31,238**

b) Financial assets and liabilities measured at amortized cost at each reporting date

Particulars	As at 31 March 2020 (₹ lakhs)		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers*	400,098	-	400,098
Other financial assets	1,076	-	1,075
Total	**401,174**	**-**	**401,173**
Financial liabilities measured at amortised cost			
Debt securities	89,401	-	89,345
Borrowing other than debt securities	280,342	-	280,342
Lease rental liabilities	2,171	-	2,210
Total	**371,914**	**-**	**371,897**

Particulars	As at 31 March 2019 (₹ lakhs)		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers*	301,309	-	301,309
Other financial assets	521	-	517
Total	**301,830**	**-**	**301,826**
Financial liabilities measured at amortised cost			
Debt securities	74,988	-	74,402
Borrowing other than debt securities	201,111	-	201,111
Total	**276,099**	**-**	**275,513**

*Gross value of portfolio loans

Notes to Financial Statements
for the year ended 31 March, 2020

Fair value of financials assets and financial liabilities at amortized cost (i.e., Loans and advances to customers, Other financial assets, Debt securities, Borrowing other than debt securities) is calculated on pool basis at present values of future cash flows over expected tenure of financial instruments.

Following discounting factor are used for calculation of fair values:

Particulars	Discounting factors
Loans and advances to customers	Average loan boarding rate for the respective product for recent six months as at reporting date
Other financial assets, Debt securities, Borrowing other than debt securities	The average cost of funds as at reporting date

Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). After initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries), derivative financial instruments, etc. at fair value.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Each class of financial assets	Techniques
Government securities	The fair value is determined by applying direct quotes available from the active market for such securities.
Units of mutual funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed
Certificate of Deposits	The fair value for such securities is determined by applying benchmark quotes for such securities published by market aggregators on daily basis for relevant maturities.
Equity shares	Discounted cash flow based on the present value of the expected future economic benefit and fair value as determined by the management based on MIS review, audited financial statements and information available in public domain

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. Discussions on valuation processes and results are held between the valuation team and the senior management at least once every six months which is in line with the Company's half-yearly reporting periods.

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

50 Maturity Analysis of Assets and Liabilities

Particulars	As at 31 March 2020 (₹ lakhs)			As at 31 March 2019 (₹ lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	11,890	-	11,890	9,461	-	9,461
Bank balances other than cash and cash equivalents	250	-	250	5,006	-	5,006
Investments	38,512	-	38,512	31,238	-	31,238
Trade receivables	25	-	25	62	-	62
Other financial assets	956	120	1,076	210	311	521
Loans and advances	10,154	379,689	389,843	8,583	288,148	296,731
Non Financial assets						
Current tax assets	-	374	374	-	329	329
Deferred tax asset (net)	-	2,937	2,937	-	1,497	1,497
Other non financial assets	667	152	819	-	823	823
Property, plant and equipment	-	820	820	-	1,010	1,010
Right to use of asset	-	2,020	2,020	-	-	-
Intangible assets	-	172	172	-	84	84
Intangible assets under development	-	28	28	-	-	-
Total Assets	**62,454**	**386,312**	**448,766**	**54,560**	**292,202**	**346,762**
Financial liabilities						
Trade payables	198	-	198	782	-	782
Debt securities	39,433	49,968	89,401	-	74,988	74,988
Borrowings	64,883	215,459	280,342	41,780	159,331	201,111
Lease rental liabilities	267	1,904	2,171	-	-	-
Other financial liabilities	4,277	258	4,535	18,476	776	19,252
Non-Financial liabilities						
Current tax liabilities	148	-	148	7	-	7
Provisions	-	175	175	-	94	94
Other non financial liabilities	240	467	707	823	-	823
Equity		-			-	
Equity share capital	-	30,803	30,803	-	24,536	24,536
Other equity	-	40,286	40,286	-	25,169	25,169
Total liabilities	**109,446**	**339,320**	**448,766**	**61,868**	**284,894**	**346,762**

51 Estimation uncertainty due to COVID 19

In early 2020, COVID-19 was declared a global pandemic by World Health Organisation (WHO) as it is widespread across the globe and caused disruption to businesses and economic activities. The Government of India announced a countrywide lockdown to curtail the effect of COVID 19 which is continued at present. COVID 19 lockdown impacted future revenues and future cash flows on account of the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers. The ongoing COVID-19 Pandemic has increased the uncertainity due to economic downturn, disruption due to business, capital market, deteriorating credit, liquidity concern in estimation while preparation of financial statements.

Notes to Financial Statements
for the year ended 31 March, 2020

The response of industry including government stimulus is uncertain for COVID-19 at the current reporting period. In assessing the impact of COVID 19 on carrying value of assets and liabilities the Company has considered internal and external information (including credit reports and economic forecasts) up to the date of these financial results for calculation of sensitivity analysis on the assumptions used. Outcome of expected credit loss is primarily based on management's judgements and assumptions sourced from industry report and published impacted industry sector and classification of zones (Green, Orange and Red), governments stimulus etc. The impact of COVID 19 impairment loss allowance recognized in the year ended is INR 757 lakhs. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

With the uplift of lockdown, the Company has gradually recommenced its operations through its branch network. The Company carries adequate liquidity as on the date of financial statements to meet its committed obligations for the foreseeable future. Further, there have been no significant changes in the internal control framework due to COVID 19. Since the situation is rapidly evolving, effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic condition from time to time.

52 The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

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

Sd/-
Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 08 June 2020

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 08 June 2020

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

ADDITIONAL DISCLOSURES REQUIRED BY NHB

Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 are given below. These have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

i) Capital to Risk Assets Ratio ('CRAR')

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
CRAR (%)	22.09%	20.49%
CRAR- Tier I Capital (%)	21.17%	19.99%
CRAR- Tier II Capital (%)	0.92%	0.50%
Amount of subordinated debt raised as Tier-II capital (₹ lakhs)	-	-
Amount raised by issue of Perpetual Debt Instruments (₹ lakhs)	-	-

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

The Company has created a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum equal to twenty percent of its profit every year, as disclosed in the profit and loss account and before any dividend is declared, is transferred. The Special Reserve qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly, the Company has been availing tax benefits for such transfers.

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Balance at the beginning of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	**231**	220
Addition / Appropriation / Withdrawal during the year		
Add:		
Amount transferred u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	278	11
Less:		
Amount transferred u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	**509**	**231**

Notes to Financial Statements
for the year ended 31 March, 2020

iii) Details of investments with movement in provision for depreciation

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Value of Investments		
Gross Value of Investments		
In India	38,398	31,238
Outside India	-	-
Provisions for Impairment		
In India	-	-
Outside India	-	-
Net Value of Investments		
In India	38,398	31,238
Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	-	-

iv) Derivatives

The Company has not entered into any forward rate agreements/ interest rate swaps/ exchange traded interest rate derivatives. Hence, no disclosure is made for the same.

v) Securitization

a) The Company has not entered into any securitisation transaction during the year . Hence, no disclosure is made for the same.

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the year Company has not sold financials asset to securitisation/ reconstruction company for asset reconstruction.

c) Assignment

Details of Assignment transactions Undertaken by the Company during the year

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
No. of accounts	2,640	669
Aggregate value (net of provisions) of accounts assigned	34,348	7,144
Aggregate consideration	34,348	7,144
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

Notes to Financial Statements

for the year ended 31 March, 2020 *Contd...*

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

(i) Details of non performing financial assets purchased during the year:

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
No. of accounts purchased during the year Aggregate outstanding Of these, number of accounts restructured Aggregate outstanding	NIL	NIL

(ii) Details of non performing financial assets sold* :

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
No. of accounts sold during the year	95	130
Aggregate outstanding	2,895	5,171
Aggregate consideration received	1,534	2,628

*Includes sale of write off portfolio

vi) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

Particulars	As at 31 March 2020 (₹ lakhs)				As at 31 March 2019 (₹ lakhs)			
	Advances*	Investments	Bank Borrowings	Market Borrowings	Advances	Investments	Bank Borrowings	Market Borrowings
Up to 30/31 days	337	-	834	-	41	5,004	-	(59)
Over 1 month upto 2 Months	341	9,602	2,292	5,000	462	-	1,083	(61)
Over 2 months upto 3months	780	12,144	4,915	-	505	2,439	708	(59)
Over 3 months & up to 6 months	2,340	9,503	15,477	10,000	1,547	9,682	6,625	(180)
Over 6 Months & up to 1 year	4,906	7,149	41,434	20,500	3,255	14,113	25,667	8,128
Over 1 year & up to 3 years	22,900	-	142,650	26,500	15,568	-	87,042	58,000
Over 3 years & up to 5 years	29,897	-	71,670	18,900	19,721	-	63,042	10,800
Over 5 years & up to 7 years	37,354	-	1,458	2,500	24,182	-	9,583	2,500
Over 7 years & up to 10 years	64,184	-	-	-	44,283	-	-	-
Over 10 years	230,943	-	-	-	189,876	-	-	-
Total	**393,982**	**38,398**	**280,730**	**83,400**	**299,440**	**31,238**	**193,750**	**79,069**

*The Company have extended moratorium to customers and for ALM reporting, the company have considered the moratorium status as of 30th April, 2020

Notes to Financial Statements
for the year ended 31 March, 2020

vii) Exposures

a) Exposure to real estate sector

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Direct exposure		
Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
a) Individual housing loan upto Rs. 15 lakhs	50,569	39,315
b) Other	309,802	237,553
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 would also include non-fund based limits	37,695	25,152
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
Indirect Exposure - Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure to Real Estate Sector	**398,066**	**302,020**

Above amount includes principle outstanding and interest accrued thereon. CRE- RH loan on account of third dwelling unit are disclosed under "Other" category. The Company provides loans against property which are fully collateralized against a residential property. All Residential collateral are reported under residential mortgage while commercials (including commercial real estate, shops, hotels and industry) collateral are reported as commercial real estate. The end use of the loan may be business in case of a business customer or could be personal in case of a salaried and individual customer.

b) Exposure to capital market

The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

c) Details of financing of parent company products

The Company does not finance any of it's holding/parent company products.

d) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the NHB.

e) Unsecured advances

Refer note number 7 for unsecured advances. The Company has not given any advances against the rights, licenses, authorizations, etc.

viii) Registration with other financial sector

Name of Regulator	Status	Registration Details
Insurance Regulatory and Development Authority (IRDA)	Corporate Agent	CA0492 valid till April 30, 2020

Notes to Financial Statements
for the year ended 31 March, 2020 *Contd...*

ix) No penalties were imposed by NHB and other regulators during the current and previous year.

x) Refer note 35 for related party transactions during the current and previous year.

xi) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	CARE	CRISIL	CARE	CRISIL
Non convertible debentures/ Sub debt	AAA Stable	AAA Stable	AA+	-
Term Loan	AAA Stable	AAA Stable	AA+	-
Short term debt / Commercial Paper	A1+	A1+	A1+	-

During the year rating has been upgraded by CARE 'AAA stable' from 'AA+' and CRISIL has assigned 'AAA stable' rating.

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

The Company has not debited any prior period items in statement of profit & loss during the current year/previous year.

xiii) Revenue recognition.

There has been no instance of revenue recognition being postponed pending resolution of significant uncertainties.

xiv) Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit & Loss Account

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Provision towards NPA portfolio loans	3,277	170
Provision made towards income tax (incl. adj. for tax of earlier period)	1,268	221
Provisions for depreciation on Investment	-	-
Other Provision and Contingencies	-	-
Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		
-Housing	744	(103)
-Non Housing (incl. CRE)	893	335

Notes to Financial Statements
for the year ended 31 March, 2020

The total provision carried by the Company in terms of paragraph 29 (2) of Housing Finance Companies (NHB) Directions, 2010 and the National Housing bank (NHB) circular no. NHB (ND)/ DRS / pol-no. 09/2004-05 dated 18 May, 2005 in respect of Housing and Non-Housing loans as follows:-

Break up of Loan & Advances and Provisions thereon	As at 31 March 2020 (₹ lakhs)		As at 31 March 2019 (₹ lakhs)	
	Housing	Non Housing	Housing	Non Housing
Standard Assets				
a) Total Outstanding Amount	206,496	172,981	161,059	132,184
b) Provisions made	1,150	1,666	406	773
Sub-Standard Assets				
a) Total Outstanding Amount	7,713	5,272	4,293	1,714
b) Provisions made	2,438	1,305	916	354
Doubtful Assets – Category-I				
a) Total Outstanding Amount	1,183	337	185	5
b) Provisions made	719	160	73	2
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**215,392**	**178,590**	**165,537**	**133,903**
b) Provisions made	**4,307**	**3,131**	**1,395**	**1,129**

xv) Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March 2020 (31 March 2019: Nil)

xvi) Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits

The Company has not accepted any deposits during the current and previous year. Also there are no outstanding deposit from earlier years.

(b) Concentration of Advances

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Total advances to twenty largest borrowers	14,097	12,945
Percentage of advances to twenty largest borrowers to total advances of the Company	4%	4%

Notes to Financial Statements

for the year ended 31 March, 2020 ***Contd...***

(c) Concentration of Exposures (including off-balance sheet exposure)

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Total exposure to twenty largest borrowers / customers* (Amount includes principle outstanding, Interest accrued and undrawn commitment on partially disbursed cases)	17,262	13,087
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	4%	4%

(d) Concentration of Non Performing Accounts

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Total Exposure to top ten NPA accounts	3,329	2,183

(e) Sector-wise Non performing accounts

Percentage of NPAs to Total Advances in that sector	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Housing Loans		
Individuals	4.1%	2.7%
Builder/Project loans	0.0%	0.0%
Corporates	0.0%	0.0%
Others	0.0%	0.0%
Non Housing Loans		
Individuals	3.1%	1.3%
Builder/Project loans	0.0%	0.0%
Corporates	0.0%	0.0%
Others	0.0%	0.0%

xvii)Movement of NPA's, provision, net npa (opening, addition, reductions, closing)

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Net NPA to Net Advances (%)	**2.54%**	**1.63%**
Movement in Gross NPAs		
(a) Opening Balance	**6,197**	**2,873**
(b) additions during the year	16,298	11,750
(c) Reductions during the Year	7,990	8,426
(b) Closing Balance	14,505	6,197
Movement in provisions for NPAs		
(a) Opening Balance	**1,345**	**1,174**
(a) Provisions made during the year	6,881	1,473
(b) Write off / Write back of excess provisions	3,604	1,303
(b) Closing Balance	**4,622**	**1,345**
Movement in Net NPAs		
(a) Opening Balance	**4,852**	**1,698**
(b) additions during the year	9,417	10,277
(c) Reductions during the Year	4,386	7,123
(d) Closing Balance	**9,883**	**4,852**

Notes to Financial Statements

for the year ended 31 March, 2020

xviii) In terms of requirement of NHB's Circular No. NHB (ND) /DRS/ Pol.Circular. 61/2013-14 dated 07 April, 2014 following information on Reserve Fund under section 29C of the National Housing Bank Act, 1987 is provided :

(refer note no. (ii))

xix) The Company has not invested in any overseas assets in the current and previous year. Also there are no outstanding investments from earlier years.

xx) The Company has not sponsored any off-Balance Sheet SPV in the current and previous years which were required to be consolidated as per accounting norms. Also there are no outstanding investments from earlier years.

xxi) Disclosure on complaints

Particulars	As at 31 March 2020	As at 31 March 2019
No. of complaints pending at the beginning of the year	7	3
No. of complaints received during the year	115	68
No. of complaints redressed during the year	118	64
No. of complaints pending at the end of the year	4	7

xxii) The details of frauds noticed / reported are as below:

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Amount Involved	420	73
Amount Recovered	6	1
Amount written off/provided	414	72
Balance	-	-

xxiii) The Company has not given any loan against collateral of gold jewellery as at 31 March 2020 (31 March 2019: ₹ Nil).

xxiv) Remuneration to directors- Refer Note 35.1 of Notes to Accounts of financial statements

The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Notes

Fullerton Grihashakti

Iraada hai toh Raasta hai

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